

**CROSBY CENTRAL APPRAISAL DISTRICT  
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September 23, 2014

Texas Comptroller of Public Accounts  
Property Tax Division  
P. O. Box 13528  
Austin, Texas 78711-3528

Enclosed is the Crosby Central Appraisal District adopted reappraisal plan for the 2015 and 2016 tax years.

Sincerely,

A handwritten signature in black ink, appearing to read "Kathy Lowrie", written in a cursive style.

Kathy Lowrie  
Chief Appraiser  
Crosby CAD

**STATE OF TEXAS**

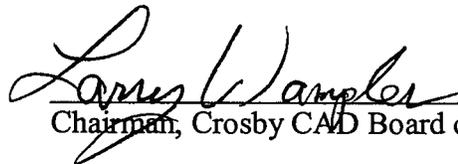
**COUNTY OF CROSBY**

**RESOLUTION  
ADOPTING REAPPRAISAL PLAN FOR 2015-2016**

WHEREAS, pursuant to the Texas Tax Code, each appraisal district board of directors is required to approve, by resolution, a periodic reappraisal plan,

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of Crosby Central Appraisal District hereby adopts and approves the reappraisal plan for 2015-2016 attached hereto.

THIS RESOLUTION, passed on this 21<sup>st</sup> day of August, 2014.

  
\_\_\_\_\_  
Chairman, Crosby CAD Board of Directors

ATTEST:

  
\_\_\_\_\_  
Secretary, Crosby CAD Board of Directors

**THE WRITTEN REAPPRAISAL PLAN  
FOR  
CROSBY CENTRAL APPRAISAL  
DISTRICT**

**2015/2016**

**AS ADOPTED BY THE BOARD OF DIRECTORS  
ON  
AUGUST 21, 2014**

## Table of Contents

### Item:

Tax Code Requirement

Plan for Periodic Reappraisal Requirement

Introduction

Scope of Responsibility

Personnel Resources

Revaluation Decision

Tax Year 2015

Tax Year 2016

Performance Analysis

Ratio Study Results

Appraisal Accuracy

Appraisal Uniformity

Analysis of Available Resources

Staffing for Reappraisal Year

Proposed Budget for the 2015

Existing Practices

Information Systems (IS) support

Existing Data and Maps

Planning and Organization

Performance Objectives

Calendar of Key Events – 2015

Calendar of Key Events – 2016

Target Completion Dates – 2015

Target Completion Dates- 2016

Production Standards for Field Activities

## Mass Appraisal System

- Forms and Procedures
- CAMA System Revisions as Required
- Real Property Valuations
- Personal Property Valuations
- Noticing Process
- Hearing Process

## Data Collection Requirements by Tax Year

- New Construction
- Remodeling
- Re-inspection of Problematic Markets
- Re-inspection of Universe of Properties on Specific Cycles
- Field or Office Verification of Sales Data and Property Characteristics

## Pilot Study by Tax Year

- Test New/Revised Mass Appraisal Methods
- Ratio Studies by Market Areas
- Test Accuracy and Reliability in Market Areas

## Valuation by Tax Year

- Market Analysis
- Model Development
- Model Calibration
- Calculation of Preliminary Values
- Test Values for Accuracy and Uniformity
- Description of Valuation Methods by Property Type
- Approaches to Value
- Special Valuation Process

## The Mass Appraisal Report by Tax Year

- Scope of Work
- Compliant with STANDARD RULE 6-8 of USPAP
- Signed Certification by Chief Appraiser as Required

## Value Defense

- Informal Appeals
- Formal Appeals
- Burden of Proof Evidence for Market Value and Equity

The Written Reappraisal Plan  
Planning a Reappraisal  
Steps in a Reappraisal  
Crosby Central Appraisal District Plan: 2015/2016

## EXECUTIVE SUMMARY

### TAX CODE REQUIREMENT:

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

To ensure adherence with generally accepted appraisal practices, the board of directors of an appraisal district shall develop biennially a written plan for the periodic reappraisal of all property within the boundaries of the district according to the requirements of Section 25.18 and shall hold a public hearing to consider the proposed plan.

Not later than the 10<sup>th</sup> day before the date of the hearing, the secretary of the board shall deliver to the presiding officer of 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 REQUIREMENT:**

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

- (a) Each appraisal office shall implement the Plan for Periodic Reappraisal of property approved by the board of directors under Section 6.05(i).
- (b) The plan shall provide for the following reappraisal activities for all real and personal property in the district at least once every three years:
  1. Identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps, and property sketches;
  2. Identifying and updating relevant characteristics of each property in the appraisal records;
  3. Defining market areas in the district;
  4. Identifying property characteristics that affect property value in each market area, including:
    - 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.

## **INTRODUCTION:**

### **Scope of Responsibility**

Crosby Central Appraisal District has prepared and published this reappraisal plan and appraisal report to provide the Board of Directors, taxing entities, 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.

Crosby Central Appraisal District is a political subdivision of the State of Texas created effective January 1, 1980. The provisions of the Texas Property Tax Code governs the legal, statutory, and administrative requirements of the appraisal district. The Board of Directors, appointed by the taxing units within the boundaries of Crosby 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 chief appraiser employs and directs the district's staff, oversees all aspects of the appraisal districts operations, and performs either or through the district staff on a variety of operations.

The chief appraiser's responsibilities are as follows:

1. Discover, list, and appraise all property
2. Determine exemption and special use requests
3. Organize periodic appraisals
4. Notify taxpayers, taxing units and the public about matters that affect property values.

The appraisal district is responsible for local property tax appraisal and administration for all taxing entities in the county. The taxing entities are as follows:

Crosby County	Crosbyton Hospital District	High Plains Water District
City of Crosbyton	Crosbyton CISD	
City of Ralls	Ralls ISD	
City of Lorenzo	Lorenzo ISD	

Crosbyton CISD is an entity that overlaps into Garza County and Lorenzo ISD overlaps into Lubbock County but due to legislative changes, CCAD no longer appraises beyond the county line. These counties have agreed to share information, data and ownership records of real and business personal properties with Crosby Central Appraisal District.

Each taxing unit 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 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.

Except as otherwise provided by the Property Tax Code, all taxable property is appraised at its "market value" as of January 1 of the tax year. Under the tax code, "market value" is defined as the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- a. exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- b. both the seller and the 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;
- c. both the seller and buyer seek to maximize their gains and neither is in a position to take advantage of the other.

The effective date of appraisals is January 1<sup>st</sup> with the exception of inventory, which may be appraised at its market value as of September 1<sup>st</sup> to receive the September 1<sup>st</sup> appraisal date a taxpayer must file an application by July 31<sup>st</sup>.

The Texas Property Tax Code, under Section 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 policy is to conduct a complete reappraisal of all real property located in the defined market areas of the district by yearly cycles. All appraised values are reviewed annually and are subject to change.

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, the appraisal district compares that information with the data for similar properties and with recent cost and market data.

The purpose of and intended use of the appraisal performed by Crosby Central Appraisal District is to estimate market value for ad valorem tax purposes for the taxing entities located within the boundaries of Crosby Central Appraisal District. It is the goal of the District's staff to provide the best possible service to the taxpaying public and the taxing entities. The district follows the standards of the International Association of Assessing Officers (IAAO) regarding its appraisal practices and procedures, and subscribes to the standards promulgated by the Appraisal Foundation, known as the Uniform Standards of Professional Appraisal Practice (USPAP) to the extent they are applicable.

## **Personnel Resources**

The office of the Chief Appraiser is primarily responsible for overall planning, organizing, staffing, coordinating, and controlling of the appraisal district operations.

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.

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 receive their license, they must receive additional training as required to maintain their certification. Failure to meet these minimum standards results in termination of employment.

Additionally, the chief appraiser ensures that personnel receives on-the-job training to ensure quality and uniformity of appraisals of all types of property and monitors appraisal activity to ensure that standardized appraisal procedures are being followed by all personnel.

The appraisal district appraisal staff consists of three (3) employees with the following classifications:

Kathy Lowrie RPA, RTA  
Dominga Guzman, RPA  
Susie Justus, RPA

The District employs the services of Capitol Appraisal Group, an appraisal firm, to appraise all minerals, industrials and utilities within the boundaries of the appraisal district. The District employs Eagle Appraisal & Consulting to appraise the agriculture properties within the boundaries of the appraisal district. The certified appraisal roll for Crosby County indicates a total of 8,384 parcels.

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

The Crosby CAD, by policy adopted by the Board of Directors and the Chief Appraiser, reappraises all property in the district at least once every three (3) years. The reappraisal is a complete appraisal of all properties in the district. The following schedule ensures a complete reappraisal of all properties is performed within the Tax Code requirements.

- a. All real property in Area (Three) Lorenzo ISD will be reappraised in 2015. All property owners in Area (Three) Lorenzo ISD will receive a notice of appraised value in 2015.

- b. All real property in Area (One) Crosbyton CISD and White River Lake will be reappraised in 2016. All property owners in Area (One) Crosbyton CISD and White River Lake will receive a notice of appraised value in 2016.
- c. All personal property and minerals will be reappraised each year. All personal property owners and mineral owners will receive a notice of appraised value each year.
- d. Additionally, every tax year the District inspects and appraises new construction and adds those properties to the appraisal roll. The District also inspects and reappraises properties that been remodeled or demolished, properties with additions, properties with fire damage, or properties with any change or damage. These properties are found through building permits issued by the cities. However, since building permits are not required in every city and also for properties outside the city limits, the District staff maintains information received that pertains to changes in property and all District staff remains alert to visual changes in properties throughout the year. The field appraisers will also conduct detailed field inspections of properties if requested by the property owner and reappraise these properties as necessary. Notices of appraised value are mailed to the property owners where values have increased or decreased by at least one thousand dollars or more, or in some cases the property owner has requested a notice even if the value does not change.
- e. The District compiles all valid sales by school district. Problematic areas may indicate the use of market modifiers. The use of these modifiers is the predominant method of adjusting sales for location and time. Values throughout the county may be adjusted by use of market modifiers during the reappraisal year.

#### **PERFORMANCE ANALYSIS:**

**Performance Analysis** – the equalized values from the previous tax year are analyzed with ratio studies 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. Mean, median, and weighted ratios are calculated for properties in reporting categories to measure the level of appraisal accuracy.

The mean ratio is calculated in each reappraised category to indicate the level of appraisal accuracy by property reporting category. In 2015, the reappraisal year, this analysis is used to develop the starting point for establishing the level and accuracy of appraisal performance. In 2016, the reappraisal year, this analysis is used to develop the starting point for establishing the level and accuracy of appraisal performance.

In 2015 and 2016, any reporting category that may have been excluded from reappraisal due to lack of data to support reappraisal will be tested and analyzed to arrive at an indication of uniformity or equity of existing appraisals.

Sales ratio studies are used to evaluate the District's mass appraisal performance. These studies not only provide a measure of performance, but also are an excellent means of improving mass appraisal performance.

Crosby Central Appraisal District usually begins ratio studies in January. All sale reports are compiled by school district. The ratios are analyzed and outliers are identified and reviewed.

Outliers are characterized as having low or high ratios. They can result from an erroneous or unrepresentative sale price, an error in the appraisal, or a mismatch between the property sold and the property appraised.

The remaining sales are grouped (stratified) according to classification.

The median ratio indicated by the sales is then compared to the desired ratio.

The coefficient of dispersion is also studied to indicate how tight the ratios are in relation to the measures of central tendency.

The median and coefficient of dispersion are good indicators of the types of changes to be made, or if any changes are necessary.

The use of market modifiers is the predominant method of adjusting sales for location and time to indicate market values. Market modifiers are methods of adjusting property to equal the market without changing the schedules.

#### **ANALYSIS OF AVAILABLE RESOURCES:**

Staffing and budget requirements for tax year 2015 are detailed in the 2015 proposed budget of the Crosby Central Appraisal District, and attached to the written biennial plan by reference. This reappraisal plan is adjusted to reflect the available staffing in tax year 2015 and anticipated staffing for tax year 2016. Budget restraints can impact the cycle of real property re-inspection and personal property on-site review that can be accomplished in the 2015-2016 time period.

Existing appraisal practices, which are continued from year to year, are identified and methods utilized to keep these practices current. In the reappraisal year, real property appraisal depreciation tables are tested against verified sales data to ensure they represent current market data. Personal property density schedules are tested and analyzed based on renditions and prior year documentation. Due to lack of sales of personal property in the district, the Comptroller's Guide is utilized to appraise personal property and for testing and analysis purposes.

Information Systems (IS) support is detailed and system upgrades scheduled with the District's vendor. Computer generated forms are reviewed for revisions based on year and reappraisal status. Legislative changes are scheduled for completion and also tested through coordination between the District and software vendor.

Existing maps and data requirements are continually updated and kept current.

#### **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 2015 and 2016. Production standards for field activities are calculated and incorporated in the planning and scheduling process.

Crosby Central Appraisal District will begin the field inspections in September of 2014 and will complete all inspections and schedules by April 1, 2015 for the 2015 tax year.

Crosby Central Appraisal District will begin the field inspections in September of 2015 and will complete all inspections and schedules by April 1, 2016 for the 2016 tax year.

#### **MASS APPRAISAL SYSTEM:**

Computer Assisted Mass Appraisal (CAMA) system revisions are completed by the Information Systems Software Provider. System revisions and procedures are performed by the Provider. Crosby Central Appraisal District contracts with the firm of Capitol Appraisal Group for these services.

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

Appraisal information for each area of work, maps for each area of work, and appraisal cards showing sketches and pictures of the properties included in the area of work will be provided by the District to the field appraisers.

A physical inspection is necessary to obtain initial property characteristics data. The inspection will be performed by appraisers. Appraisers would make key subjective decisions, such as the assignment of construction quality class or grade. Depending on the data required, an interior inspection might be necessary. At a minimum, a comprehensive exterior inspection will be performed.

## **REAL PROPERTY VALUATION:**

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

Cost schedules are tested with market data (sales) to insure that the appraisal district is in compliance with **Texas Property Tax Code, Section 23.011**. Replacement cost new tables as well as depreciation tables are tested for accuracy and uniformity.

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**

Density schedules are tested using data received during the previous tax year from renditions and hearing documentation. Valuation procedures are reviewed, modified as needed, and tested. The latest edition of the Comptroller's Guide is utilized heavily in the appraisal of personal property in the district.

## **NOTICING PROCESS**

25.19 appraisal notice forms are generated in house. Our software company reviews and edits for updates and changes required by legislative mandates.

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. Compliance with House Bill 201 is insured.

Crosby Central Appraisal District appraisers', conduct the initial informal hearing with a protesting property owner. The informal hearings are conducted by phone, mail, or in person by the District appraisers. If the protest cannot be settled within the guidelines set out for the district appraisers, the protesting property owner may elect to proceed to a formal hearing.

Evidence in compliance with HB 201 may be requested by the property owner or the property owner's agent and will be made available at least 14 days prior to the scheduled protest hearing.

## **DATA COLLECTION REQUIREMENTS**

Crosby Central Appraisal District cost and value schedules include land, residential improved, commercial improved, and personal property. Data sources currently used by the District include cost information from Marshall and Swift Valuation Service, cost data obtained from local contractors, and renditions provided by the property owners. Marshall and Swift Valuation Service is a national based cost manual and is generally accepted throughout the nation by the real estate appraisal industry. The cost manual is based on cost per unit or square foot and also uses the unit in place method. The unit in place method involves the estimated cost by using actual building components. This national based cost information service provides the base price of buildings by classification with modifications for equipment and additional items. The District's schedule is then modified for time and location.

Field and office procedures are reviewed and revised as required for data collection. Activities 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 field or office verification of sales data and property characteristics.

Renditions are confidential sources and cannot be used for specific information. However, data from renditions may be compared with data obtained from cost manuals and used to test schedules for accuracy.

Data on individual properties is also collected from the field, compiled, and analyzed. Buildings and other improvements are inspected in the field, measured, and classified. The appraiser estimates the age and condition of the improvements. This data is used to compile depreciation tables. Any notes pertaining to the improvements are made during the inspection.

## **OVERVIEW OF TYPES OF PROPERTIES APPRAISED**

There are four (4) major categories of property appraised by CCAD. These categories are:

- |                    |  |
|--------------------|--|
| Real Property:     | Residential, Multi-family, Commercial, Vacant Lots, Commercial Vacant Lots, Vacant Rural Land and Improvements on Rural Land |
| Personal Property: | Business Personal Property, and Industrial Personal Property   |
| Utilities:         | Telephone Companies, Cable Companies, Pipelines etc.   |
| Minerals:          | Oil and Gas  |

The Property Tax Division of the State Comptroller's Office requires properties to be identified by type using a standard identification code. Codes currently used by CCAD are:

A1	Residential Single-family
B	Multifamily Residential
C1	Real Property Vacant Lots and Land Tracts
D1	Real Property Qualified Open-space Land
D2	Real Property Farm and Ranch improvements on qualified open-space land
E	Real Property Rural Land not qualified for open-space land appraisal, And improvements
F1	Commercial Real Property
F2	Industrial and Manufacturing Real Property
G1	Real Property Oil and Gas
G2	Real Property Minerals
J	Real and Tangible Personal Property Utilities
L1	Commercial Personal Property
L2	Industrial and Manufacturing Personal Property
M1	Mobile Homes
M2	Other Tangible Personal Property
N	Intangible Personal Property Only
S	Special Inventory
X	Totally Exempt Property

## **LAND ANALYSIS**

Residential land valuation analysis is conducted prior to sales analysis. The value of the land component to the property is estimated based on available market sales for comparable and competing land under similar usage. A comparison and analysis of comparable land sales is conducted based on a comparison of land characteristics found to influence the market price in the neighborhood. Computerized land tables store the information required to consistently value individual parcels with neighborhoods given known land characteristics. Specific land influences are considered, where necessary, and depending on neighborhood and individual lot or tract characteristics, to adjust parcels outside the neighborhood norm for such factors as access, view, shape, size, and topography. The appraisers use abstraction and allocation methods to insure that estimated land values best reflect the contributory market value of the land to the overall property.

## **AREA ANALYSIS**

Data on regional economic forces such as demographic patterns, regional locational factors, employment and income patterns, general trends in real property prices and rents, interest rate trends, availability of vacant land, and construction trends and costs are collected from private vendors and public sources and provide the field appraiser a current economic outlook on the real estate market.

The universe of properties appraised by CCAD falls within the physical boundaries of Crosby County.

Crosby County is a rural county with 3 towns, Crosbyton, Ralls, and Lorenzo. The majority of the land within the county is rural land with farming and ranching as the number one business. The southwest part of the county contributes most of the mineral wealth in the county.

## **NEIGHBORHOOD AND MARKET ANALYSIS**

The neighborhood additions and market areas are comprised of the land area and commercially classed properties located within the boundaries of this appraisal jurisdiction. These areas consist of a wide variety of property types including multiple-family, residential, commercial, and industrial. Neighborhood analysis involves the examination of how physical, economic, governmental and social forces and other influences affect property values. The effects of these forces are also used to identify, classify, and organize comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. Residential valuation and neighborhood analysis is conducted on various market areas within the district. Analysis of comparable market sales forms the basis of estimating market activity and the level of supply and demand affecting market prices for any given market area.

## **HIGHEST AND BEST USE ANALYSIS**

The highest and best use of property is the reasonable and probable use that supports the highest present value as of the date of the appraisal. The highest and best use must be physically possible, legal, financially feasible, and productive to its maximum. The highest and best use of residential property is normally its current use. This is due, in part, to the fact that residential development, in many areas, through use of deed restrictions and zoning, precludes other land uses. Residential valuation undertakes reassessment of highest and best use in transition areas and areas of mixed residential and commercial use. In transition areas with ongoing gentrification, the appraiser reviews the existing residential property use and makes a determination regarding highest and best use. Once the conclusion is made that the highest and best use remains residential, further highest and best use analysis is done to decide the type of residential use on a neighborhood basis. In areas of mixed residential and commercial use, the appraiser reviews properties in these areas on a periodic basis to determine if changes in the real estate market require reassessment of the highest and best use of a select population of properties.

## **NEW CONSTRUCTION/DEMOLITION**

The appraisers performing reappraisals in the field have appraisal cards that contain specific information regarding the property being appraised. These cards contain the legal description, ownership, property use codes, property addresses, land size, and sketches of improvements as well as detailed information of any improvements. The field appraiser inspects all information on the appraisal cards and updates the information when necessary.

New construction and Demolition information is gathered and worked in the field and then office review procedures are identified and revised as required. Sources of building permits are confirmed. The Cities of Crosbyton, Ralls, and Lorenzo provide a listing of permits issued during the previous year. Each city provides information regarding new construction and demolition in the area. Additionally, the local newspaper "Crosby County News" articles are kept throughout the year for reference purposes.

## **REMODELING**

Properties with extensive improvement remodeling are identified and field inspections are scheduled to update property characteristic data. Permits issued by the city and visual sightings by the District staff are key components in this area. Official Public Records provide indications of properties that may be undergoing enhancement through Deeds of Trust, Mechanic Liens, etc. Property identified as having remodel or improvement updates will be scheduled for onsite inspection to verify property characteristic data.

## **RE-INSPECTION OF PROBLEMATIC MARKET AREAS**

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

## **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, 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 changes, remodeling, additions, etc. The annual re-inspection requirements for tax years 2015 and 2016 are identified and scheduled in the written reappraisal plan.

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

Sales information is received from various sources. These sources include conversations with local real estate appraisers, agents, and brokers. Also, from deed transactions, and sale survey letters the District receives back from either the seller or purchaser.

Sales information must be verified and property characteristic data contemporaneous with the date of sale captured. The sales ratio tools require that the property that sold must equal the property appraised in order that statistical analysis results will be valid.

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

New and/or revised mass appraisal models are tested each tax year. Ratio studies, by market area, 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 calibration are in compliance with USPAP, STANDARD RULE 6.

### **VALUATION ANALYSIS**

Crosby Central Appraisal District valuation schedules are divided into three main classifications, Residential, Commercial, and Personal Property. These schedules are based on the most appropriate data available. Miscellaneous special categories such as Mobile Homes, Special Inventory and Agricultural Land are appraised using different techniques, which will be discussed later in this report. These tables are calibrated from cost as well as sales data and updated as needed.

Residential valuation schedules are cost-based tables modified by actual sales with the cost reflecting the actual replacement cost new of the subject property, market research indicates that the common unit of comparison for new residential construction as well as sales of existing housing is the price paid per square foot. The value of extra items is based on their contributory value to the property. This value may be estimated by the price per square foot or a value of the item as a whole. This data is extracted from the market by paired sales analysis and conversations with local appraisers and brokers. These schedules are formulated from the Marshall and Swift Valuation Service Residential Handbook.

The residential schedule is based on quality of construction, size of structure, condition of structure, contributory value of extra items, and land value. Each of these variables has a direct impact on the cost as well as the value of a property. Following is an example of each of the variables and how they may affect market value.

1. Quality of construction: Residential construction may vary greatly in quality of construction. The type of construction affects the quality and cost of the material used, the quality of the workmanship, as well as the attention paid to detail. The cost and value of residential property will vary greatly, depending on the quality of construction. The District's Appraisal Manual contains an expanded description of classifications used and is attached by reference.

2. **Size of Structure:** The size of a building also has a direct impact on its cost as well as its value. The larger the building, the less the cost per square foot. The District's schedules are graduated in size increments, depending on market conditions. Marshall and Swift Valuation Service also supports this size factor. The District's Appraisal Manual contains an expanded description of size increments and square footage breakdown's and is attached by reference.
3. **Condition of improvements:** The District rates conditions as low, fair, average, good, very good, and excellent. Upon physical inspection appraisers, using their own judgment of age and condition of the structure, applies a depreciation factor. This factor is based generally on one (1) percent for each two years of age. Properties that, in the opinion of the appraisers, are unlivable are not appraised according to the schedule. Rather, they are appraised at salvage value or are marked as no value at all.
4. **Age of Structure:** The District's field appraiser assigns an approximate effective age to the structures. This method is supported by conversations with local appraisers and builders. The highest effective age the District applies is 75. Effective age and chronological age may be the same or different depending on the condition of the structure.
5. **Extra Items:** Extra items are valued according to their contributory value to the whole. Examples of extra items include covered porches, patios, screened or enclosed porches, storage buildings, swimming pools etc.
6. **Land Value:** The District values land based on market transactions. Units of comparison depend on how the property is purchased and marketed. Large acreage tracts are usually purchased based on the price per acre. Commercial tracts are purchased based on the price per square foot, and residential properties are purchased based on price per front foot. Land schedules are available at the Appraisal District Office.

Inspections of property are made by exterior perspective, so the interior finish as well as interior components are assumed and are not adjusted. All financing for comparable sales is considered typical to the market. The final estimate of value is a correlation of the comparable sales after net adjustments have been deducted from the sales price to equal the subject property. The value by this method is estimated by the appraiser and is not a function of the computer.

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

Using market analysis of comparable sales and locally tested cost data, valuation models (Cost 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**. Tax year 2015 is a reappraisal year for Area (Three), Lorenzo ISD. Tax year 2016 is a reappraisal year

for Area (One) Crosbyton CISD & White River Lake. *Note: The District will describe its valuation methods by property types.*

**RESIDENTIAL REAL PROPERTY**

Sales Comparison Approach to Value  
Cost Approach to Value  
Income Approach to Value

**SPECIAL INVENTORY RESIDENTIAL PROPERTY**

Sales Comparison Approach to Value  
Cost Approach to Value  
Income Approach to Value

**MULTIFAMILY RESIDENTIAL PROPERTY**

Sales Comparison Approach to Value  
Cost Approach to Value  
Income Approach to Value

**COMMERCIAL REAL PROPERTY**

Sales Comparison Approach to Value  
Cost Approach to Value  
Income Approach to Value

**VACANT REAL PROPERTY**

Sales Comparison Approach to Value  
Cost Approach to Value  
Income Approach to Value

**INDUSTRIAL REAL PROPERTY**

Sales Comparison Approach to Value  
Cost Approach to Value  
Income Approach to Value

**UTILITIES**

Sales Comparison Approach to Value  
Cost Approach to Value  
Income Approach to Value

**MINERAL INTEREST**

Sales Comparison Approach to Value  
Cost Approach to Value  
Income Approach to Value

**SPECIAL VALUATION PROPERTIES**

Agricultural Use  
Wildlife Management

## **BUSINESS TANGIBLE PERSONAL PROPERTY**

Sales Comparison Approach to Value  
Cost Approach to Value  
Income Approach to Value

## **INDUSTRIAL TANGIBLE PERSONAL PROPERTY**

Sales Comparison Approach to Value  
Cost Approach to Value  
Income Approach to Value

## **SALES COMPARISON APPROACH TO VALUE**

The sales comparison approach to value is utilized by grouping or clustering sales within the specified neighborhoods and classification of properties. The sales are then tested against appraised values to indicate a ratio for the neighborhood. A neighborhood is a grouping of complementary land uses affected equally by the four forces that influence property value: social trends, economic circumstances, governmental contracts and regulations, and environmental conditions. These factors have an impact on the value of properties within this grouping and in turn on properties being appraised.

Individual neighborhood boundaries within the District vary according to market indications and the type of property being appraised. The boundaries of these neighborhoods may be physical, geographical, or political in nature.

Crosby Central Appraisal District defines the neighborhood boundaries by school district, Crosbyton CISD which includes White River Lake, Ralls ISD, and Lorenzo ISD.

In order for comparable sales data to be considered reliable the sale must first contain a sales date, sales price, financing information, tract size and details of the improvements. Sales data is gathered by Deed information and sending sales letters to the buyer and seller of the property. Commercial 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. All data listed on the appraisal card is verified and updated as needed including building classification, building size, additions or added structures, condition of structures and any type change in data or characteristics that would affect the value of the property.

Individual sales are analyzed to meet the test of market value. Only arm's length transactions are considered. Examples of reasons why sales may be deleted or not considered are;

1. Properties are acquired through foreclosures or auction.
2. Properties are sold between relatives.
3. The buyer or seller is under duress and may be compelled to sell or purchase.
4. Financing may be non-typical or below or above prevailing market rates.
5. Considerable improvements or remodeling have been done since the date of the sale and the appraiser is unable to make judgments on the property's condition at the time of the transaction.
6. Sales may be unusually high or low when compared with typical sales located in the market area. Some sales may be due to relocation or through divorce proceedings.
7. The property is purchased through an estate sale.
8. The sale involves personal property that is difficult to value.
9. There are value-related data problems associated with the sale.
10. Property use changes occurring after the sale.

If sufficient sales are not found, then sales from competing neighborhoods are found and appropriate adjustments are made in the form of market modifiers. These modifiers are applied to cost schedules to indicate mass appraisal values for a given neighborhood. Therefore, the sales comparison approach is actually blended with the cost approach to create a hybrid of these two approaches to value.

### **COST APPROACH TO VALUE**

The District uses a hybrid cost model developed from Marshall and Swift Valuation Service. The cost model categorizes and values property by class, age, condition, and extra items. Depreciation is derived by age/condition and any additional depreciation that may be necessary. Land value is added to indicate a preliminary market value for like properties within the subject neighborhoods. After cost schedules, depreciation, and land values are applied, then a market modifier may be necessary to adjust the values to actual market conditions. These modifiers apply to improvements only and do not adjust land values. Therefore, the cost approach to value is actually a hybrid of the sales comparison and cost approaches to value.

## **INCOME APPROACH TO VALUE**

The income approach to value or rent multipliers are currently not a reliable indicator of value for residential mass appraisal reports unless rents are specified. Databases or data sources for income producing residential properties are not available in the Crosby County area. Therefore, the income approach to value is not used in the residential mass appraisal report but is used for other types of properties.

*Additional information concerning approaches to value for specific types of properties, such as minerals, utilities, industrial, pipelines, industrial personal property, etc. may be found in the Plan provided by the Appraisal Company that performs those appraisals and is attached to this plan by reference.*

## **SPECIAL VALUATION PROCESS**

**Agricultural Use:** Market value for agricultural property is established by acceptable appraisal methodology.

The District also values agricultural property by the income approach as set forth in the Texas Property Tax Code. This is a special valuation process as there are parameters set forth in the Code regarding capitalization rates. Income and expenses for each different category of agricultural use is estimated from surveys, actual rental data obtained by property owners as well as conversations with local governmental agencies. The formula used is set out by the Texas Property Tax Code and is as follows:

net-to-land (all ag related income streams-all ag related expenses)/cap rate= ag value.

## **THE MASS APPRAISAL REPORT:**

Each tax year, the required Mass Appraisal Report is prepared and certified by the Chief Appraiser at the conclusion of the appraisal phase of the ad valorem tax calendar (on or about May 15<sup>th</sup>). The Mass Appraisal Report is completed in STANDARD RULE 6 – 8 of the *Uniform Standards of Professional Appraisal Practice*. The signed certification by the Chief Appraiser is compliant with STANDARD RULE 6 – 9 of *USPAP*. This written reappraisal plan is attached to the report by reference.

## **VALUE DEFENSE:**

Evidence to be used by the appraisal district to meet its burden of proof for market value and equity in both formal and informal appraisal review board hearings is specified and tested. Evidence may include but is not limited to: comparable sales and applicable schedules, depreciation tables, income and expense information derived from the market has been accumulated and developed into charts containing general data, applicable appraisal reports and research data applicable to the property, etc.

**At no time, except as provided by the Texas Property Code, will any confidential income, expense, sales, or other information received from taxpayers on specific accounts be released.**

Informal hearings are conducted by phone, mail, or in person by District Appraisers. Appraisers may present sales data or data specific to the property in defense of the District values. If the taxpayer wishes to pursue a dispute further, the appraiser or District staff will guide them through the initial phase of the formal protest procedures.

When taxpayers are scheduled for formal hearings, they receive an ARB procedures pamphlet and a copy of the *Taxpayer's Right, Remedies, and Responsibilities* published by the State Comptroller's office. If protest hearing evidence is requested, the appraisal district has 14 days prior to the protest hearing to make its evidence regarding value disputes available.

#### **ARB APPEAL PROCEDURES**

After the Appraisal Review Board hears and determines all timely filed protests, the District mail, by certified mail with return receipt, the ARB orders containing the Board's decision on the protest to the property owners. Property owners have 60 days after receiving Board Order to either file suit in District Court or to file a request for arbitration. Information on procedures for appealing an ARB order is included in the order along with a Request for Binding Arbitration form.

# **The Written Reappraisal Plan For Crosby Central Appraisal District Residential, Commercial, Rural, and Personal Property 2015/2016**

## **PLANNING AND ORGANIZATION:**

Variation in reappraisal requirements requires Crosby 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.

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 2015 and 2016. Production standards for field activities are calculated and incorporated in the planning and scheduling process.

Changes in legislation involving appraisal districts may occur in 2015 when the legislature is called into session. These new laws may require adjustments to the budget, staffing, and programming.

Crosby Central Appraisal District will begin the field inspections in September of 2014 and will complete all inspections and schedules by April, 1, 2015 or as soon thereafter as possible for the 2015 tax year.

Crosby Central Appraisal District will begin the field inspections in September of 2015 and will complete all inspections and schedules by April, 1, 2016 or as soon thereafter as possible for the 2016 tax year.

## **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 Crosby Central Appraisal District for the completion of periodic reappraisals. Activities are listed below in the order in which they occur:

5. Performance Analysis:
  - a. Ratio study
  - b. Equity of existing values
  - c. Consistency of values with market activity
6. Revaluation Decision:
  - a. Statutory --- at least once every three years
  - b. Administrative policy
7. Analysis of Available Resources:
  - a. Staffing
  - b. Budget
  - c. Existing practices
  - d. Information system support
  - e. Existing data and maps
8. Planning and Organization
  - a. Target completion dates
  - b. Identify performance objectives
  - c. Specific action plans and schedules
  - d. Identify critical activities with completion dates
  - e. Set production standards for field activities
9. Mass Appraisal System:
  - a. Forms and procedures revised as necessary
  - b. CAMA (computer assisted mass appraisal) system revisions as required.
10. Conduct Pilot Study
  - a. Test new/revised appraisal methods as applicable
  - b. Conduct ratio studies
  - c. Determine if values are accurate and reliable
11. Data Collection:
  - a. Building permits and other sources of new construction
  - b. Check properties that have undergone remodeling
  - c. Re-inspection of problematic properties
  - d. Re-inspection of universe of properties on a cyclic basis
12. Valuation:
  - a. Market analysis (based on ratio studies)
  - b. Schedules development
  - c. Application of revised schedules
  - d. Calculation of preliminary values
  - e. Tests of values for accuracy and uniformity
13. The Mass Appraisal Report:

- a. Establish scope of work
  - b. Compliance with Standards Rule 6-7 of USPAP
  - c. Signed certification by the chief appraiser as required by Standards Rule 6-8 of USPAP
14. Value Defense:
- a. Prepare and deliver notices of value to property owners
  - b. Hold informal hearings
  - c. Schedule and hold formal appeal hearings

***The burden of proof (evidence) of market values and equity falls on the appraisal district.***

Crosby CAD appraises for nine (9) taxing units in 2000 square miles. There are approximately 8384 parcels. The Crosby CAD contracts with each of the taxing units to collect the taxes. There are 4 full time and 1 part time employees, 3 have RPA (Registered Professional Appraisers) State certification and 1 RTA (registered Texas Assessor/collector) State certification. This office follows the Property Tax Calendar as published by the Texas Comptroller of Public Accounts.

Pursuant to Section 25.18 of the Texas Property Tax Code, the Crosby 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.

This plan for reappraisal was written by Crosby Central Appraisal District and is in compliance with USPAP requirements. The plan establishes the following approach:

1. **Three-Year Cycle:** The CAD is divided into three areas. Each year, all real residential and commercial property within one of the areas will be reappraised or physically inspected, data updated and photographed, regardless of any ratio study/report findings. These areas are identified as follows:
  - a. Area One: Crosbyton CISD and White River Lake
  - b. Area Two: Ralls ISD
  - c. Area Three: Lorenzo ISD

***Note: all income producing personal property within the CAD is appraised on an annual basis, regardless of its location.***

2. **Annual Ratio Reports:** In addition to the three year cycle stated above, ratio studies shall be performed annually 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.

3. **Market Areas Defined:** Crosby CAD has specific market areas. Each school district is a market area.
  - a. Area One: Crosbyton CISD and White River Lake
  - b. Area Two: Ralls ISD
  - c. Area Three: Lorenzo ISD

This approach will insure not only that all residential and commercial property within the CAD is reappraised at least once every three years, but also that all other categories within the CAD are reviewed annually so that the 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:**

Field inspections are carried out by the field appraiser as directed by the chief appraiser. The field appraiser physically inspects areas required by the reappraisal cycle, checks all existing data, works building permits, takes photographs of improvements, draws plans of new improvements for entry into computer, 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.

Data entry of field work notes and sketches is performed by appraisal district staff.

The chief appraiser performs market analysis. Sales data is gathered throughout the year 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 applied to the universe of properties.

#### **REAL PROPERTY**

Field inspections are carried out by the staff and contractors. Beginning with city properties and then rural properties each parcel is inspected for any physical, functional or economic factors which might have changed. Agriculture land is inspected for changes in use. Photographs are taken and linked with the property account on the computer. New improvements are measured at this time and building permits are checked for completion. Throughout the year, copies of deed records are appropriately maintained and filed for future reference. There are approximately 7902 real estate parcels in the Crosby Central Appraisal District, and 95 parcels that overlap with Garza County, 180 parcels that overlap with Lubbock County.

## **PERSONAL PROPERTY**

Appraisal district staff and contractor hired by the district receive information in the form of renditions and government reports that must be recorded, such as for utility and pipeline companies. There are 482 business personal property accounts and 13 personal property accounts overlap with Lubbock County.

### **2015 Reappraisal Schedule**

#### **September 2014:**

Begin on-site inspections

#### **Mid December 2014:**

1. Begin planning sales ratio studies for all areas within the CAD.
2. Gather current sales data from sales confirmation letters, deed records, and other sources.

#### **January to March 2015:**

1. Mail homestead applications, special-use valuation applications, personal property renditions, exemption applications, and other required forms.
2. Complete field inspections as provided by the reappraisal plan area.
3. Begin running sales ratio reports. Compare with CAD values and sales information.
4. Identify necessary schedule adjustments.
5. Begin update of the USPAP report (Mass Appraisal report).
6. Begin working renditions.
7. Update appraisal records.

#### **March through April 2015:**

1. Continue running sales ratio reports.
2. Refine sales analysis and mass appraisal schedules.
3. Statistically test schedules.
4. Complete data entry of all reappraisal and maintenance changes.
5. Assist field appraiser with reappraisal functions as needed.
6. Finalize all field work and data collection activities.
7. Execute mass appraisal/maintenance activities as required.
8. Prepare for mailing 2015 Notices of Value.
9. Provide certified estimated values to taxing units.
10. Mail appropriate letters concerning homesteads, special-use appraisals, etc.
11. Continue working renditions.

#### **May through June 2015:**

1. Mail notices of values.
2. Hold informal hearings.
3. Respond to property owners' inquiries, protests, and questions.
4. Mail notices for ARB hearings & appointment letters.

5. Hold ARB hearings.
6. Process and mail ARB orders.
7. Enter into computer all changes as ordered by the ARB and notify other CAD's if the ordered change falls into an overlapping area.
8. Mail appropriate ARB pending decision letters.
9. Mail appropriate penalty letters on non-rendered personal property.

**July 2015:**

1. Complete the process of mailing certified ARB orders.
2. ARB approval of appraisal records by July 20<sup>th</sup>.
3. Certification of appraisal records and values to taxing units by July 25<sup>th</sup>.

**As needed throughout**

**The 2015 Year:**

1. Handle any outstanding protests by scheduling ARB hearings.
2. Continually update appraisal records.

Additionally, work outside of the appraisal process must be completed on a timely basis. Crosby Central Appraisal District is a small district with limited staff, therefore departments are not designated. District staff must complete, in a timely manner, the work assigned by the chief appraiser. The work schedule, in addition to the above scheduled calendar, is as follows:

**Daily:**

1. Back up daily data entries.
2. Name, address, legal, value, etc. data entry maintenance.
3. Drawing maintenance data entry.
4. Maintain prorated accounts.
5. Maintain exempt frozen accounts.
6. Mobile home changes data entry.
7. Residential, commercial, personal property changes data entry.
8. Agricultural changes data entry.
9. Download pictures provided by the field appraiser.
10. Collect taxes for all taxing jurisdictions within the County.
11. Backup Server

**As needed:**

1. Make changes for supplemental accounts and update computer system.
2. Programming changes.
3. Create new reports.
4. Mail letters on properties receiving over-65 exemption where the property owner is now deceased.
5. Homestead letters.
6. Notices of changes.
7. Update and maintain mapping system at least two times in each year.

8. Meet with Ag Advisory Committee.
9. Research returned mail.

While the scope of work is not limited to the scheduled tasks, the District has endeavored to identify the main yearly tasks. To further pinpoint scheduled tasks, the following calendar has been implemented for District staff, but work is not limited to the tasks contained in this calendar:

**January 2015 and 2016:**

1. All personal property renditions are mailed.
2. Obtain building permits issued by city print out an appraisal card for the field appraiser to inspect the property.
3. Continue data entry of completed field work.
4. Make needed changes on parcels with splits and combines.
5. Mail various applications.
6. Mail new special-use (agricultural) applications due to change of ownership.
7. Meet with ARB.
8. Publish the quarter-page ad on availability of exemptions, rendition requirements, special appraisals, and tax deferrals.
9. Schedule BOD meeting and include executive session if necessary.
10. Obtain "cap rate" to be used in 2015 appraisals, or 2016 appraisals, as appropriate.
11. Request license information from Texas DPS to obtain birth date information to automatically grant over-65 homestead exemptions.
12. Continue to obtain deed changes and key in ownership changes and parcel boundary changes and create new accounts as needed.
13. Continue to provide assistance to property owners and the general public by answering phone calls and assisting with walk-in customers, real estate agents, landmen etc.
14. Process public information requests.
15. Send sales information and deed transfer information to State Comptroller's Office by February 1.

**February 2015 and 2016:**

1. Continue keying in recheck notes.
2. Download pictures provided by field appraisers.
3. Proof changes keyed in.
4. Update changes of sketches/drawings.
5. Set up new business accounts.
6. Review revisions needed for ARB programs and documents.
7. Continue data entry of changes and updates.
8. Continue updating deed changes.
9. Continue with customer service (phone calls, walk-ins, etc.).
10. Publish any State Comptroller's required notices.

**March 2015 and 2016:**

1. Continue updating USPAP (Mass Appraisal Report).
2. Continue data entry of field work.
3. Continue downloading pictures provided by field appraiser.
4. Key-in new tax agent codes and update changes to existing agent codes.
5. Make sure that ARB members are signed up for the mandatory training course.
6. Process any rendition extension requests.
7. Update any schedules as needed.
8. Continue to update deed information.
9. Continue to provide customer service assistance.

**April 2015 and 2016:**

1. Complete data entry changes.
2. Begin preparation of Notices of Value.
3. Mail Notices of Value by May 1 or as soon after as possible.
4. Continue data entry processes.
5. Continue to gather sales information.
6. Process rendition extension requests.
7. Continue to provide customer service.
8. Update Deed changes.
9. Submit certified estimates of value to taxing units.

**May 2015 and 2016:**

1. Mail Notices of Value
2. Continue to work renditions and new personal property accounts.
3. Begin working with property owners regarding proposed values and protests filed.
4. Appraisers hold informal hearings with protesting property owners.
5. Provide evidence to property owners submitting evidence requests for protest hearings.
6. Process and determine requests for additional 15 days to file renditions (May 30 deadline) and mail determinations.
7. Submit appraisal records to ARB by May 15<sup>th</sup>.
8. Ensure that all new ARB members have attended mandatory training courses and certificates of completion are on file.
9. Begin scheduling protest hearing and mail Notice of Protest letters of appointment time.
10. Update Deed Changes.
11. Continue to provide customer service.

**June 2015 and 2016:**

1. Mail penalty letters on non-rendered personal property accounts.
2. Continue working with property owners on property values and hold informal hearings.
3. Continue providing evidence to property owners submitting evidence request for protest hearings.

4. ARB hearings to begin.
5. Mail ARB certified orders to property owners.
6. Prepare proposed Budget for the following year and submit to BOD.
7. Continue to schedule protest hearings and mail to property owners protesting protest packets.
8. Prepare folders for hearings.
9. Post hearing agendas as necessary.
10. Submit sales information to State Comptroller's Office by June 1.
11. Update Deed changes.
12. Continue to provide customer service to the public.

**July 2015 and 2016:**

1. Mail ARB certified orders and any other necessary correspondence.
2. Continue ARB hearings if necessary.
3. Ensure that all ARB changes have been keyed into the computer.
4. ARB approves the appraisal records for the current year by July 20<sup>th</sup>.
5. Check appraisal roll and values for substantial errors.
6. Certify values to all taxing units by July 25<sup>th</sup> and provide certified appraisal rolls for each taxing unit.
7. Update Deed records.
8. Continue to provide customer service to the public.

**August 2015 and 2016:**

1. Calculate the effective and rollback rates for each city, county and hospital district and publish these rates in the local newspaper.
2. Assist taxing units in adopting tax rates.
3. Prepare reports for the State Comptroller's Office.
4. Generate report of sales information on sales that occurred January 1 through the end of July
5. Begin gathering information needed to begin fieldwork in September.
6. Publicize the budget and budget hearing date.
7. Update Deed records.
8. Continue to provide customer service to the public.

**September 2015 and 2016:**

1. Ensure that sufficient envelopes, forms, paper, postage, etc. are on hand for printing and mailing tax statements.
2. Appraisers begin field work.
3. BOD must adopt the following year's budget by September 15<sup>th</sup>.
4. Send State Reports to the Property Tax Division.
5. Update Deed records.
6. Continue to provide customer service to the public.
7. Mail tax statements.

**October 2015 and 2016:**

1. Begin collecting for the new current tax year.
2. Continue field inspections.
3. Continue updating data changes from field inspections.
4. Continue downloading pictures taken by the field appraisers.
5. Update Deed Records.
6. Continue to provide customer service to public.

**November 2015 and 2016:**

1. Continue field inspections.
2. Continue keying in changes made by field appraisers and downloading pictures.
3. BOD appoints the following years Ag Advisory Committee at a regular meeting.
4. BOD appoints members to the ARB in whose terms will end December 31<sup>st</sup>.
5. BOD appoints by resolution the ARB Chairman and Secretary for the new tax year beginning January 1<sup>st</sup>.
6. Update Deed records.
7. Continue to provide customer service to the public.

**December 2015 and 2016:**

1. Continue field inspections.
2. Continue to key in changes provided by the field appraisers and download new pictures.
3. Prepare all homestead exemption applications to surviving spouse of deceased for mail out on January 1<sup>st</sup>.
4. Update Deed records.
5. Continue to provide customer service to the public.

**2016 Reappraisal Schedule:**

The same timetable and duties apply in each year. The field appraiser shall physically inspect all property in as described in Area (One) Crosbyton CISD and White River. The chief appraiser and CAD staff shall continue to complete the same duties and reappraisal steps outlined for 2015.

## **Crosby Central Appraisal District Property Appraisal Manual**

### **Basic Measuring Procedures**

#### **Drawing Outline of Structure**

Neatly draw outline in the space provided on your field work-sheet. Draw the improvement with the front of the improvement toward you, or as it faces the street. Draw the improvement in approximate proportion to the size of the structure. If the improvement is 20' wide and 50' long, draw the outline with length approximately double its width.

Be sure to show all changes in story heights or changes in construction. For example, an improvement may have two stories. It may have a story for living area and a garage and a second story living area. Each measurement unit must be drawn with closed lines and have all measurements sufficient for computation of the area. Draw second story of structure separate from the main body.

#### **Angled Structures**

When measuring an angled structure, the appraiser must estimate additional measurements in order to square the angled portions.

#### **Measurements**

Measurements are to be written horizontally opposite the line representing the measurement. It is best to write the measurements inside whenever possible.

Measure completely around the building, especially if the building is irregular. Check the sum of the overall measurements along the front of the structure against the overall measurements of the rear. Also, check the measurements along one side with that of the other.

Each side's measurements should square.

## **Crosby Central Appraisal District Property Appraisal Manual**

### **Items for the Appraiser to Consider after Completion of the Inspection:**

1. Has the appraiser asked the basic questions of the owner or tenant (name, address, etc.)?
2. Is the sketch neatly and accurately drawn, and is the handwriting legible?
3. Are the dimensions balanced?
4. Is everything marked on the field card?
5. Is there anything that I need to do additional research on or discuss with the Chief Appraiser later?

### **Mass Appraisal**

#### **What is Mass Appraisal?**

Mass appraisal is the process of valuing a universe (a large number) of properties as of a given date, using standardized procedures, in a manner which allows for statistical testing.

#### **As of a Given Date:**

The Texas Constitution and the Texas Property Tax Code require that the taxable property be appraised at its market value on January 1 of a given tax year, even though the physical examination of the property may be done on an earlier or later date.

#### **Using Standardized Procedures:**

The law requires the appraiser to use generally accepted appraisal techniques, and to use the same or similar techniques in appraising the same or similar properties.

#### **Allows for Statistical Testing:**

Statistical testing techniques are widely used in mass appraisal. They help produce better and more consistent value estimates. They allow the appraisal district and the taxpayer to evaluate the results of the mass appraisal.

## **Crosby Central Appraisal District Property Appraisal Manual**

### **Summary:**

To summarize, in a mass appraisal system the appraisal district first collects detailed descriptions of each taxable property in the district. It then classifies properties according to a variety of factors, such as size, use and construction types, using data from recent property sales and construction costs to replace the improvements at the same level of utility. With the help of modifiers that compensate for minor differences between individual properties, such as differences in age or location, the appraisal uses typical properties as benchmarks, or reference points, to appraise all the properties in each classification. Lastly, the computer is used in mass appraisal to make the process more efficient and the results more uniform.

### **Valuation Procedures**

In any determination of value, data is sought in the local market on such factors as sales and offerings of similar properties and tracts of vacant land, current costs of reproduction of the improvements, rentals of similarly improved properties, and the current rate of

return on investments and comparable properties, From this data, a value can be developed for both the land and the property as a whole. For the latter, several methods may be used: the cost approach, the income approach, and the market data approach.

#### **Land Value**

Land is valued as if vacant and available for the highest and best use. Similar land recently sold or offered for sale is analyzed and comparisons made for such factors as size, time location, and physical characteristics.

#### **Cost Approach to Value**

In this method of valuation, an estimate is made of current costs of reproduction (or replacement) of the improvements. This amount is adjusted to reflect depreciation resulting from physical deterioration and obsolescence and is then added to the value of the land.

## **Crosby Central Appraisal District Appraisal Manual**

### **Income Approach to Value**

In this method of valuation, estimates are made of the gross income that might be expected from rentals and other sources, and of the expenses that might be incurred in operating the property. Resulting net income is then capitalized into an indication of value.

### **Market Data Approach to Value**

In this method of valuation, similar properties recently sold or offered for sale in the current market are analyzed and compared with the property being appraised. Adjustments are made for differences in such factors as time of sale, location, type, age, and condition of the improvements, and prospective use.

### **Determining and Using Economic Condition Factors (ECF)**

There are times when appraisers or others may need to estimate the market value of all residences in a neighborhood, community or a city but cannot, practically, complete detailed three-approach appraisals for them all. For these situations, appraisers can use a tool called the "economic condition factor", commonly referred to as the ECF. Multiply such a factor by the cost approach result for each property to obtain an estimate of market value.

ECFs can be derived for a neighborhood, community or an entire city by identifying a sample number of residences by class and comparing the selling prices with their cost of reproduction, (or replacement) new less normal depreciation (from the normal depreciation guideline table).

Economic condition factors can then be calculated with the following formula:

ECF= Known Sale price divided by local cost of reproduction new less depreciation.

$$\text{ECF} = \frac{\text{Known Sale Price}}{\text{Local cost of reproduction new less depreciation}}$$

By applying this formula to a sample number of properties in a neighborhood, community or city, the user can select the ECFs that best represent the local market. A single ECF might be applicable to a majority of residences within a community. Separate ECFs will have to be developed for different classes of residences within each market segment. The following steps will explain in detail how to derive ECFs.

## Crosby Central Appraisal District Property Appraisal Manual

1. Obtain current sales data on properties where land value can be readily estimated.
2. For each sale, estimate the land value; then subtract it from the total sale price to determine market value of the structure.
3. Determine each structure's local cost of reproduction new less depreciation (actual cash value).
4. Calculate ECFs by dividing the step 2 result by step 3 result.
5. Analyze the calculated ECFs of the sample and select those most applicable.

After selecting the ECFs that best represent the local market, the residual amount percentages might all be adjusted by these ECFs then these adjusted residual percentages being multiplied by the cost of reproduction new, resulting in estimates of market value.

When determining ECFs, be careful to use enough sample properties to reveal a meaningful pattern, only those sales which represent arm's length transactions indicating true market values, residences that are representative of the most common types found, sale price amounts, and specific data on the sample structures and check this against the class specifications, adjusted for any features different in a sample than in the chosen class specification.

### Depreciation

There are three basic fundamental factors which have an effect on building construction and its value: Physical depreciation, functional depreciation, and economic depreciation. A structure may be affected by one, two, or a combination of all three of these factors.

There is a great deal of confusion regarding the meaning of depreciation factors and only when their true purpose is properly understood can application be properly applied.

When we speak of depreciation, we are generally thinking in terms of the physical because depreciation in its narrow sense is physical.

**Physical Depreciation:** Is the loss of value sustained by a structure over its cost new, which is brought about by actual wear and tear and the effects of the elements. Physical depreciation begins before the structure is completed and continues until the useful life of the structure has expired.

The physical depreciation tables which have been prepared for use with this manual are modified straight-line and are based upon average life expectancy considering two elements: a. purpose and use of the structure, and b. quality of workmanship and materials. All physical depreciation tables are recommended depreciation under average

## Crosby Central Appraisal District Property Appraisal Manual

conditions. Superior maintenance and below-average maintenance are some of the many factors which must be recognized as a reason for variance from the recommended percentages. Remodeling is another factor of age recovery which the appraiser must recognize and make adjustments. Sometimes, remodeling is so extensive that it is necessary to reduce, to a certain degree, the percentage of physical depreciation. At other times, it is so slight that it does not affect the present value of the property. Extreme care and judgment must be exercised in correcting depreciation for age recovery.

**Functional Depreciation:** Functional depreciation, in its broad sense, is that which is applied to the physical value of a building for loss of value brought about by obsolescence, design or style, over-built or under-built structures, or any other undesirable factors. Allowances made in applying functional depreciation depend upon the appraiser using their best judgment.

Functional depreciation is not limited to any one class of property. An industrial building may be affected adversely by a change in method of manufacture or by a decline in public demand. A store building may be affected by obsolescence and design. Farm buildings are affected by changing farm conditions. Functional depreciation is a factor which may come about gradually or it may come all at once.

Physical and functional depreciation are normally divided into two groups: *curable and incurable*. A deficiency is curable when the cost to cure does not exceed the additional value generated through the market sale of the property attributable to the correction of that deficiency. A deficiency is incurable when the cost to cure does exceed this additional value created upon sale of that property.

**Economic Depreciation:** Economic depreciation is similar to functional depreciation in as much as it is concerned with the property being able to sustain its physical value based upon income and resale value.

The reasons for loss of value brought about by the economic factor are conditions which occur outside the property line, i. e.: redirected traffic, shifting of a business center, or relocation of social groups or a change in environment will create a resale factor for dwelling properties that could immediately affect the income and the earning power of the property causing it to be reduced.

By capitalization of income, it is possible to arrive at an indicated value of commercial properties. A study of sales, it is possible to receive an indication of the trend of dwelling and farm properties.

## Crosby Central Appraisal District Property Appraisal Manual

### Master Maintenance Codes

The classification of property must be reported to the state each year. The accuracy of the appraisal district state report depends on the accuracy of the coding.

The following codes are current. They are subject to changes in the state laws.

**Category A. Real Property: Residential Single-Family Dwellings:** This category includes all types of single-family structures on residential land. As a general rule-of-thumb, all single-family residential property on less than five (5) acres should be in this category, including detached houses, townhouses, row houses, condominiums, and other separately listed dwelling units. Also included are mobile homes located on land owned by the homeowner. This category includes both rural and suburban homes. Generally, a house located on a parcel of land five (5) acres or larger should be classified in Category E: Farm and Ranch Improvements, even if a smaller portion has been separated with the improvements for homestead exemption purposes. However, if the use of the larger parcel is residential ( i.e., a house with several acres of grounds), the property should be classified in this category. Similarly, if an improved parcel smaller than 5 acres is devoted to farm and ranch use, classification should be in Category E.

**A1:** Residential Single-Family Dwellings on lots in town, lake lots, and small acreages outside the city limits.

**A2:** Mobile Homes on Owned Lots

**Category B: Real Property: Multi-Family Dwellings:** This category includes residential structures containing two or more living units including duplexes, triplexes, and apartments, where the individual units are not individually owned and listed. This category includes apartments with street-level stores and offices. This category does not

include condominiums, motels, or hotels. Condominiums should be reported in Category A. Motels and hotels should be reported in Category F.

**B1:** Multi-Family Dwellings (Duplexes)

**B2:** Multi-Family Dwellings (Apartments)

## **Crosby Central Appraisal District Property Appraisal Manual**

**Category C: Real Property: Vacant lots and Tracts:** This category includes small parcels of unimproved land that does not qualify for special-use, or productivity valuation. Usually, the appraisal roll describes these by lot and block numbers and subdivision names, or in terms other than acreage. (Any parcel that is receiving productivity valuation should be reported in Category D, regardless of size).

**C1:** Residential vacant platted lots or tracts in the city or in a sub-division

**C2:** Commercial and industrial vacant platted lots (near business areas)

**Category D: Real Property: Acreage:** This category includes large parcels of land, such as farmland, ranch land, recreational land, idle land, and wasteland. Parcels classified in this category are described in terms of acreage. All parcels receiving productivity valuation must be in this category.

**D1:** Real—Farm and Ranch land acreage.

**D2:** Real—Farm and Ranch land acreage non ag.

**D4:** Real—Undeveloped acreage.

**Category E: Real Property: Farm and Ranch Improvements:** This category includes farm and ranch improvements such as residences, barns, silos, etc., and land that is part of a larger parcel but separately listed as part of a residence homestead. Land separated out of a larger farm/ranch tract for homestead exemption purposes should be classified here, even if the land separated out is less than 5 acres (a homestead parcel may contain up to, but not more than, twenty acres).

**E1:** Real—Farm/Ranch single family residence.

**E2:** Real—Farm/Ranch mobile home on owned land.

**E3:** Real—Farm/Ranch other improvements (barns, sheds, tractor garages, chicken houses, storage buildings, etc.).

**Category F: Real Property: Commercial and Industrial:** This category includes real property devoted to commercial and industrial use. All such real property (land, buildings, site or yard improvements, machinery and equipment that cannot be removed without destroying a building or structure) is included in this category.

Commercial property includes stores, stores with living quarters, office buildings, hotels and motels, gas stations, parking lots, automotive repair shops, credit unions, banks,

## **Crosby Central Appraisal District Property Appraisal Manual**

insurance companies, clinics, nursing homes, grocery stores, department stores, restaurants, warehouses, marinas, hospitals, auto dealerships, and virtually any property primarily devoted to sales, entertainment, or services.

Industrial property includes manufacturing and processing facilities such as gins, refineries, chemical plants, seed companies, textile mills.

This category includes only real property. It does not include utility property or tangible personal property such as inventories, movable equipment, tools, business vehicles, etc.

**F1:** Real—Commercial (may be applied to any amount of acreage)

**F2:** Real—Industrial (may be applied to any amount of acreage)

**F3:** Real—Commercial building on leased (un-owned) land

**Category G: Real: Oil, Gas, and other Mineral Reserves:** This category includes both producing and non-producing oil and gas wells, as well as other minerals and mineral rights. The category also includes equipment used to bring the product to the surface. The value of the surface estate is not included in this category.

**G1:** Real—Oil, Gas, and Mineral Reserves

**Category H: Tangible Personal Property – Non-business Vehicles.**

**Category J: Real and Tangible Personal Property: Utilities:** This category includes the real and tangible personal property of all types of railroads, pipelines, electric and gas companies, co-operatives, and others commonly referred to as utilities:

**J1:** Real and Tangible—Water Systems.

**J2:** Real and Tangible—Gas Companies

**J3:** Real and Tangible—Electric Companies

**J4:** Real and Tangible—Telephone Companies

**J5:** Real and Tangible—Railroads

**J6:** Real and Tangible—Pipelines

**J7:** Real and Tangible—Other

**Crosby Central Appraisal District  
Property Appraisal Manual**

**Category L: Tangible Personal Property: Business:** This category includes all tangible personal property of commercial and industrial business. It does not include intangible personal property owned by utilities. Category L includes such items as inventories, furniture, movable machinery and equipment, portable tools, computers, business vehicles, and all other tangible personal property of commercial and industrial businesses.

**L1:** Tangible Personal Business Property (inventory, furniture, fixtures, equipment).

**L2:** Tangible Personal Business Property (tools, cranes, machinery).

**L3:** Tangible Personal Business Property (vehicles over 1 ton).

**Category M: Other Tangible Personal Property:** This category includes non-business Mobile Homes located on land not owned by the homeowner.

**M1:** Tangible Personal Property—Boats

**M2:** Tangible Personal Property—Airplanes

**M3:** Tangible Personal Property—Mobile Homes (on leased land)

**M4:** Tangible Personal Property—RV, Travel Trailer, Motor Home

**M5:** Miscellaneous

**Category N: Intangible Personal Property:** All taxable intangible personal property not classified in the above categories is included in this category.

**N1:** Intangibles—Rolling Stock

**Category O: Real: Residential Inventory:** This category includes residential properties that are held as inventory. The properties are held under the same ownership, are contiguous or located in the same development or sub-division, are held for sale in the ordinary course of business, are subject to zoning restrictions limiting them to residential use (if not subject to zoning these properties are subject to enforceable deed restrictions limiting them to residential use or their highest and best use as residential property), have never been occupied for residential purposes, are not presently leased or producing income, and is listed as business inventory.

It is important to note that all of the above criteria must be met in order for the property to be classified in Category O. Both the land the improvement values are classified in Category O if the criteria are met and the property must be appraised as a unit.

**Crosby Central Appraisal District  
Property Appraisal Manual**

**GENERAL DESCRIPTIONS**

**Residential Properties**

**Class RSFL and RSML: Very Low Quality**

Residences of very low quality are of low cost construction. Usually a one-story square or rectangular building of simple design. Usually constructed for its utility with no thought given to design or appearance. Often, it is owner built, without formal plans. Low

cost or used materials are often utilized (second or third grade materials) and the building does not meet minimum requirements for loan purposes. It usually barely meets local building codes. A partial or half-bath is included in the base price.

Features:

Foundation: is usually concrete blocks, wood, or concrete piers.

Floor: wood

Floor cover: soft wood, light asphalt, tile, or low cost linoleum.

Exterior wall: wood frame, plywood, asbestos or roll composition siding, brick veneer, logs. May be single wall construction.

Roof: roll composition, metal, very light composition shingles.

Interior Finish: walls are inexpensive drywall with paint finish or lo grade plywood paneling. Wardrobe and line closets are small, if they exist at all. Doors are low grade, hollow core. Moldings, casings, and hardware are sparse, inexpensive, and low quality. Cabinets are few and painted, with linoleum or plastic countertops.

Heating: space heaters (propane or natural gas stove heaters).

Cooling: evaporative or refrigerated window units.

Insulation: None.

Windows: Minimal number of 4

## **Crosby Central Appraisal District Property Appraisal Manual**

### **Class RSFF and RSMF: Fair Quality**

Residences of fair quality are usually mass produced and will meet minimum construction requirements of lending institutions, mortgage insuring agencies, and building codes. The quality of materials and workmanship are acceptable but below average and does not reflect custom craftsmanship. Exterior finish may have inexpensive finish materials, which add to its appearance. Cabinets, doors, hardware, plumbing, and heating are usually stock items, being plain with only small cosmetic enhancements. Usually has a 1 or 2 car garage. One full bath and one partial bath is included in the base price Add for central air/heat and fireplace.

Features:

Foundation: continuous concrete perimeter foundation or piers under interior bearing wall; concrete slab.

Floor Structure: Wood structure and sub-floor on first and upper story. The exception is the bi-level with a concrete slab on lower level; concrete slab.

Floor Cover: Inexpensive carpet, hardwood, vinyl composition tile or sheet vinyl.

Exterior Wall: Wood frame, asbestos, or stucco.

Roof: Rafters or prefabricated trusses with exterior grade plywood or wood sheathing; medium weight composition shingles or built up roofing with rock surface; roof slope is usually 4 inches in 12 or less.

Interior Finish: Painted or inexpensive wall-papered drywall or inexpensive paneling.

Windows: Fair to good grade stock.

Heating and Cooling: Propane or natural gas heaters, floor heaters or panel heating; evaporative or refrigerated window units.

Electrical: Adequate number of outlets and some luminous fixtures in the kitchen and bathroom. Fixtures are good grade.

Plumbing: One bathroom and one partial bath, medium priced fixtures, ceramic tile floor and counters in baths.

Insulation: Wall and ceiling insulation based on moderate climate.

## **Crosby Central Appraisal District Property Appraisal Manual**

**Built-ins:** Includes adequate clothes and storage closets. Medicine cabinets and built-in kitchen cabinets, stove and oven, hood and fan.

**Windows:** five to seven.

**Corners:** four to six.

**Garages:** Unfinished interior.

### **Class RSFA and RSMA: Average Quality**

Residences of this quality are usually mass produced and will meet or exceed modern construction requirements of lending institutions, mortgage insuring agencies, and building codes. The quality of materials and workmanship are acceptable, but do not reflect custom craftsmanship. Cabinets, doors, hardware, plumbing and heating are usually stock items, average quality, with some ornamentation. Architectural design will include ample fenestration (the design, appointment and distribution of windows) and some ornamentation. Two full baths are included in the base price. Add for central air/heat and fireplace.

**Features:**

**Foundation:** Continuous concrete perimeter foundation or piers under interior bearing wall; concrete slab.

**Floor Structure:** Wood structure and sub-floor on first and upper story (exception-bi-level with a concrete slab on the lower level); concrete slab.

**Floor Cover:** Carpet, hardwood, vinyl composition tile or sheet vinyl (3/4 carpet, 1/4 vinyl sheet).

**Exterior Wall:** Brick veneer, wood frame, log, asbestos, stucco.

**Roof:** Rafters or prefabricated trusses with exterior grade plywood or wood sheathing; medium weight composition shingles or built up roofing with rock surface; roof slope is usually 5 inches in 12 (or less).

**Interior Finish:** Painted or inexpensive wall-papered drywall or inexpensive paneling

**Windows:** Average, good-grade stock.

## **Crosby Central Appraisal District Property Appraisal Manual**

Heating & Cooling: Forced air furnace with adequate output and ductwork.

Electrical: Adequate number of outlets and some luminous fixtures in the kitchen and bathroom; fixtures are good grade.

Plumbing: Eight average white or colored fixtures and one plumbing rough-in; 2 full baths.

Insulation: Wall and ceiling insulation based on moderate climate.

Built-ins: Includes adequate clothes and storage closets, medicine cabinets and built-in kitchen cabinets; stove and oven, hood and fan; dishwasher.

Windows: 7 to 9.

Corners: 6 to 8.

Garages: Unfinished interior.

### **Class RSFG and RSMG: Good quality**

Residences at the good quality level may be mass produced in above average residential developments or built for an individual owner. Good quality standard materials are used throughout. Generally, this structure exceeds the minimum building requirements of lending institutions, mortgage insuring agencies, and building codes. Some attention is given to architectural design in both refinements and detail. Builder and/or architect designed with well apportioned amenities inside and out. Interiors are well finished, usually having some good wallpapering or wood paneling. Exteriors have a good fenestration and ornamental materials or other refinements. Two full baths are included in the base price. Add for central air/heat and fireplace.

#### **Features:**

Foundation: Continuous reinforced concrete perimeter foundation and foundation or piers under interior bearing wall; heavy concrete slab.

Floor structure: Wood structure and sub-floor on first and upper story. (The exception is the bi-level with a concrete slab). Concrete slab.

Floor Cover: Good quality carpet, hardwood, sheet vinyl, vinyl tile or linoleum.

## **Crosby Central Appraisal District Property Appraisal Manual**

Exterior wall: Brick, brick veneer, wood frame, log, Stucco, stone; good fenestration using good quality sash; ornamental trim.

Roof: Wood rafters and sheathing with hips and valleys; good quality cedar shingles; roof slope averages 5 inches to 12.

Interior Finish: Walls are taped and painted drywall with some good wallpaper or wood paneling; ample amount of cabinets with natural wood veneer finish used in the kitchen, with large vanities in the bath areas; countertops and splash are laminated plastic, ceramic tile, or simulated marble; doors are good quality hollow-core with attractive hardware;

Baseboards and casings are hardwood or softwood with mitered corners; walk-in closets or large sliding wardrobes; ample linen and storage closets; workmanship throughout is of good quality.

Heating & Cooling: Forced air furnace with adequate output.

Electrical: Good amount of convenience outlets; luminous fixtures in kitchen and bath areas.

Plumbing: Eleven good quality white or colored plumbing fixtures and one plumbing rough-in; these fixtures may include water heater, laundry tray, tiled or modular plastic stall shower, toilet, lavatory, tub, tub with shower overhead, and kitchen sink; two full baths.

Insulation: Moderate climate wall and ceiling insulation.

Windows: 10 to 14.

Corners: 8.

Garages: Finished interior.

## **Crosby Central Appraisal District Property Appraisal Manual**

### **Class RSFVG and RSMVG: Very Good Quality**

Residences at the very good quality level are typical of residences built in high quality tracts or developments and frequently built on original owners specifications and designed by an architect. Interior and exterior finishes are high quality. Attention has been given to interior refinements and detail. Exteriors have good fenestration and some custom ornamentation. Two and a half baths are included in the base price. Add for central air/heat and fireplaces.

#### **Features:**

**Foundation:** Continuous reinforced concrete perimeter and interior bearing wall foundation. Heavy concrete slab.

**Floor structure:** Wood structure and sub-floor on first and upper story. Concrete slab.

**Floor cover:** Good quality carpet, hardwood, sheet vinyl, or ceramic tile floor.

**Exterior wall:** Fenestration is well designed with high quality sash. Custom ornamentation and trim is used. Brick, brick veneer, stone, stone veneer, stone, stone veneer, wood frame, log, or stucco.

**Roof:** Wood rafters and sheathing. Heavy wood shakes with good gutter and downspouts. Roof slope averages 6" in 12".

**Interior Finish:** Walls are taped and painted drywall with high grade paper or vinyl wall covering or hardwood paneling. Good quality block paneling. Ample cabinets which may include cooking island, bar or desk. High quality audio or vanity cabinets, ceramic tile or high quality laminated plastic countertops, hardwood veneer or enameled doors with good hardware. Base, casings and moldings with well-mitered corners. Spacious walk-in closets or wardrobes and large linen closets.

**Heating and cooling:** Forced air furnace with ample capacity and insulated ductwork.

**Electrical:** Plentiful and well positioned outlets. High quality fixtures throughout. Good luminous fixtures in the kitchen and bath.

**Plumbing:** Eleven and up high quality white or colored fixtures with one plumbing rough-in. Fixtures can include water heater, laundry tray, tiled shower stall, toilet, lavatory, tub, tub with shower over, kitchen sink, or wet bar. Usually has at least two to two and one-half baths.

## **Crosby Central Appraisal District Property Appraisal Manual**

Insulation: Moderate climate wall and ceiling insulation.

Windows: 12 to 14.

Corners: 10 to 12.

Garages: Finished interior.

### **Class RSME: Excellent Quality**

Residences at the excellent quality level are custom built to the original owner's exacting specifications. It will be designed and construction will be supervised by the architect. Interior and exterior finishes are of the very best materials and workmanship. Close attention has been given to the interior refinements and detail. Special features and one of a kind items are in abundance. Three full baths are included in the base price.

Foundation: Continuous reinforced concrete perimeter and interior bearing wall foundation. Heavy concrete slab.

Floor structure: Wood structure and sub-floor on first and upper story. Concrete slab.

Floor cover: Good quality carpet, hardwood, or ceramic tile floors.

Exterior wall: Fenestration is well designed with excellent quality sash. Custom ornamentation and trim is used. Brick, brick veneer, stone, stone veneer, wood frame, log, or stucco.

Roof: Wood rafters and sheathing. Heavy wood shakes, tiles, metal, or excellent quality shingles, attic ventilation. Good gutters and downspouts.

Interior finish: Walls are taped and painted drywall. May have high grade wallpaper and/or some hardwood paneling and wainscot. Ample cabinetry which may include cooking island, bar, or desk. Excellent quality vanity cabinets, ceramic tile or excellent quality, custom designed countertops such as marble or granite. Hardwood veneer or enameled doors with high quality hardware. Base casings and moldings have well-mitered corners. Spacious walk-in closets or wardrobes and large linen closets.

## **Crosby Central Appraisal District Property Appraisal Manual**

Heating and Cooling: Forced air with ample capacity and insulated ductwork.

Electrical: Plentiful and well-positioned outlets. Excellent quality fixtures throughout. Luminous fixtures in the kitchen and bath.

Plumbing: Excellent quality white or colored fixtures, including water heater, laundry tray, showers, toilets, lavatories, tubs, tubs with shower over, kitchen sinks, and may have a wet bar. Has at least three full baths.

Insulation: Moderate climate wall and ceiling insulation.

Windows: 14+

Corners: 12+

Garages: Usually attached and has a finished interior. Holds at least two cars.

### **SPECIAL PRICED CUSTOM BUILT RESIDENCES:**

Because this type of house does not appear frequently and due to the many variations in specifications and installation of special equipment, a cost schedule cannot be used. In most cases, the best possible materials have been used with a tendency toward the elaborate, being extravagantly built with little concern given to cost. This type house has been especially designed by an architect to meet the owner's requirements and contains many special features and is characterized by the high quality of workmanship, finishes and appointments with considerable attention given to detail. The house will have been built under architectural supervision by a good contractor, using the best type of labor available.

Foundation: Continuous reinforced concrete perimeter and interior bearing wall foundation. Heavy concrete slab or very high quality pier-and-beam.

Floor structure: Wood structure and sub-floor on first and upper stories. Concrete slab.

Floor cover: High quality carpet or hardwood, parquet or plank, terrazzo or best quality vinyl sheet or ceramic or quarry tile.

Exterior wall: Fenestration is well designed with high quality sash. Custom ornamentation and trim. Select brick, brick veneer, cut stone, stone veneer, stucco or wood siding, with many off-sets.

## **Crosby Central Appraisal District Property Appraisal Manual**

**Roof:** Heavy wood rafters and sheathing. High quality roofing materials (asbestos shingles, slate shingles, heavy shake, built-up or tile). Roof slope averages 6' in 12". Large eaves with high quality gutters and downspouts.

**Interior finish:** Walls are taped and painted drywall with high grade paper or vinyl wall covering, hardwood paneling or ceramic tile. High quality block paneling. Built-in book shelving and ample cabinets which may include cooking island, bar, or desk. High quality audio or vanity cabinets in bath and dressing areas. Ceramic tile, marble or highest quality laminated plastic countertops. Raised panel hardwood veneer or enameled doors with good hardware. Base casings and moldings have tight mitered corners. Spacious walk-in closets or wardrobes with built-in features. Large linen closets and fully shelved pantries.

**Typical features:** Large porches and/or patios. Irregular shape or angled house. Balcony, skylights, atrium and or Jacuzzi.

**Heating and cooling:** Forced air furnace with multiple controls. Large capacity with insulated ductwork. Usually more than one unit.

**Electrical:** Plentiful well-positioned outlets. High quality fixtures throughout. Large luminous fixtures in lighting.

**Crosby Central Appraisal District  
Property Appraisal Manual**

**PLUS AND MINUS ADJUSTMENT**

Assuming that straight classes of residences are recognizable, the next step is for the appraiser, when in his judgment the quality class of the classification system is too broad to effectively determine market value, to use a plus or minus adjustment factor. The quality classes of the classification system are based on average specifications for each structure. Any noticeable variation from the standard specification should be considered a plus or minus to the classification.

**Examples of Plus Factors:**

<u>Basic Specification</u>	<u>Variation</u>	<u>Factor</u>
6 Windows	8 Windows	Plus
6 Corners	10 Corners	Plus
Conventional Ceiling	Cathedral Ceiling	Plus
Standard Trim	Box or Bay Windows	Plus
5" in 12"	8" in 12" Pitch	Plus
Standard Brick	Good Brick	Plus
Frame Gable	Brick Gable	Plus

**Examples of Minus Factors:**

6 Windows	4 Windows	Minus
6 to 8 Corners	4 Corners	Minus
Standard Trim	No Trim	Minus
5" in 12" Pitch	3" in 12" Pitch	Minus
Standard Over-hang	No Over-hang	Minus

**Other Added Features**

Fireplaces, central heat and air, etc. are set dollar amount additives.

Garages, porches, shops, sheds, pools, pool houses, etc. Are appraised on a dollar per square foot basis.

**Crosby Central Appraisal District  
Property Appraisal Manual**

**Added Features Schedule**

Asphalt 1—low quality and shallow layer- \$2.00 per square foot  
Asphalt 2—average quality and average depth \$2.50 per square foot  
Asphalt 3—good quality and deeper depth- \$3.00 per square foot

Concrete 1—low quality and shallow layer- \$3.50 per square foot  
Concrete 2—average quality and average depth - \$4.00 per square foot  
Concrete 3—good quality and deeper depth- \$4.50 per square foot

Gravel 1—low quality and shallow layer - \$0.35 per square foot  
Gravel 2—average quality and average depth- \$0.65 per square foot  
Gravel 3—good quality and deeper depth- \$1.00 per square foot

**Barn Schedule:**

<b>BR1: Low Quality</b>	\$8.00 Per Sq Foot
<b>BR2: Average Quality</b>	\$12.00 Per Sq Foot
<b>BR3: Good Quality</b>	\$15.00 Per Sq Foot
<b>BRDF: Light tin barn</b>	\$4.00 Per Sq Foot
<b>CANOPY:</b>	\$8.00 Per Sq Foot

**Residential Additions:**

<b>ATT: Attic</b>	\$14.00 Per Sq Foot
<b>GA: Attached Garage</b>	\$14.00 Per Sq Foot
<b>DK: Deck</b>	\$14.00 Per Sq Foot
<b>FB: Finished Basement</b>	50% of main area
<b>GDF: Garage Dirt Floor</b>	\$6.00 Per Sq Foot
<b>OP: Open Porch</b>	\$4.00 Per Sq Foot
<b>PA: Patio</b>	\$8.00 Per Sq Foot
<b>SR: Sunroom</b>	\$18.00 Per Sq Foot
<b>SRP: Screen Porch</b>	\$10.00 Per Sq Foot
<b>UN: Unfinished Basement</b>	25% of main area
<b>UP: Upstairs</b>	75% of main area
<b>CP: Covered Porch</b>	\$6.00 Per Sq Foot
<b>Loft:</b>	\$25.00 Per Sq Foot
<b>BX: Box Car</b>	\$700.00 Flat Value
<b>CR: Carport 12X12</b>	\$700.00 Flat Value
<b>DC: Double Carport 24X24</b>	\$1400.00 Flat Value

**CATEGORY A: SINGLE FAMILY RESIDENTIAL  
2014 MASONRY SCHEDULE**

<b>SQ. FEET</b>	<b>RSML</b>	<b>RSMF</b>	<b>RSMA</b>	<b>RSMG</b>	<b>RSMV</b>	<b>RSME</b>
400	\$ 43.17	\$ 43.49	\$ 45.00	\$ 58.00	\$ 70.00	\$ 70.00
500	\$ 40.96	\$ 43.49	\$ 45.00	\$ 58.00	\$ 70.00	\$ 70.00
600	\$ 39.24	\$ 43.49	\$ 45.00	\$ 58.00	\$ 70.00	\$ 70.00
700	\$ 37.84	\$ 42.19	\$ 45.00	\$ 58.00	\$ 70.00	\$ 70.00
800	\$ 36.68	\$ 41.10	\$ 45.50	\$ 58.00	\$ 70.00	\$ 70.00
900	\$ 35.68	\$ 40.16	\$ 45.50	\$ 58.00	\$ 70.00	\$ 70.00
1000	\$ 34.80	\$ 39.33	\$ 46.00	\$ 58.50	\$ 70.00	\$ 70.00
1100	\$ 34.30	\$ 38.60	\$ 46.00	\$ 58.50	\$ 70.00	\$ 70.00
1200	\$ 33.34	\$ 37.94	\$ 46.50	\$ 60.00	\$ 70.00	\$ 70.00
1300	\$ 32.72	\$ 37.35	\$ 47.00	\$ 60.00	\$ 70.00	\$ 70.00
1400	\$ 32.16	\$ 36.80	\$ 47.50	\$ 61.00	\$ 70.50	\$ 70.00
1500	\$ 32.16	\$ 36.31	\$ 48.00	\$ 61.00	\$ 70.50	\$ 70.00
1600	\$ 31.16	\$ 35.85	\$ 48.50	\$ 61.50	\$ 71.00	\$ 70.00
1700	\$ 31.16	\$ 35.43	\$ 49.00	\$ 61.50	\$ 71.00	\$ 70.00
1800	\$ 30.31	\$ 35.03	\$ 49.50	\$ 62.00	\$ 71.50	\$ 71.00
1900	\$ 30.31	\$ 35.03	\$ 50.00	\$ 62.50	\$ 71.50	\$ 71.00
2000	\$ 29.56	\$ 34.31	\$ 50.50	\$ 63.00	\$ 72.00	\$ 72.00
2100	\$ 29.56	\$ 34.31	\$ 51.00	\$ 63.50	\$ 72.00	\$ 72.00
2200	\$ 28.91	\$ 33.67	\$ 51.50	\$ 64.00	\$ 72.50	\$ 73.00
2300	\$ 28.91	\$ 33.67	\$ 51.50	\$ 64.00	\$ 73.00	\$ 73.00
2400	\$ 28.32	\$ 33.10	\$ 52.00	\$ 64.50	\$ 73.50	\$ 74.00
2500	\$ 28.32	\$ 33.10	\$ 52.00	\$ 64.50	\$ 74.00	\$ 74.00
2600	\$ 27.80	\$ 32.58	\$ 52.50	\$ 65.00	\$ 74.50	\$ 75.00
2800	\$ 27.32	\$ 32.11	\$ 53.00	\$ 65.50	\$ 75.00	\$ 76.00
3000	\$ 26.88	\$ 31.68	\$ 53.50	\$ 65.50	\$ 75.50	\$ 77.00
3200	\$ 26.88	\$ 31.68	\$ 54.00	\$ 66.00	\$ 76.00	\$ 78.00
3400	\$ 26.88	\$ 31.68	\$ 54.00	\$ 66.00	\$ 76.50	\$ 79.00
3600	\$ 26.88	\$ 31.68	\$ 54.00	\$ 66.00	\$ 77.00	\$ 80.00
3800	\$ 26.88	\$ 31.68	\$ 54.00	\$ 66.00	\$ 77.50	\$ 81.00
4000	\$ 26.88	\$ 31.68	\$ 54.00	\$ 66.50	\$ 78.00	\$ 82.00
4200	\$ 26.88	\$ 31.68	\$ 54.00	\$ 66.50	\$ 78.50	\$ 83.00
4400	\$ 26.88	\$ 31.68	\$ 54.00	\$ 66.50	\$ 79.00	\$ 84.00
4401	\$ 26.88	\$ 31.68	\$ 54.00	\$ 66.50	\$ 80.00	\$ 84.00

**CATEGORY A: SINGLE FAMILY RESIDENTIAL  
2014 FRAMED SCHEDULE**

<b>SQ. FEET</b>	<b>RSFL</b>	<b>RSFF</b>	<b>RSFA</b>	<b>RSFG</b>	<b>RSFV</b>
400	\$ 35.15	\$ 34.69	\$ 40.86	\$ 45.00	\$ 55.00
500	\$ 33.36	\$ 34.69	\$ 40.86	\$ 45.00	\$ 55.00
600	\$ 31.97	\$ 34.69	\$ 40.86	\$ 45.00	\$ 55.00
700	\$ 30.84	\$ 33.72	\$ 40.86	\$ 45.00	\$ 55.00
800	\$ 29.89	\$ 32.90	\$ 40.86	\$ 45.00	\$ 55.00
900	\$ 29.08	\$ 32.19	\$ 40.86	\$ 45.00	\$ 55.00
1000	\$ 28.37	\$ 31.57	\$ 40.86	\$ 45.00	\$ 55.00
1100	\$ 27.75	\$ 31.02	\$ 40.86	\$ 45.00	\$ 55.00
1200	\$ 27.19	\$ 30.52	\$ 40.86	\$ 45.00	\$ 55.00
1300	\$ 26.69	\$ 30.07	\$ 40.86	\$ 45.00	\$ 55.00
1400	\$ 26.23	\$ 29.66	\$ 40.86	\$ 45.00	\$ 56.00
1500	\$ 26.23	\$ 29.29	\$ 40.86	\$ 45.00	\$ 56.00
1600	\$ 25.43	\$ 28.94	\$ 40.86	\$ 45.00	\$ 56.00
1700	\$ 24.73	\$ 28.62	\$ 40.86	\$ 45.00	\$ 56.00
1800	\$ 24.13	\$ 28.32	\$ 40.86	\$ 45.00	\$ 56.50
1900	\$ 24.13	\$ 28.32	\$ 41.00	\$ 45.00	\$ 56.50
2000	\$ 24.13	\$ 27.77	\$ 41.00	\$ 45.50	\$ 57.00
2100	\$ 23.60	\$ 27.77	\$ 41.00	\$ 45.50	\$ 57.00
2200	\$ 23.12	\$ 27.29	\$ 41.50	\$ 45.50	\$ 57.50
2300	\$ 23.12	\$ 27.29	\$ 41.50	\$ 41.50	\$ 58.00
2400	\$ 22.70	\$ 26.85	\$ 41.50	\$ 45.50	\$ 58.50
2500	\$ 22.70	\$ 26.85	\$ 41.50	\$ 45.50	\$ 59.00
2600	\$ 22.31	\$ 26.46	\$ 41.50	\$ 45.50	\$ 59.50
2800	\$ 21.95	\$ 26.10	\$ 43.00	\$ 45.50	\$ 60.00
3000	\$ 21.95	\$ 25.77	\$ 43.00	\$ 46.00	\$ 60.50
3200	\$ 21.95	\$ 25.77	\$ 43.00	\$ 46.00	\$ 61.00
3400	\$ 21.95	\$ 25.77	\$ 43.00	\$ 46.00	\$ 61.50
3600	\$ 21.95	\$ 25.77	\$ 43.00	\$ 46.50	\$ 62.00
3800	\$ 21.95	\$ 25.77	\$ 43.00	\$ 46.50	\$ 62.50
4000	\$ 21.95	\$ 25.77	\$ 43.00	\$ 50.00	\$ 63.00
4200	\$ 21.95	\$ 25.77	\$ 43.00	\$ 50.00	\$ 63.50
4400	\$ 21.95	\$ 25.77	\$ 43.00	\$ 50.00	\$ 64.00
4401	\$ 21.95	\$ 25.77	\$ 43.00	\$ 50.00	\$ 64.50

**Crosby Central Appraisal District  
Property Appraisal Manual**

*NADA OR MARSHAL & SWIFT VALUE GUIDES ARE USED TO VALUE MOBILE HOMES IF SERIAL AND/OR LABEL NUMBERS ARE AVAILABLE. WHEN NOT AVAILABLE THE SCHEDULE BELOW IS USED.*

**Mobile Homes:**

MH: Very low quality	\$5.00 Per Sq Foot
MH3: low quality	\$14.50 Per Sq Foot
MH4: Fair quality	\$15.00 Per Sq Foot
MH4D: Double wide fair quality	\$16.00 Per Sq Foot
MH5: average quality	\$16.50 Per Sq Foot
MH5D: Double wide average quality	\$17.50 Per Sq Foot
MH6: above average quality	\$18.25 Per Sq Foot
MH6D: Double wide above average quality	\$19.75 Per Sq Foot
MH7: Good quality	\$21.00 Per Sq Foot
MH7D: Double wide good quality	\$26.00 Per Sq Foot
MH8: very good quality	\$28.00 Per Sq Foot
MH8D: Double wide very good quality	\$33.00 Per Sq Foot
MH9: excellent quality	\$35.00 Per Sq Foot
MH9D: Double wide excellent quality	\$39.00 Per Sq Foot

**Commercial Buildings:**

Low Cost Commercial: C

Square Feet	Unit Value
1,200	\$26.32
1,500	\$26.22
1,800	\$26.12
2,100	\$26.02
2,400	\$25.92
2,700	\$25.82
3,000	\$25.72
3,500	\$25.62
4,000	\$25.42

Description:	Unit Value
Low Cost Building: D	\$25.04
Average Cost Commercial:C	\$35.00
Commercial Brick Building	\$30.00
Greenhouse: GH	\$20.00
Grocery Store: GROC	\$25.42
Hospital: Hospital	\$65.00
Library: LBRY	\$65.00

**Crosby Central Appraisal District  
Appraisal Manual**

Motel: MOTEL	\$25.42
Museum: MUSM	\$65.00
Office: OF	\$20.00
Pharmacy: PHARM	\$25.42
Restaurant: RESTRNT	\$25.72
<b>Description:</b>	<b>Unit Value</b>
School: SCHOOL	\$65.00
Auto Supply Store: Auto SUP	\$25.42
Service Station: SER STA	\$25.42
Shop: SPDF Low Quality	\$4.00
Shop: SPA Average/cement floor	\$14.00
Shop: SP Good Quality	\$18.00
Shed: SD Low Quality/dirt floor	\$4.00
Shed: SDCF Average Quality	\$6.00
Shed: SDG Good Quality	\$6.00
Storage: ST Low Quality	\$4.00
Storage: STW Average Quality	\$8.00
Storage: STWD Good Quality	\$10.00

**Improvement Depreciation Schedule**

<b>Effective Age</b>	<b>Percent Good Factor</b>
1	1.00
2	1.00
3	.99
4	.98
5	.98
6	.97
7	.96
8	.96
9	.95
10	.95
11	.94
12	.93
13	.92
14	.92
15	.91
16	.90
17	.90
18	.89
19	.88
20	.87
21	.87
22	.86
23	.85

24	.84
25	.83
26	.82
27	.81
28	.80
29	.79
30	.78
31	.77
32	.76
33	.75
34	.73
35	.72
<b>Effective Age</b>	<b>Percent Good Factor</b>
<b>Continued</b>	<b>Continued</b>
36	.71
37	.70
38	.68
39	.67
40	.65
41	.64
42	.62
43	.61
44	.59
45	.58
46	.56
47	.55
48	.54
49	.53
50	.51
51	.49
52	.48
53	.46
54	.45
55	.43
56	.42
57	.40
58	.39
59	.37
60	.36
61	.35
62	.33
63	.32
64	.30
65	.29
66	.28
67	.27
68	.26
69	.25
70	.24
71	.23
72	.23
73	.22
74	.21
75	.20
76	

**Crosby Central Appraisal District  
Property Appraisal Manual**

**MOBILE HOME CLASSIFICATIONS AND DESCRIPTIONS**

**Mobile Home: Class MH and MH3:**

These are a low quality mobile or manufactured houses and are designed to meet minimum mobile home code requirements. The overall quality of materials and workmanship is below average. The floor plan is usually simple with little or no attention given to details.

**Foundation:** Set up on steel or concrete piers. Adjust for continuous perimeter wall.

**Frame:** Light steel beam undercarriage with outriggers and cross members.

**Floor structure:** Wood floor joists with particle board or plywood decking, waterproofing, and insulation.

**Floor cover:** Inexpensive carpet and pad, asphalt or vinyl composition tile. Floor cover is not included in the basic residence costs.

**Exterior wall:** Exterior finish is repainted or pre-finished, light-weight, corrugated aluminum, with exposed fasteners. Minimum fenestration using economy grade windows.

**Roof:** Engineered trusses and sheathing with corrugated or ribbed metal roofing. Roofs are flat or slightly arched with no overhang.

**Interior finish:** Low quality printed hardboard or plywood paneling on 2'X3" studs. Small wardrobes, economy grade hollow core doors. Paint grade or vinyl covered particle board kitchen cabinets and bathroom vanity. Ceiling height is typically 7'0" to 7'6".

**Heating:** A forced air furnace based on a moderate climate. Use square foot adjustments for other types of heating and/or cooling.

**Electrical:** Minimum number of outlets. Low costs lighting fixtures.

**Plumbing:** Five plumbing fixtures and one plumbing rough-in are included in the base costs. The fixtures can include any of the follow: lavatory, toilet, tub, tub with shower over, kitchen sink and water heater. All fixtures are usually located along one side of the house (wet wall) with minimal runs.

**Insulation:** Floor, wall and ceiling insulation, for a moderate climate are included in the basic residence costs.

## **Crosby Central Appraisal District Property Appraisal Manual**

Appliances: Appliances are not included in the basic residence costs.

Fireplace: Not included.

**Mobile Home: MH4 Fair Quality and MH4D Fair Quality Double Wide**

The fair manufactured home is designed to meet standard manufactured home code requirements. The overall quality of materials and workmanship are average, but are relatively plain in finish and appearance.

Foundation: Set up on steel or concrete piers. Adjust for continuous perimeter wall.

Frame: Light steel beam undercarriage with outriggers and cross members.

Floor structure: Wood floor joists with particle board or plywood decking, waterproofing, and insulation.

Floor Cover: Inexpensive carpet and pad, asphalt or vinyl composition tile. Floor cover is not included in the basic residence costs.

Exterior: prefinished aluminum or hardboard sheet siding and limited standard fenestration.

Roofs: typically low pitched, arched or sloped. Has minimum overhang on the front elevation.

Interior: prefinished plywood or printed hardboard with standard grade cabinetry and hardware.

Heating and cooling: Ducting is normally minimal, with insulated straight-line forced air ducts. Use square foot adjustments for other types of heating and/or cooling.

Electrical: Minimum number of outlets. Low costs lighting fixtures.

Plumbing: includes six fixtures and a rough-in the base cost. Fixtures can include any of the following: lavatory, toilet, tub with shower, water heater and kitchen sink. The rough-in will typically consist of the water supply and waste for a laundry service. Fixtures are usually located along one side of the house with minimal runs.

Appliances: Not included.

Fireplace: Not included.

## **Crosby Central Appraisal District Property Appraisal Manual**

### **Mobile Homes: MH5 Average Quality and MH5D Average Quality Double Wide**

The Average quality mobile/manufactured houses that meet or exceed mobile home code requirements. The overall quality of materials and workmanship is average and of standard grade. The front elevation will often have some ornamentation.

**Foundation:** Set up on steel or concrete piers. Adjust for continuous perimeter concrete wall.

**Frame:** Medium weight steel beam undercarriage with outriggers and cross members.

**Floor structure:** Wood floor joists with particle board or plywood decking, waterproofing, and insulation.

**Floor Cover:** Lightweight carpet and pad, asphalt or vinyl composition tile. Floor cover is not included in the basic residence costs.

**Exterior Wall:** Exterior finish is aluminum lap siding on 2" X 4" studs. Adequate fenestration and some trim around aluminum windows.

**Roof:** Engineered trusses and sheathing with corrugated or ribbed metal roofing. Roofs are typically sloped or arched with front overhang.

**Interior finish:** Medium quality pre-finished plywood paneling on 2" X 3" or 2" X 4" studs. Adequate wardrobe closets and storage. Laminated plastic countertops and back-splash. Standard grade hollow core doors. Paint grade, vinyl covered particle board or inexpensive wood veneer kitchen cabinets and bathroom vanity. Ceiling height is typically 7'6" to 8'.

**Heating:** A forced air furnace based on a moderate climate with adequate ductwork is included. Add per square foot for central air.

**Electrical:** Ample number of convenience outlets. Some luminous fixtures in the kitchen and bath areas.

**Plumbing:** Five to seven plumbing fixtures and one plumbing rough-in are included in the base costs. The fixtures can include any of the following: lavatory, toilet, and tub with shower over, tiled or modular stall shower, kitchen sink, laundry tray and water heater.

**Insulation:** Floor, wall, and ceiling insulation for a moderate climate are included in the basic residence costs.

**Crosby Central Appraisal District  
Property Appraisal Manual**

Appliances: Not included.

Fireplace: Not included.

**Mobile Homes: MH6 Above Average Quality and MH6D Above Average Quality  
Double Wide:**

Above average quality mobile/manufactured houses that meet or exceed mobile home code requirements. The overall quality of materials and workmanship is average and of standard grade. The front elevation will often have some ornamentation.

Foundation: Set up on steel or concrete piers. Adjust for continuous perimeter concrete wall.

Frame: Medium weight steel beam undercarriage with outriggers and cross members.

Floor structure: Wood floor joists with particle board or plywood decking, waterproofing, and insulation.

Floor Cover: Lightweight carpet and pad, asphalt or vinyl composition tile. Floor cover is not included in the basic residence costs.

Exterior Wall: Exterior finish is aluminum lap siding on 2" X 4" studs. Adequate fenestration with storm windows and storm doors.

Roof: Engineered trusses and sheathing with corrugated or ribbed metal roofing. Roofs are typically sloped or arched with front overhang.

Interior Finish: Medium quality pre-finished plywood paneling on 2" X 3" or 2" X 4" studs. Adequate wardrobe closets and storage. Laminated plastic countertops and back-splash. Standard grade hollow core doors. Paint grade, vinyl covered particle board or inexpensive wood veneer kitchen cabinets and bathroom vanity. Ceiling height is typically 7'6" to 8'.

Heating: A forced air furnace based on a moderate climate with adequate ductwork is included.

Electrical: Ample number of convenience outlets. Some luminous fixtures in the kitchen and bath areas.

Plumbing: Five to seven plumbing fixtures and one plumbing rough-in are included in the base costs. The fixtures can include any of the following: lavatory, toilet, and tub with shower over, tiled or modular stall shower, kitchen sink, laundry tray and water heater.

## **Crosby Central Appraisal District Property Appraisal Manual**

Insulation: Floor, wall, and ceiling insulation for a moderate climate are included in the basic residence costs.

Appliances: Not included.

Fireplace: Not included.

### **Mobile Homes: MH7 Good Quality and MH7D Good Quality Double Wide**

The Good quality manufactured home will typically have an exterior finish of aluminum, vinyl, plywood or hardboard. The finish is often in various textures such as horizontal siding and board and batten. Walls are 4" thick and 8' high. Has ample fenestration consisting of numerous residential type aluminum or vinyl windows, a sliding door and ornamentation around windows and entry. Storm windows and storm door.

Foundation: Set up on steel or concrete piers. Adjust for continuous perimeter concrete wall.

Roof: Engineered trusses and sheathing with corrugated or ribbed metal roofing. Roofs are typically sloped or arched with front overhang.

Floor structure: Wood floor joists with particle board or plywood decking, waterproofing, and insulation.

Interior: Good quality prefinished plywood, cabinets and hardware are of good quality and typically have extra interior appointments. Resilient flooring and carpeting are of good quality.

Plumbing: typically has seven good quality fixtures, plumbing rough-in in the base cost. Fixtures can include: lavatory, toilet, tub with shower over, tiled or modular shower stall, kitchen sink, laundry tray and water heater. The rough-in will typically consist of the water supply and waste for a laundry service.

Heating: typically insulated perimeter ducts with cold-air returns prepared for air condition.

Fireplace or wood-burning stoves prefabricated.

**Crosby Central Appraisal District  
Property Appraisal Manual**

**Mobile Home: MH8 Very Good Quality and MH8D Very Good Quality Double Wide:**

The Very Good manufactured home exceeds minimum requirements of manufactured home codes, with special attention given to separate foyer entries and family living areas.

**Exterior:** Typically finished to resemble site-built housing with aluminum, vinyl or other siding in various patterns and textures resembling wood. There is usually ornamentation of plastic, imitation brick or stone, etc. The base costs are for hardboard siding or plywood. Walls are 4" to 6" thick, and 8' high with good fenestration consisting of residential type windows, sliding door and ornamental entrances.

**Interiors:** Typically vinyl-covered drywall, simulated brick, stone and natural hardwood veneers and drywall textured ceilings. Cabinets, vanities and hardware are of good quality with counters of the best plastics.

**Foundation:** Set up on steel or concrete piers. Adjust for continuous perimeter concrete wall.

**Roof:** Engineered trusses and sheathing with corrugated or ribbed metal roofing. Roofs are typically sloped or arched with front overhang.

**Floor Structure:** Wood floor joists with particle board or plywood decking, waterproofing, and insulation.

**Plumbing:** typically has eight good quality fixtures, plumbing rough-in in the base cost. They include any of the following: lavatory, toilet, tub with shower over, tiled or modular shower stall, kitchen sink, laundry tray and water heater and whirlpool tub. The rough-in will typically consist of the water supply and waste for a laundry service.

**Heating:** Heating is through floor and ceiling ducts.

**Fireplace** or wood-burning stoves prefabricated with imitation stone or brick.

## **Crosby Central Appraisal District Property Appraisal Manual**

### **Mobile Home: MH9 Excellent Quality and MH9D Excellent Quality Double Wide**

The Excellent quality mobile/manufactured home is similar in both design and appearance to modular constructed houses and to an extent, to site-built. Exterior finishes and interior refinements will resemble those of site-built housing. They will exceed minimum requirements of mobile home codes.

Foundation: Set up on concrete or steel piers.

Frame: Heavy steel beam undercarriage with outriggers and cross members.

Floor structure: Wood floor joists with particle board or plywood decking, waterproofing, and insulation.

Roof: Engineered truss system, sheathing and composition shingles. Roof slope is typically 3" in 12" to 4" in 12" with a moderate overhang.

Interior finish: 2"X 4" stud interior walls. Paper or vinyl wall covering or natural wood veneer paneling. Natural wood veneer cabinets and vanities with laminated plastic or simulated marble countertops and back-splash. Veneered hollow core doors.

Walk-in closets or large sliding door wardrobes. Typical ceiling height is 8'. Where practical, ceiling may be dropped, sloped or cathedral, and may have exposed beams.

Heating: A forced air furnace based on a moderate climate with adequate output and duct-work is included in the basic residence cost. Add per square foot for cooling.

Electrical: Numerous convenience outlets. Some recessed fluorescent fixtures in kitchen and bath areas.

Plumbing: Includes nine plumbing fixtures and one plumbing rough-in are included in the base cost. The fixtures can include any of the following: lavatory, toilet, and tub with shower over, tiled or modular stall shower, kitchen sink, laundry tray, water heater, and roman tub.

Insulation: Floor, wall, and ceiling insulation, for a moderate climate are included in the basic residence costs.

Has fireplace or wood burning stove: Prefabricated with imitation stone or brick.

## **Crosby Central Appraisal District Property Appraisal Manual**

### **2014 Agricultural Productivity Valuation and Guides**

#### **Introduction**

A publication manual by the State Comptroller's Office entitled Guidelines for the Valuation of Open-Space Land gives suggested guidelines pursuant to the Texas Constitution, Article VIII, Section 1-d and 1-d-1.

This manual is an official administration rule that has the force of law, and has been adopted by the State Comptroller's office and approved by a committee composed of the Governor, the Comptroller, the Attorney General, the Agricultural Commissioner, and the General Land Office Commissioner.

Suggestions from this publication set the basic procedural guidelines for determination of agricultural use values set forth in this report.

#### **Purpose**

The purpose of this section of the appraisal manual is to estimate the agricultural productive value of the lands that are appraised by Crosby Central Appraisal District.

#### **Assumptions and Limiting Conditions**

Appraisals for ad valorem tax purposes require assumptions and generalizations on land categories. The inherent nature of ad valorem tax appraisals prohibit each parcel of land from being individually and extensively analyzed.

This appraisal is conducted for the purpose as stated, and should not be used for any other purpose.

#### **Land Categorization System**

In mass appraisal for ad valorem tax purposes, the derivation of value on an individual basis is not practical or advisable. For this reason, a system of land categorization is utilized that enables homogeneous land types to fall into a land category or classification.

The development of a workable and comprehensive land categorization system is an important phase in an agricultural use evaluation. The land categorization system must adjust for physical, legal, and economic factors relative to agricultural use. The land categorizations system must also be harmonious with the market value categorization

## **Crosby Central Appraisal District Property Appraisal Manual**

system to allow for the rollback provisions of the Texas Constitution. This co-ordination of agricultural categories and market categories facilitates the efficient use of personnel in the tax equalization process and in tax administration.

### **Land Productivity Valuation**

Two amendments to the Texas Constitution permit agricultural and open-space land to be taxed generally on its agricultural-use or productivity value. This means that taxes would be assessed against the productive value of the land instead of the selling price of the land in the open market. This permits the land to be taxed in proportion to its ability to produce agricultural products and not based on the land's value to society in general.

The legal basis for special land appraisal is found in the Texas Constitution in Article VIII, Sections 1-d and 1-d-1. The two types of land valuation are commonly called "ag-use" or "1-d" and "open-space", or "1-d-1". The corresponding provisions of the Texas Property Tax Code are Sections 23.41 through 23.46, Agriculture Land and Sections 23.51 through 23.57, Open-space Land.

The purposes of the provisions are similar. Under both provisions, the land must be in agricultural use and is valued in the same manner. However, there are differences in the qualifications that must be met in order to receive the productivity valuation.

#### **1. Ag-use 1-d qualifications:**

- a. The land must be owned by a natural person (partnerships, corporations, or organizations may not qualify).
- b. The land must have been in agricultural use for three (3) years prior to claiming this valuation. The owner must apply for the designation each year and file a sworn statement about the use of the land.
- c. The agricultural business must be the land owner's primary occupation and source of income.

#### **2. Open-space or 1-d-1 qualifications:**

- a. The land may be owned by an individual, corporation, or partnership.
- b. The land must be currently devoted principally to agricultural use to the degree of intensity that is common for the area.
- c. The land must have been devoted to a qualifying agricultural use for at least five (5) of the past even (7) years.
- d. Agricultural business need not be the principle business of the owner.

## **Crosby Central Appraisal District Property Appraisal Manual**

- e. Once an application for 1-d-1 is filed and approved, a landowner is not required to file again as long as the land qualifies unless ownership changes or the chief appraiser requests another application to confirm current qualification.

The possibility for a “rollback tax” exists under either form of special-use land appraisal.

This liability for additional tax is created under 1-d valuation by either sale of the land or a change in use of the land. It extends back to the three years prior to the year in which the sale or change occurs.

Under 1-d-1, a rollback is triggered by a change in use to a non-agricultural purpose that would not qualify for productivity valuation. Taxes are rolled back or recaptured for the five years proceeding the year of the change.

The additional tax is measured by the difference between taxes paid under productivity valuation provisions and the taxes which would have been paid if the land had been put on the tax roll at market value.

These provisions are effective only if applications are filed with the appraisal district office in a timely manner. Applications should be filed between January 1 and May 1. Applications received and May 1 and until the appraisal records are approved by the ARB are subject to a penalty for late filing. Applications may not be filed after the records are approved for that tax year by the ARB.

### **Classifications**

It is the opinion of Crosby Central Appraisal District that the attached land descriptions and classification guidelines are valid for mass appraisal purposes and can be applied uniformly throughout the appraisal district.

It should be noted that these guidelines are to be used as general guide for qualifying agricultural land. Exceptions to the general rule will be handled on a case by case basis.

### **Agricultural Land Qualification Policy Statement**

The general policy of Crosby Central Appraisal District is in accordance with the State Property Tax Code’s qualification guidelines for agricultural use. The district’s policy is that in order for ag-use valuation to be applied, the land must:

1. Be utilized to the “degree of intensity” generally accepted in Crosby County.
2. Be managed in a “typically prudent manner”.

## **Crosby Central Appraisal District Property Appraisal Manual**

### 3. Be a substantial tract of land.

In accordance to the State Property Tax Code guidelines, the net-to-land is based on a five-year average of the years preceding the year of the appraisal. This five-year average tends to remove fluctuations in value because of varying prices, yields, weather conditions, and costs. Only the factors associated with the land's capacity to produce marketable agricultural products are considered in estimating the productivity values.

### **Definitions of Key Words and Phrases**

**Prudent:** Capable of making important management decisions, shrewd in the management of practical affairs. Specifically, the law states that the land must be utilized as would an ordinary and prudent manager in the area of the taxing unit. Normally, prudent farm or ranch managers are ordinary farmers in terms of acres farmed as well as management ability. Given that all other factors remain constant, the number of acres farmed determines the farmer's capital structure. It is assumed that prudent farm or ranch managers in a given area are assumed to have similar equipment of similar value and utility.

**Substantial:** Ample to satisfy; considerable in quantity. Specifically, the law states that the agricultural land must be an identifiable and substantial tract of land. This means that the tract must be of adequate size to be economically feasible to farm or ranch.

**Typically:** Exhibiting the essential characteristics of a group. Specifically, the law states that ag land will be utilized as would a typical or ordinary prudent manager. Statistically, a typically prudent manager is the median farmer or rancher.

**Agricultural use to the degree of intensity generally accepted in the area:** Farming or ranching to the extent that the typically prudent manager in the area of the taxing unit would farm or ranch on an identifiable and substantial tract of land when the tract is devoted principally to agricultural use. The farming and ranching practices (cropping patterns, planting rates, fertilization methods, harvesting and marketing techniques, etc.) are those of a typically prudent farm or ranch manager.

**Area:** That land that is located inside the jurisdictional boundaries of Crosby Central Appraisal District.

**Principally:** The more important use in comparison with other uses to which the land is put.

**Crosby Central Appraisal District  
Property Appraisal Manual**

**2014 Agricultural Land Classification**

For the purpose of describing the land classifications see the following.

**F:** Farm Land  
**P:** Pasture Land  
**ST:** Small Tract

The number following the F or P describes the best to worst of the land, (1 being the best and 8 being the worst).

The "I" following the number describes Irrigated Farm land FI, and for improved pasture PI.

**Crosby Central Appraisal District  
Appraisal of Personal Property**

**2014 Personal Property Guide**

The appraisal of income producing personal property is conducted annually.

**General Procedures:**

Crosby Central Appraisal District maintains a list throughout the year of new businesses and businesses that close.

On or around January 1 of each year, the appraisal district mails a blank business personal property rendition forms to each business. Each business is inspected and compared to the renditions returned.

The Personal Property Appraiser's guide has been developed using information obtained from the latest addition of the Field Appraiser's Guide published by the Texas Comptroller of Public Accounts, Marshall & Swift, NADA, other appraisal districts with similar market trends and conditions, and local market research. This guide is a tool to be used to help appraiser's value property more efficiently and with greater consistency.

This guide is not meant to be a substitute for current, verifiable cost information but is developed to provide alternative means for developing indicators of market value in the absence of reliable information.

## **Crosby Central Appraisal District Property Appraisal Manual**

### **Cost**

Market value indicators for furniture, fixtures, and equipment are based on replacement cost. Replacement cost includes the purchase price new with all features and attachments, the freight, the rigging, the assembly, the installation, and the indirect costs and fees to purchase selection evaluation, plant layout, and licensing fees and taxes.

Section 23.12 of the Texas Property Tax code defines market value of inventory as “the price for which it would sell as a unit to a purchaser would continue the business”. Total cost is defined as the acquisition cost plus freight and handling, minus discounts and returns. It is recommended that the appraiser use total cost as the basis for market value because cost is a good indicator of what a purchaser would pay for a similar inventory to go into business at the same level of trade.

### **Depreciation**

Depreciation is defined as a “loss in property value from any cause”. Accrued depreciation is defined as “the difference between reproduction or replacement cost and its market value as of the date of the appraisal”. In order to understand the concept of depreciation, appraisers must first understand the following relationships:

1. Life expectancy = Effective Age + Remaining Economic Life
2. Remaining Economic Life = Life Expectancy – Effective Age
3. Effective Age = Life Expectancy – Remaining Economic Life

Effective age is the age indicated by the condition and the utility of property. Remaining economic life is the estimated period during which property will continue to have value. Effective age is often close to the actual age, especially in new properties. Effective age may be less than or equal to the actual age, depending on the level of maintenance, quality, design, and demand for that type of property.

Accrued depreciation is a function of effective age. Depreciation is caused by deterioration and/or obsolescence associated with a property. Deterioration is evidenced by wear and tear. Functional obsolescence is caused by internal property characteristics such as inefficient design, super-adequacy, etc. External obsolescence is due to conditions outside a property; such as a lack of economic demand or shifts in property-use patterns. Using replacement cost eliminates the need to estimate some forms of functional obsolescence. Consideration of effective age also eliminates the need to estimate some forms of external obsolescence. Percent good includes physical depreciation and some forms of functional and/or external obsolescence. Other forms of functional and external obsolescence must be accounted for separately.

## **Crosby Central Appraisal District Property Appraisal Manual**

The latest edition of the Comptroller's Field Appraiser's Guide that is available has been reviewed and edited. It is attached to this Appraisal Manual by reference.

As with any tool, this Guide and Manual must be used and applied correctly. Knowledge of appraisal techniques along with this guide will provide appraiser's a valuable tool when performing cost appraisals.

### **The Personal Property Appraiser must be in compliance with the IAAO Standards on the Appraisal of Personal Property**

#### 1. SCOPE:

The IAAO standard is intended to provide recommendations for defining, classifying, discovering, reporting, verifying, and valuing personal property for ad valorem tax purposes. The appraiser must keep in mind that unique valuation issues that may arise in the appraisal of personal property associated with public utilities, telecommunications, railroads, or similar properties.

#### 2. INTRODUCTION:

The purpose of this standard is to present methods and techniques that appraisers can use to achieve uniform and equitable personal property valuations.

#### 3. DEFINITION OF PERSONAL PROPERTY:

Property means an aggregate of things or rights to things whose possession is protected by law. Two broad categories of property are real and personal. Personal property is defined by exception: property that is not real property is personal property. The salient characteristic of personal property is its movability without damage either to itself or the real estate to which it is attached.

Personal Property by its nature is not permanently attached and therefore is movable. Criteria for distinguishing whether an item is real or personal property in a particular situation usually include intent of owner, means of attachment, contribution to highest and best use of the property (real estate), relevant case law including sales and use tax cases if considered relevant, and statutory, regulatory, and legal guidelines.

Personal property is divisible into two classes; tangible and intangible.

**Tangible:** tangible personal property are material items such as animals, marine vessels, aircraft, motor vehicles, furniture and fixtures, machinery and equipment,

## **Crosby Central Appraisal District Property Appraisal Manual**

tools, dies, jigs, patterns, and stock in trade (including inventories held for resale, supplies, and materials in process).

**Intangible:** are representations of rights of ownership to property, cash, shares, annuities, patents, stocks, bonds, notes receivable, insurance policies, accounts receivable, licenses, contracts, franchises, money market certificates, certificates of deposit, copyrights, and goodwill.

The Texas Property Tax Code, Section 11.01 sets out that:

- (a) All real and tangible personal property that this state has jurisdiction to tax is taxable unless exempt by law,
- (b) This state has jurisdiction to tax real property if located in this state.
- (c) This state has jurisdiction to tax tangible personal property if the property is (1) located in this state for longer than a temporary period; (2) temporarily located outside this state and the owner resides in this state; or (3) used continually, whether regularly or irregularly, in this state.
- (d) Tangible personal property that is operated or located exclusively outside this state during the year preceding the tax year and on January 1 of the tax year is not taxable in this state.

The Texas Property Tax Code, Section 11.14 states:

A person is entitled to an exemption from taxation of all tangible personal property, other than manufactured homes, that the person owns and that is not held or used for production of income. This subsection does not exempt from taxation a structure that a person owns which is substantially affixed to real estate and is used or occupied as a residential dwelling.

The Texas Property Tax Code, Section 11 also sets out exemptions of personal property:

1. Section 11.134 – Exempts income-producing tangible personal property having a value of less than \$500.
2. Section 11.146 – Exempts mineral interests having a value of less than \$500.
3. Section 11.15- Exempts family supplies.
4. Section 11.16- Exempts farm products.
5. Section 11.161- Exempts implements of husbandry.
6. Section 11.251- Exempts “Freeport goods”.
7. Section 11.252- Exempts motor vehicles leased for personal use.
8. Section 11.253- Exempts motor vehicles used for the production of income and for personal activities.

**Crosby Central Appraisal District  
Property Appraisal Manual**

**4. DISCOVER OF PERSONAL PROPERTY**

The extent to which personal property can be appraised depends upon its discovery. Disclosure of personal property is often contingent on identifying the owner of the property. Sources that may be used in the discovery of personal property and its owners include the following:

- a. Previous assessment records and previous personal property statements or returns
- b. Physical inspection (on-site review)
- c. Personal property listing form, return, rendition, declaration, or statement
- d. Real property field appraiser reports and the property characteristic file
- e. Audits (desk, office, field, or correspondence)
- f. State and local sales tax permits
- g. Federal, state city and county business licenses and regulations
- h. Building permits
- i. Chamber of commerce membership lists
- j. New business listings from news media
- k. Public records
- l. Property transfer documents, including recorded bills of sale
- m. Classified advertisements
- n. Telephone directories
- o. City directories
- p. Accounting records, including financial statements
- q. Internet research on business operations and contacts
- r. Web sites, specifically leasing and sales
- s. Advertisements

Once the property has been discovered and the owner identified, an appraiser should inspect the property and establish an account or record for the owner or business. The appraiser should speak to the owner, manager, or other authorized person, explain the purpose of the visit, and obtain the necessary information. A standard form or checklist, showing the date of inspection, should be used to verify ownership, the nature of the property, and the situs as of the appraisal date.

Information that should be obtained about a business includes the following:

- a. Name of the business
- b. Type of business (for example, restaurant, hotel, bank, medical office, etc.)
- c. Type of ownership (sole proprietorship, partnership, franchise, or corporation)
- d. Mailing address of the business
- e. Name and address of the owner or owners
- f. Telephone number of the business
- g. Name and title of the person supplying the information
- h. Name, address, and telephone number of the party keeping records for the business

## **Crosby Central Appraisal District Property Appraisal Manual**

- i. Beginning date of the business with the appraisal district
- j. E-mail addresses
- k. Standard Industrial Code (SIC)

Personal Property of the business fiscal year information that should be obtained includes:

- a. A complete listing of all tangible personal property, including machinery, equipment, furniture, fixtures, computers, and other tangible fixed assets with their location, year purchased and year manufactured, and acquisition or construction costs together with what is included in this cost amount, such as shipping, freight, sales tax, licenses, and so forth
- b. A complete listing, with full descriptions and costs, of all leasehold improvements, noting which items may already be assessed as real property
- c. A complete listing of leased equipment with the name and address of the lessor, information on the equipment (including name of manufacturer, date of manufacture, description, model number, serial number, list price, and original cost), and lease number and terms of lease
- d. A complete listing of loaned or consigned items including a brief description (e.g., vending machines), and the name and address of the owner
- e. A complete listing of items in inventory, rented or leased as part of the business's normal operation

### **5. REPORTING OF PERSONAL PROPERTY**

The physical inspection and listing of individual personal property items is dictated by time, financial resources, and the availability of trained personnel. These constraints require the use of a reporting form (also called a rendition, return, schedule, or listing) to be completed by the taxpayer or the taxpayer's agent. The chief appraiser should mail rendition forms or make them available early enough to allow for their timely completion.

The first year a taxpayer files a rendition, the information reported should include a listing of all personal property giving a description, date acquired, and original acquisition or construction cost of each item. If an item was acquired used, the manufacture date and historic cost of the item should be determined if possible. In subsequent years, the taxpayer may be asked to report only additions and deletions to the initial rendition, with appropriate details and costs. This system promotes verification and valuation accuracy. Value trending and depreciation factors can be applied to each item individually or to a group of items, such as furniture, fixtures, and equipment acquired in a given year.

The rendition should contain sufficient instructions to help the taxpayer prepare and file a complete and accurate listing of all taxable personal property. The instructions on the

## **Crosby Central Appraisal District Property Appraisal Manual**

form should also specify the reporting method required and give specific instructions on how to report construction in progress, acquisition costs (including installation, freight, taxes, and fees), and expensed and fully depreciated assets as well as leased assets. The form should contain a statement that all listings are confidential.

The Texas Property Tax Code, Section 22.01 specifies that;

(a) Except as provided by Chapter 24, a person shall render for taxation all tangible personal property used for the production of income that the person owns or that the person manages and controls as fiduciary on January 1. A rendition statement shall contain:

1. The name and address of the property owner;
2. A description of the property by type or category;
3. If the Property is inventory, a description of each type of inventory and a general estimate of the quantity of each type of inventory;
4. The physical location or taxable situs of the property;
5. The property owner's good faith estimate of the market value of the property or, at the option of the owner, historical cost when new and the year of acquisition of the property.

(b) When required by the chief appraiser, a person shall render for taxation any other taxable property that he owns or that he manages and controls as a fiduciary on January 1.

(f) Notwithstanding Subsections (a) and (b), a rendition statement of a person who owns tangible personal property used for the production of income located in the appraisal district that, in the owner's opinion, has an aggregate value of less than \$20,000 is required to contain only:

1. The name and address of the property owner;
2. A general description of the property by type or category;
3. The physical location or taxable situs of the property.

(g) A person's good faith estimate of the market value of the property under Subsection (a)(5) is solely for the purpose of compliance with the requirement to render tangible personal property and is inadmissible in any subsequent protest, hearing, appeal, suit, or other proceeding under this title involving the property, except for:

- (1) a proceeding to determine whether the person complied with this section;
- (2) a proceeding under Section 22.29(b); or
- (3) a protest under section 41.41.

(i) Subsection (a) does not apply to a property owner whose property is subject to appraisal by a third party retained by the appraisal district if the property owner provides information substantially equivalent to that required by Subsection (a) regarding the property directly to the third party appraiser.

**Crosby Central Appraisal District  
Property Appraisal Manual**

(j) Subsection (a) does not apply to property that is exempt from taxation.

(k) Notwithstanding Subsections (a) and (b), an individual who owns and is the primary operator of one or more passenger cars or light trucks in the course of the individual's occupation or profession and also operates those vehicles for personal activities that do not involve the production of income is not required to render the vehicles for taxation.

An individual who has been granted or has applied for an exemption from taxation under Section 11.253 for a motor vehicle the individual owns is not required to render the motor vehicle for taxation.

(l) If the information contained in the most recent rendition statement filed by a person in a prior tax year is accurate with respect to the current tax year, the person may comply with the requirements of Subsection (a) by filing a rendition statement on a form prescribed or approved by the comptroller under Section 22.24(c) on which the person has checked the appropriate box to affirm that the information continues to be complete and accurate.

**See the following pages for Crosby Central Appraisal District Guide to Personal Property Renditions and an example form of a Personal Property Rendition:**

**Crosby Central Appraisal District  
Property Appraisal Manual**

**6. VERIFICATION AND AUDITING**

**6.1 Authority**

The Texas Property Tax Code contains enabling language for regulatory compliance and enforcement measures. These laws give chief appraisers and their representative's authority to examine the property, books, papers, and accounts of taxpayers. The Code also provides appropriate penalties for those who fail to file timely returns, file inaccurate information, or deny the appraiser access to property and records. Further, the Code requires property owners to file personal property renditions in each appraisal district in which the owners have personal property and provides for penalties if they fail to do so, or if they fraudulently file a rendition.

The Texas Property Tax Code, Section 22.28, states that:

- (a) Except as otherwise provided by Section 22.30, the chief appraiser shall impose a penalty on a person who fails to timely file a rendition statement or property report required by this chapter in an amount equal to ten (ten) percent of the total amount of the taxes imposed on the property for that year by taxing units participating in the appraisal district.

The Texas Property Tax Code, Section 22.29, states that:

- (a) The chief appraiser shall impose an additional penalty on the person equal to fifty(50) percent of the total amount of taxes imposed on the property for the tax year of the statement or report by the taxing units participating in the appraisal district if it is finally determined by a court that:
  - (1) The person filed a false statement or report with the intent to commit fraud or to evade the tax; or
  - (2) The person alters, destroys, or conceals any record, document, or thing, or presents to the chief appraiser any altered or fraudulent record, document, or thing, or otherwise engages in fraudulent conduct, for the purpose of affecting the course or outcome of an inspection, investigation, determination, or other proceeding before the appraisal district.

**6.2 Audit Program**

The chief appraiser is responsible for establishing an audit program designed to facilitate the full and proper listing of all taxable personal property in the appraisal district. In general, emphasis should be placed on the audit of new accounts, major accounts, accounts with significant changes from the previous year, and accounts that are suspected of being inaccurately reported based on objective analysis.

## **Crosby Central Appraisal District Property Appraisal Manual**

Statistically, valid sampling techniques should be employed to ensure that the audit program is equitable. The purpose of an audit is to verify that all taxable personal property items have been reported and that the information given is accurate. A physical inspection may help to verify the completeness of reports.

To ensure fair and equitable treatment, the scope of an audit program must be clearly defined before the process begins. In establishing audit criteria, it is useful to identify particular industry segments for examination to maximize resources in a given year.

Audit programs may include one or more of the following activities:

1. Review listing the changes from one year to the next with taxpayer contact if there are any questions.
2. Review correctness of data before making changes; contact taxpayers requesting additional information as necessary.
3. Request specific documentation from selected accounts or business types.
4. Physically inspect and audit records of specifically targeted accounts or business types.
5. Physically inspect and audit a specified percentage of all personal property accounts each year.

When conducting a detailed audit with inspection, the appraiser examines a detailed ledger or similar record that provides information on each item such as asset description, serial number, manufacturer, and date of purchase, date of installation, location, acquisition cost, and depreciation charges. The appraiser verifies that assessable items have been completely and accurately reported.

Attention should be directed to standby equipment, permanently idled equipment, retired or fully depreciated equipment, and uninstalled equipment. Regardless of book value, such equipment and inventory should be listed on the rendition and valued unless specifically exempted. Idle, retired, abandoned, or fully depreciated property may not have a value-in-use and may be reported on the company's books as having no value, but the property may have a value-in-exchange. The amount of value-in-exchange should be determined based on market research of used machinery and equipment of similar use and condition. The status of personal property as of the appraisal date is critical to determining an item's assess ability or taxability.

The appraiser should compare total reported costs with those shown in the general ledger or balance sheet in order to verify that all property has been reported. The appraiser should be familiar with the nature of the cost being reported (original, acquisition new or used, replacement, impaired) and the cost found on the general ledger.

The appraiser should verify that leased items, for which the business is either the lessor or lessee, have been properly reported and assigned to the correct party.

## **Crosby Central Appraisal District Property Appraisal Manual**

If leasehold improvements exist, the appraiser should ensure that they are being assessed on either the real property roll or the personal property roll.

Time and cost considerations sometimes dictate that the appraiser will not be able to verify the property reporting of each item of personal property at each site or business being audited. Often, verifying a sampling of major items listed in the detailed ledger, a walk-through inspection, and an examination of the general ledger, balance sheet, or other appropriate records will suffice. It may also be helpful to check a sample or recent invoices to see if the taxable assets have been accurately reported. The overall objective or the audit verification process is to promote proper reporting.

### **6.2 Quality Assurance**

Quality assurance methods and techniques used for personal property are similar to those used for real property. Verification of reported data against independent sources is a good way to check the accuracy of the reported costs and inventory of items listed.

## **7. VALUATION**

### **7.1 Trade Level**

All approaches to personal property valuation should consider trade level, which refers to the production and distribution of a product. The appraiser should recognize three distinct basic levels of trade:

1. The manufacturing level.
2. The wholesale level.
3. The retail level.

Incremental costs, such as freight, overhead, handling, installation, and sales taxes paid on installed costs are added to a product as it advances from one level of trade to the next, thereby increasing its value as a final in-service product. The value of goods will differ, depending on their level of trade. The appraiser should value personal property at its current level of trade. These considerations are particularly important in inventory valuation.

### **7.2 Valuation Techniques**

The Cost, sales comparison, and income approaches should be considered in the appraisal of personal property as long as the market within the trade level is in equilibrium. If the demand exceeds supply or supply exceeds demand as in an unbalanced market, one or more of the three approaches may produce distorted results. The degree of dependency on any one approach could also change with the availability of reliable data.

## **Crosby Central Appraisal District Property Appraisal Manual**

Units of comparison, such as value of personal property per square foot, for comparable properties, can be used to check the value estimates derived from the standard appraisal approaches. Such units of comparison can also be used when the data required for other approaches are unavailable. Examples include cost/value per square foot of FF&E in an office building or cost/value per square foot of inventory for a retail business.

The valuation method and techniques used should be based on the appraiser's value standards. In most jurisdictions, market value is defined by value-in-exchange, that is, the value to the next buyer as of the lien date, and highest and best use principles. The highest and best use of an asset will likely be as fully installed and operational to its maximum productivity.

### **7.2.1 Cost Approach**

Costs used in the cost approach can be original construction cost, new or used acquisition cost, replacement, or reproduction costs. Allocated cost can be used if items are purchased in bulk, although often only original or acquisition costs are readily available for personal property purposes. The cost approach provides an estimate of value based on the depreciated cost of the property. In applying the cost approach to personal property, the appraiser must identify make and model number, year acquired, and the total acquisition costs, including installation, freight, taxes, and fees. The acquisition costs should then be trended and depreciated as appropriate to reflect current market values. Acquisition costs of equipment obtained pursuant to a lease-purchase agreement should include the total payments, not just the final payment. If financing costs are factored into the lease payments, an adjustment to the selling price may be required.

The appraiser should recognize that appraisal and accounting practices for depreciating personal property may differ. Accounting practices provide for recovery of the cost of an asset (the return of the asset), whereas appraisal practices strive to estimate a value related to the current market and should consider both return of the asset and return on the asset. A productive asset may continue to have value at the end of its scheduled life or conversely an asset may lose its value prior to the end of its scheduled life. Appraisal practice must consider accrued depreciation in the forms of physical deterioration, functional obsolescence, and external (economic) obsolescence. The appraiser should also be familiar with the purchase accounting methods used by businesses within the appraisal district. A company's depreciation schedule should provide life tables for various asset categories.

The restoration or modification of machinery or equipment may be treated differently for appraisal and accounting purposes. For accounting purposes, the restoration/modification cost may be entered as a different asset, whereas the appraiser would add the cost to the original item and adjust the effective age of the asset.

## **Crosby Central Appraisal District Property Appraisal Manual**

Useful guidelines in the form of depreciation schedules or tables are available from the Texas Comptroller of Public Accounts, professional valuation companies, and appraisal publishing firms, (Marshall & Swift). Because the property of a business normally is acquired throughout the year, acceptable depreciation schedules will permit the full year's depreciation or will consider the average of six months. Generally, these guides are sufficiently accurate for use in mass appraisal of property. If guides do not exist for specific types of personal property, they should be developed. Depreciation schedules can be developed from a study of asset lives and resale prices.

The schedules can be asset specific or for general categories such as personal computers or furniture and fixtures. Most schedules base annual depreciation on a percentage of original cost or replacement cost.

There can be particular types of property where standard depreciation schedules may not apply and an accurate depreciation estimate can only be made by using an alternate method. One such method is the capitalization of income (rent) loss due to the inefficiency of the property. It is similar to the practice in real estate valuation of calculating the depreciation due to rent loss caused by internal or external forces. An example would be if an existing machine can only run eight hours per day, but a modern replacement can run ten hours per day, the loss in revenue from the two hours of non-production could be capitalized and the amount subtracted from the replacement cost. Whether the obsolescence was functional or economic would depend on whether the forces reducing the production hours were internal or external. The appraiser's experience and judgment should inform their decision of whether to use a standard schedule, develop a new schedule, or apply an alternate method of calculating depreciation.

### **7.2.2 Sales Comparison Approach**

The sales comparison approach may have limited application for appraising machinery and equipment used in business because sales of used items are generally few and are often liquidation sales, which typically are not at market value, or are bulk asset purchases. In such circumstances, list prices including delivery costs and sales taxes, when supported by the marketplace can be good indicators of value. Used assets acquired in bulk purchases may have been sold in an arm's-length transaction so market data may be evident. The value of an individual item to the entire sale price (purchase price allocation) may be available in the buyer's records.

The appraiser must take care to assure that the property is valued at the proper level or trade. Trade and cash discounts should be subtracted from the list prices, particularly if the equipment sold is still at the wholesale level of trade. If reliable sales data are available, the adjustment process can be applied in the same manner as for real property. If an adjustment for time of sale is made, the adjustment may be negative due to additional accrued depreciation of the property or positive due to inflation.

## **Crosby Central Appraisal District Property Appraisal Manual**

### **7.2.3 Income Approach**

The income approach produces an estimate of the present worth of income to be received in the future (the conversion of future income into present value). To apply this approach, the appraiser must estimate the income stream over the remaining economic life of the subject property. An important concept to understand is that the future income-generating capacity of personal property is typically short-lived compared to real estate. The direct capitalization technique (income divided by rate equals value) can be used if the single year income applied is indicative of the annual income for the remaining life of the asset and capitalization rate reflects the recapture period of the asset. Personal property can also be valued using a yield capitalization technique, which values the changing productivity (income) of the asset over its projected remaining life more accurately than the direct capitalization technique. Many industries use gross income multipliers (GIM) or gross rent multipliers (GRM) to value personal property that has typical and similar operating expenses. When applying the income approach to value personal property, it is important to capitalize income from the rental of an asset, not the income of the business that owns the asset.

Typical gross incomes may differ under various leasing arrangements. Lessors may be able to supply average gross revenues for each type and model. The historical pattern of net income streams, together with an analysis of current leasing patterns, will suggest the likely shape of future income streams. The capitalization technique chosen should be consistent with the anticipated income stream.

When reliable lease data on equipment leases are available, the income approach can provide good value estimates. Lessors should be required to document operating expenses to be deducted from the gross income. These expenses include management expenses directly associated with the production of lease revenue, equipment maintenance expenses, and the like.

Developing an appropriate capitalization rate is a critical step in the capitalization process. Capitalization rates contain provisions for return on the investment (discount- rate) and capital recovery (return of the investment), as discussed in the cost approach. In addition, property taxes may be accounted for as a component of the capitalization rate.

Data on the economic lives of various types of personal property can be obtained from a number of sources. Lessors are probably the best source, although typical economic lives should be documented with dates of acquisition and disposal of actual items. Economic life data can also be used to estimate recapture rates. When the income approach is applied, consideration should be given to the salvage or scrap value, if any, when the property has reached the end of its normal life expectancy (remaining economic life

## **Crosby Central Appraisal District Property Appraisal Manual**

equals 0). An analysis of resale values of used equipment can be helpful in determining salvage value.

In cases where property is both sold and leased, gross income multipliers (GIM) should be developed. Gross income multipliers can provide reliable value estimates for personal property items that have similar operating expenses, discount rates, and remaining economic lives.

### **7.3 Valuation Guidelines for Tangible Personal Property**

As discussed in section 7.2, the cost approach, sales comparison approach, and income approach should be considered in the appraisal of tangible personal property. If sufficient sales data are available to support use of the sales comparison approach, it should receive primary consideration. In many instances, sufficient sales data are not available, and in these instances, more reliance should be placed on the cost approach or the income approach, the appraiser must always consider the quality and quantity of the available market data.

#### **7.3.1 Machinery and Equipment**

Machinery and equipment (M&E) are items of personal property used in the normal conduct of business that are not permanently attached to the real estate and, unlike inventory, are not intended to be sold. Utility and ability to produce income are factors that influence the economic life of machinery and equipment. The market value of machinery and equipment typically follows a declining path once the assets are acquired and put into operation due to normal wear and tear and technological changes. Salvage or scrap value should be considered at the end of economic life.

The most common approach for the valuation of machinery and equipment is the cost approach, although the sales comparison approach should receive primary consideration when adequate data are available. In particular, small equipment for which there is often an active resale market, may lend itself to valuation by the sales comparison approach.

Machinery and equipment can be classified as short-lived or long-lived so not all M&E can be grouped together for depreciation purposes.

#### **7.3.2 Furniture and Fixtures**

The procedures described for the appraisal of machinery and equipment are generally used in the appraisal of furniture and fixtures (F&F) because F&F generally have similar lives, they are often grouped into one item for depreciation purposes.

## **Crosby Central Appraisal District Property Appraisal Manual**

### **7.3.3 Leased Equipment**

Valuation of leased equipment is complicated by such factors as the wide variety of leased equipment, the variety of leasing arrangements, rapidly changing technologies, and changing market conditions. These variety of leasing arrangements, technology changes and market condition changes can cause the quality and quantity of available market data to vary.

The income approach is often used in valuing leased equipment because data on sales and rental rates are usually available. When sales data are available, emphasis should be given to income multipliers derived from the market data.

The cost approach may be used cautiously in the valuation of leased equipment because markups of cost to list prices vary from one company to another on the same type of equipment and also vary with the level of trade. If manufactured cost is the only information that is reported, the appraiser should obtain more data from the lessor or compare the equipment in question with similar equipment of known cost.

### **7.3.4 Inventories**

The term "inventories" includes specific categories of goods held for resale in the course of business, goods in the process of production (termed goods in process), and raw materials.

Whether certain types of goods are classified as inventories or as something else will change depending on the trade level at which the appraisal is being made. Machinery and other equipment that remain classified as inventories at the manufacturing, wholesale, and retail levels become machinery and equipment upon reaching the end user.

Inventory valuation for goods in process and for finished goods, should include the value of labor, materials, and overhead expended during production.

There are many methods for estimating the value of inventories. Some of the more common ones are:

1. last in, first out (LIFO)
2. first in, first out (FIFO)
3. weighted average
4. lower of cost or market

## **Crosby Central Appraisal District Property Appraisal Manual**

The most commonly used method for ad valorem purposes is lower of cost or market. First in, first out (FIFO) is also an acceptable measure of inventory replacement costs. Taxpayers often use last in, first out (LIFO) for income tax purposes, but it does not reflect inventory value for property tax purposes. The weighted average method provides for distribution of inventory costs throughout the year.

Caution should be exercised when inventory values are estimated from the owner's accounting records because most accounting systems use an original acquisition cost basis for pricing inventory and this does not necessarily reflect market value as extracted from the market place, which may be more or less than original cost.

### **7.3.5 Supplies**

Supplies are stocks of goods that are intended to be consumed during the production process, but are not part of the raw materials inventory that is processed into the finished product. Examples of supplies include chemicals, clothing, pallets, paper, shipping materials, fuels, and repair parts. Unlike inventory, supplies are not held for resale. Supplies should be valued at their acquisition cost.

### **7.3.6 Goods Consigned**

Consigned goods are personal property in the possession of an agent, held for sale by that agent. They should be valued at the appropriate level of trade, as part of the consignor's inventory.

### **7.3.7 Import and Exports**

Appraiser's should be aware of the legal status of import and export merchandise in order to determine its taxable status. The Texas Property Tax Code, Section 21.031 addresses this issue.

## **7.4 Valuation Guidelines for Intangible Personal Property**

The discovery, reporting, verification, and proper valuation of intangible personal property is difficult. The methods for discovering, reporting, verifying, and auditing intangibles are the same as for tangible personal property. Pertinent information includes type of asset, name of issuer, date of acquisition, legal life, expected useful life, face value or par value, market value, and dividends or other income. Individual research can lead to sources that provide information on the selling prices of intangible personal property.

The Texas Property Tax Code, Section 1.04 defines intangible personal property as a claim, interest (other than an interest in tangible property), right, or other thing that has

## **Crosby Central Appraisal District Property Appraisal Manual**

value but cannot be seen, felt, weighed, measured, or otherwise be perceived by the senses, although its existence may be evidenced by a document. It includes a stock, bond, note or account receivable, franchise, license or permit, demand or time deposit, certificate of deposit, share account, share certificate account, share deposit account, insurance policy, annuity, pension, cause of action, contract, and goodwill.

Further, Section 11.02 of the Texas Property Tax Code sets out that:

1. Except as provided by Subsection (b) of this section, intangible personal property is not taxable.
2. Intangible property governed by Article 4.01, Insurance Code, or by Section 89.003, Finance Code, is taxable as provided by law, unless exempt by law, if this state has jurisdiction to tax those intangibles.
3. This state has jurisdiction to tax intangible personal property if the property is:
  - (a) owned by a resident of this state; or
  - (b) located in this state for business purposes.

### **7.5 Compliance with USPAP**

IAAO requires that all appraisal work performed by its members be compliant with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the IAAO Code of Ethics and Standards of Professional Conduct.

### **Personal Property Field Appraisers Guide**

This guide has been developed using information obtained from the Texas Property Tax Field Appraisers Guide, Marshall and Swift, consultations with professional appraisers, and market research. It is an effort to provide the user with a set of tools for developing replacement costs and depreciated values for wide range of business personal property types. Using these tools requires knowledge of appraisal value property more efficiently and with greater consistency.

Information presented in this guide is not an acceptable substitute for current, verifiable cost information. Rather, the guide provides alternative means for developing indicators of market value in the absence of reliable information.

#### **Cost**

Market value indicators for furniture, fixtures and equipment are based on replacement cost. Replacement cost includes:

1. the purchase price new with all features and attachments;
2. the freight;
3. the rigging;

## **Crosby Central Appraisal District Property Appraisal Manual**

4. the erection or assembly;
5. the installation, and
6. the direct costs and fees to purchase selection, evaluation, plant layout, licensing fees, and taxes.

Section 23.12 of the Texas Property Tax Code defines market value of inventory as “the price for which it would sell as a unit to a purchaser who would continue the business”. The appraisal system bases market value indicators for inventory upon total cost to the owner. Total cost is defined as the acquisition cost plus freight and handling, minus discounts and returns. Total cost is used as the basis for market value because cost is a good indicator of what a purchaser would pay for a similar inventory to go into business at the same level of trade.

### **Depreciation**

Depreciation is defined as “a loss in property value from any cause”. Accrued depreciation is defined as “the difference between reproduction or replacement cost and its market value as of the date of the appraisal”.

In order to understand the concept of depreciation, appraisers must first understand the following relationships:

1. Life Expectancy = effective age + remaining life
2. Remaining Economic Life = life expectancy – effective age
3. Effective Age = life expectancy – remaining economic life

Effective age is the age indicated by the condition and the utility of property. Remaining economic life is the estimated period during which property will continue to have value. Effective age often approximates actual age, particularly with new properties. The greater that effective age may be less than or actual age depending upon the level of maintenance, quality, design, and demand for that type of property.

Accrued depreciation is a function of effective age. Depreciation is caused by deterioration and/or obsolescence associated with a property. Deterioration is evidenced by wear and tear. Functional obsolescence is caused by internal property characteristics such as inefficient design, super adequacy, etc. External obsolescence is conditions outside a property, such as a lack of economic demand or shifts in property use patterns.

Using replacement cost eliminates the need to estimate some forms of functional obsolescence. Consideration of effective age also eliminates the need to estimate some forms of external obsolescence.

## Crosby Central Appraisal District Property Appraisal Manual

Percent good includes physical depreciation and some forms of functional and/or external obsolescence. Other forms of functional and external obsolescence must be accounted for separately.

As with any tool, the use of this guide must be used and applied correctly. Knowledge of appraisal techniques, along with this guide, will provide users a valuable tool when performing cost appraisals.

### CATEGORY L COMMERCIAL PERSONAL PROPERTY

Commercial personal property consists of both inventory and FF&E (furniture, fixtures, and equipment). It is not unusual to encounter personal property accounts that involve more than one business type. Nor is it unusual to find that available space within a particular business is not uniformly equipped and/or stocked.

The sale/appraisal system for personal property is designed to allow flexibility in separately valuing parts of a single business. The market value indicators for commercial personal property are developed from the following:

$$\text{Market value} = (\text{Units} * (\text{PR/UNIT}_{\text{ffe}} * \text{PCTGD}_{\text{ffe}}) + (\text{ADD} * \text{PCTGD}_{\text{add}}))$$

Where:

1. Units = units – user must specify units as square feet or chairs (beauty and barber shops) or washers/dryers (laundromats), etc; units must be consistent among parts.
2. PR/UNIT<sub>inv</sub> = price per unit for inventory
3. PR/UNIT<sub>ffe</sub> = price per unit for furniture, fixtures, and equipment
4. PCTGD<sub>ffe</sub> = percent good associated with furniture, fixtures, and equipment
5. ADD = replacement cost new for additive
6. PCTGD<sub>add</sub> = percent good associated with additive (with each additive being depreciated at a rate consistent with its useful life).

Percent good is applied only for furniture, fixtures, and equipment. Expected life (and therefore the rate of depreciation) varies among types of FF&E.

Depreciation should be based on actual age or date of acquisition. To determine age, the appraiser should consider using one or more of the following:

1. Use owner information if, after physical inspection, staff determines it is accurate.
2. Use the age estimated by the appraisal district if staff determines it is accurate and owner information is not available or reliable.
3. Develop an estimate based on an inspection and any information obtained if owner information is not available or reliable.

**Crosby Central Appraisal District  
Property Appraisal Manual**

4. In cases where there are several pieces of equipment and owner information is not available or is not reliable, estimate the average age of the equipment based on the inspection and any information obtained.
5. When the appraiser develops an age estimate, the basis for this estimate must be documented. Do not base the estimate on condition unless the condition renders the equipment useless or restricts the equipments operation. If the above example occurs, describe the problem and why additional depreciation is warranted.
6. A five-year economic life should be used whenever costs associated with different types of computer data processing equipment are not identified. For example, the costs associated with production versus non-production computers are not broken out on an asset listing and an accurate mix cannot be determined.

Due to the small population of Crosby County and the lack of comparable sales of business personal property, Crosby Central Appraisal District primarily uses a depreciation schedule that gives the percent good on FF&E, per the cost approach. Also, due to the age of the inventory in many of the small businesses, Crosby Central Appraisal District depends on the taxpayer's rendition for their good faith estimate on the reported inventory.

**See Crosby Central Appraisal District 2014 Business Personal Property Depreciation Schedule, Present Factor Table and Standard Life Table below:**

## 2014 BUSINESS PERSONAL PROPERTY

### PERCENT GOOD TABLE

Economic Life		2	3	4	5	6	8	10	12	15	20	30	
YEAR	AGE												YEAR
2013	1	40	68	75	85	87	89	90	93	95	96	97	2013
2012	2	20	44	55	70	74	78	80	86	90	92	94	2012
2011	3	10	28	40	55	61	67	70	79	85	88	91	2011
2010	4		10	25	40	48	56	60	72	80	84	88	2010
2009	5			10	25	35	45	50	65	75	80	85	2009
2008	6				10	22	34	40	58	70	76	83	2008
2007	7					10	23	30	51	65	72	81	2007
2006	8						10	20	44	60	68	79	2006
2005	9							10	37	55	64	77	2005
2004	10								30	50	60	75	2004
2003	11								23	45	56	73	2003
2002	12								16	40	52	71	2002
2001	13								10	35	48	69	2001
2000	14									30	44	67	2000
1999	15									25	40	65	1999
1998	16									20	36	63	1998
1997	17										32	61	1997
1996	18										28	59	1996
1995	19										27	57	1995
1994	20										26	55	1994
1993	21										25	53	1993
1992	22											51	1992
1991	23											49	1991
1990	24											47	1990
1989	25											45	1989
1988	26											43	1988
1987	27											41	1987
1986	28											39	1986
1985	29											37	1985
1984	30											35	1984

2- Video tapes, VCR'S

3- Computers

5- Passenger vehicles, Electric equipment, Security Systems, Electronic gas pumps, etc.

8- Office equipment, Signs, Tractor-trailers, Fastfood restaurants, Convenience stores, Most retail, etc.

10- Mechanical gas pumps, Carwash equipment, Some retail operations, etc.

12- Forklifts, Pallet trucks, Construction equipment, etc.

15- Industrial equipment, Excavation equipment, Commercial airplanes, etc.

20- tanks, Piping, etc.

30- Sign poles, Billboards

# Business Personal Property Rendition of Taxable Property

Confidential

Property Tax  
Form 50-144

CROSBY CENTRAL APPRAISAL DISTRICT  
Appraisal District's Name

(806) 675-2356  
Phone (area code and number)

P O BOX 505 CROSBYTON TX 79322  
Street Address, City, State, ZIP Code

This document must be filed with the appraisal district office in the county in which your property is taxable. It must not be filed with the office of the Comptroller of Public Accounts. Location and address information for appraisal district offices may be found at [www.window.state.tx.us/propertytax/references/directory/cad](http://www.window.state.tx.us/propertytax/references/directory/cad).

## State the Year for Which You are Rendering Property

2014  
Tax Year

## Instructions for Filing

**GENERAL INSTRUCTIONS:** This form is for use in rendering, pursuant to Tax Code Section 22.01, tangible personal property used for the production of income that you own or manage and control as a fiduciary on January 1 of this year.

**FILING AND DEADLINES:** Rendition statements and property reports must be delivered to the chief appraiser after January 1 and not later than April 15, except as provided by Tax Code Section 22.02. On written request by the property owner, the chief appraiser shall extend a deadline for filing a rendition statement or property report to May 15. The chief appraiser may further extend the deadline an additional 15 days upon good cause shown in writing by the property owner. Pursuant to Tax Code Section 22.02, if an exemption applicable to a property on January 1 terminates during the tax year, the person who owns or acquires the property on the date applicability of the exemption terminates shall render the property for taxation within 30 days after the date of termination. If the chief appraiser denies an application for an exemption for property subject to rendition pursuant to Tax Code Section 22.01(a), the person who owns the property on the date the application is denied shall render the property for taxation in the required manner within 30 days after the date of denial.

**INSPECTION OF PROPERTY:** Pursuant to Tax Code Section 22.07, the chief appraiser or his authorized representative may enter the premises of a business, trade, or profession and inspect the property to determine the existence and market value of tangible personal property used for the production of income and having a taxable situs in the district.

**REQUEST FOR STATEMENT REGARDING VALUE:** Pursuant to Tax Code Section 22.07, the chief appraiser may request, either in writing or by electronic means, that the property owner provide a statement containing supporting information indicating how value rendered was determined. The property owner must deliver the statement to the chief appraiser, either in writing or by electronic means, not later than the 21st day after the date the chief appraiser's request is received. The statement must:

- (1) summarize information sufficient to identify the property, including:
  - (A) the physical and economic characteristics relevant to the opinion of value, if appropriate; and
  - (B) the source of the information used;
- (2) state the effective date of the opinion of value; and
- (3) explain the basis of the value rendered.

If the property owner is a business with 50 employees or less, the property owner may base the estimate of value on the depreciation schedules used for federal income tax purposes. Failure to comply in a timely manner is considered to be a failure to timely render and the Tax Code requires that penalties be applied by the chief appraiser.

**PENALTIES:** The chief appraiser must impose a penalty on a person who fails to timely file a required rendition statement or property report in an amount equal to 10 percent of the total amount of taxes imposed on the property for that year by taxing units participating in the appraisal district. The chief appraiser must impose an additional penalty on the person equal to 50 percent of the total amount of taxes imposed on the property for the tax year of the statement or report by the taxing units participating in the appraisal district if it is finally determined by a court that:

- (1) the person filed a false statement or report with the intent to commit fraud or to evade the tax; or
- (2) the person alters, destroys, or conceals any record, document, or thing, or presents to the chief appraiser any altered or fraudulent record, document, or thing, or otherwise engages in fraudulent conduct, for the purpose of affecting the course or outcome of an inspection, investigation, determination, or other proceeding before the appraisal district.

**SPECIAL INSTRUCTIONS:** Effective January 1, 2014, certain dealers of motor vehicle inventory may elect to file renditions under Tax Code Chapter 22, rather than file declarations and tax statements under Tax Code Chapter 23. Tax Code Section 23.121(a)(3) allows a dealer to make this election if it (1) does not sell motor vehicles that are self-propelled and designed to transport persons or property on a public highway; (2) meets either of the following two requirements: (a) the total annual sales from the inventory, less sales to dealers, fleet transactions, and subsequent sales, for the preceding tax year are 25% or less of the dealer's total revenue from all sources during that period, or (b) the dealer did not sell a motor vehicle to a person other than another dealer during the preceding tax year and the dealer estimates that the dealer's total annual sales from the dealer's motor vehicle inventory, less sales to dealers, fleet transactions, and subsequent sales, for the 12-month period corresponding to the current tax year will be 25% or less of the dealer's total revenue from all sources during that period; (3) files with the chief appraiser and the tax collector by August 31 of the tax year preceding January 1 on a form prescribed by the comptroller a declaration that the dealer elects not to be treated as a dealer under Tax Code Section 23.121 in the current tax year; AND (4) renders the dealer's motor vehicle inventory in the current tax year by filing a rendition with the chief appraiser in the manner provided by Tax Code Chapter 22. A dealer who makes this election must file the declaration annually with the chief appraiser and the tax collector by August 31 of the preceding tax year, so long as the dealer meets the eligibility requirements of law.

Effective January 1, 2014, a dealer of heavy equipment inventory may render its inventory by filing a rendition statement or property report as provided by Tax Code Chapter 22. If the dealer files a rendition, the dealer is not considered to be a dealer as defined by Tax Code Section 23.1241(a)(1). A heavy equipment inventory dealer has the option to render or to file declarations and tax statements, without filing additional declarations with the chief appraiser or tax collector.

The Property Tax Assistance Division at the Texas Comptroller of Public Accounts provides property tax information and resources for taxpayers, local taxing entities, appraisal districts and appraisal review boards.

For more information, visit our Web site:  
[www.window.state.tx.us/taxinfo/proptax](http://www.window.state.tx.us/taxinfo/proptax)

50-144 08-13/15

Business Personal Property Rendition of Taxable Property

This form must be signed and dated. By signing this document, you attest that the information contained on it is true and correct to the best of your knowledge and belief.

If you checked "Yes" to either question on the previous page, sign and date on the first signature line below. No notarization is required.

print here \_\_\_\_\_

sign here \_\_\_\_\_

\_\_\_\_\_ Date

If you checked "No" to the first question on the previous page, you must complete the following:

I swear that the information provided on this form is true and correct to the best of my knowledge and belief.

print here \_\_\_\_\_

sign here \_\_\_\_\_

\_\_\_\_\_ Date

Subscribed and sworn before me this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_.

\_\_\_\_\_  
Notary Public, State of Texas

**Tax Code Section 22.26 states:**

- (a) Each rendition statement or property report required or authorized by this chapter must be signed by an individual who is required to file the
- (b) When a corporation is required to file a statement or report, an officer of the corporation or an employee or agent who has been designated in writing by the board of directors or by an authorized officer to sign in behalf of the corporation must sign the statement or report.

**Tax Code Section 22.01(c-1) states:**

In this section:

- (1) "Secured party" has the meaning assigned by Section 9.102, Business & Commerce Code.
- (2) "Security interest" has the meaning assigned by Section 1.201, Business & Commerce Code.

**Tax Code Section 22.01(c-2) states:**

With the consent of the property owner, a secured party may render for taxation any property of the property owner in which the secured party has a security interest on January 1, although the secured party is not required to render the property by Subsection (a) or (b). This subsection applies only to property that has a historical cost when new of more than \$50,000.

**Tax Code Section 22.01(d-2) states:**

A secured party is not liable for inaccurate information included on the rendition statement if the property owner supplied the information or for failure to timely file the rendition statement if the property owner failed to promptly cooperate with the secured party. A secured party may rely on information provided by the property owner with respect to:

- (1) the accuracy of information in the rendition statement;
- (2) the appraisal district in which the rendition statement must be filed; and
- (3) compliance with any provisions of this chapter that require the property owner to supply additional information.

**If you make a false statement on this form, you could be found guilty of a Class A misdemeanor or a state jail felony under Section 37.10, Penal Code.**









**CROSBY CENTRAL APPRAISAL DISTRICT**

**P.O. Box 505 – 109 West Aspen Street**

**Crosbyton TX 79322-0505**

**(806) 675-2356**

**Fax (806) 675-2838**

[crosbycad@valornet.com](mailto:crosbycad@valornet.com)

[www.crosbycentral.org](http://www.crosbycentral.org)

**To: Business Personal Property Owner**

**Re: Business Personal Property Renditions**

Section 22.01(b) of the Property Tax Code states, "that a person shall render for taxation all tangible personal property used for the production of income that a person owns or that a person manages and controls as a fiduciary on January 1." You must render your business personal property inventory and that the rendition must be received no later than April 15.

We want to make sure that you are aware of the law regarding required renditions. Section 22.28(a) of the Property Tax Code states that "except as otherwise provided by Section 22.30, the chief appraiser shall impose a penalty on a person who fails to timely file a rendition statement or property report required by this chapter in an amount equal to 10 percent of the total amount of taxes imposed on the property for that year by taxing units participating in the appraisal district."

Please understand that we do not want to impose this 10% penalty, but if your rendition of business personal property inventory is not submitted by April 15, the law says that we shall impose it. Please help us avoid the imposition of this penalty by returning your rendition no later than April 15.

Please call our office at 806/675-2356 if you have any questions concerning your rendition or visit our office at 109 W. Aspen, Crosbyton, Texas 79322 between the hours of 8:30 a.m. and 5:00 pm. Monday through Friday.

<b>Appraisal Budget</b>		<b>2015</b>
		<b>ADOPTED</b>
		<b>BUDGET</b>
<b>Personnel</b>		
Chief Appraiser	1000	37050
Deputy Chief Appraiser	1002	29465
Appraiser	1006	26350
Part Time Help	1007	4000
Retirement Chief Appraiser	1008	950
Retirement Deputy Chief Appraiser	1010	750
Retirement Appraiser	1011	700
Medicare	1015	1500
Insurance Chief Appraiser	1019	8500
Insurance Deputy Chief Appraiser	1020	9500
Insurance Appraiser	1021	8500
Workers Compensation	1030	500
<b>Total</b>		<b>127765</b>
<b>Administration</b>		
Supplies	2000	1200
Postage	2010	2700
Legal Notices	2020	950
Dues	2030	850
Utilities	2050	2300
Telephone	2060	3100
Building Maintenance	2065	1500
Janitorial Services	2070	1200
Appraisal Audit	3030	1700
Office Equip & Maintenance	3050	1400
TML - Officials Liability & Building	3070	1000
<b>Total</b>		<b>17900</b>
<b>Computer</b>		
Web Service Fee	4040	2200
Software Maintenance	4050	11600
Paper & Supplies	4060	2000
Computer Equipment	4070	2500
Training	4090	500
<b>Total</b>		<b>18800</b>
<b>Appraisal</b>		
Appraisal Review Board	5010	800
Contract Appr Minerals	5020	19460
Contract Appr Schedules/Real	5025	3800
Records Retention	5030	250
Appraisers Education	5050	5000
Maps, Appr Tools	5070	5000
CA Mileage	5080	6600
Board of Directors	5090	4000
Arbitration/Legal Fees	5095	1500
ARB Attorney Fees	6000	1500
<b>Total</b>		<b>47910</b>
<b>Total Appraisal Budget</b>		<b>212375</b>
<b>Total Combined Budgets</b>		<b>275035</b>

2015  
ADOPTED BUDGET

Collections Budget		2015
		ADOPTED
		BUDGET
<b>Personnel</b>		
Collections/Appraisal Clerk	1003-C	21000
Retirement	1010-C	550
Medicare	1015-C	350
Insurance	1020-C	9500
Workers Compensation	1030-C	350
<b>Total</b>		<b>31750</b>
<b>Administration</b>		
Supplies	2000-C	1300
Postage	2010-C	2200
Legal Notices	2020-C	400
Collection Dues	2030-C	210
Utilities	2050-C	2400
Telephone	2060-C	3100
Building Maintenance	2065-C	1500
Janitorial Services	2070-C	1200
Collections Audit	3030-C	2800
Office Equip & Maintenance	3050-C	1400
Bond Insurance	3060-C	500
TML - Officials Liability & Bui	3070-C	1000
<b>Total</b>		<b>18010</b>
<b>Computer</b>		
Computer Web Fees	4040-C	2200
Software Maintenance	4050-C	5000
Paper & Supplies	4060-C	2000
Computer Equipment	4070-C	2500
Training	4090-C	300
<b>Total</b>		<b>12000</b>
<b>Collections</b>		
Records Retention	5030-C	250
Collections Education	5050-C	300
Collections Microfiche	5070-C	250
Collections Travel	5080-C	100
<b>Total</b>		<b>900</b>
<b>Total Collections Budget</b>		
		<b>62660</b>
<b>Total Combined Budgets</b>		
		<b>275035</b>

## Document 3B

2015 - 2016

### CAD Plan for Periodic Reappraisal of Industrial Personal Property

Subsections (a) and (b), Section 25.18, Tax Code:

- (a) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of all industrial personal property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC (CAGL) to appraise these properties for the CAD.
  - (1) Identifying properties to be appraised: Appraisal of properties is limited to those indicated in the contract with the appraisal district, unless additionally requested by the appraisal district. Newly discovered properties will be discussed with the appraisal district to confirm they are to be appraised by Capitol Appraisal. Through inspection the appraiser identifies personal property to be appraised. The appraiser begins with properties from the previous tax year and identifies new properties from visual identification and/or publications, newspaper articles, or information obtained through the interview of property owners. The appraiser may also refer to other documents, both public and also confidential, to assist in identification of these properties. Such documents might include but are not limited to the previous year's appraisal roll, vehicle listing services and private directories.
  - (2) Identifying and updating relevant characteristics of each property in the appraisal records: Data identifying and updating relevant characteristics of the subject properties are collected as part of the inspection process through directories and listing services as well as through later submissions by the property owner, sometimes including confidential rendition. These data are verified through previously existing records and through public reports.
  - (3) Defining market areas in the district: Market areas for industrial personal property are generally either regional or national in scope. Published price sources are used to help define market areas.
  - (4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics. Personal property is appraised using replacement/reproduction cost new less depreciation models. Income approach models are used when economic and/or subject property income is available, and a market data model is used when appropriate market sales information is available.
  - (5) Comparison and Review: The appraiser reconciles multiple models by considering the model that best addresses the individual characteristics of the subject property. Year-to-year property value changes for the subject property are examined using computer-

assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser also contributes to the review process.

## Document 3A

2015 - 2016

### CAD Plan for Periodic Reappraisal of Industrial Real Property

Subsections (a) and (b), Section 25.18, Tax Code:

- (a) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of selected industrial property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC (CAGL) to appraise these properties for the CAD.
  - (1) Identifying properties to be appraised: Appraisal of properties is limited to those indicated in the contract with the appraisal district, unless additionally requested by the appraisal district. Newly discovered properties will be discussed with the appraisal district to confirm they are to be appraised by Capitol Appraisal. Industrial properties are identified as part of the appraiser's physical inspection process each year and through submitted data by the property owner. The appraiser may also refer to legal documents, photography and other descriptive items.
  - (2) Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through the inspection process. Confidential rendition, assets lists and other confidential data also provide additional information. Subject property data is verified through previously existing records and through published reports.
  - (3) Defining market areas in the district: Market areas for industrial properties tend to be regional, national and sometimes international. Published information such as prices, financial analysis and investor services reports are used to help define market area.
  - (4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics: Among the three approaches to value (cost, income and market), industrial properties are most commonly appraised using replacement/reproduction cost new less depreciation models because of readily available cost information. If sufficient income or market data are available, those appraisal models may also be used.
  - (5) Comparison and Review: The appraiser considers results that best address the individual characteristics of the subject property and that are based on the most reliable data when multiple models are used. Year-to year property value changes for the subject property are examined using computer-assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser also contributes to the review process.

## Document 3D

2015 - 2016

### CAD Plan for Periodic Reappraisal of Oil and Gas Property

In accordance with Section 25.18 of the Tax Code:

- (a) CAD shall implement the plan for periodic reappraisal of property as approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of all oil and gas property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC (CAGL) to appraise these properties for the CAD.
  - (1) Identification of new property and its situs. As subsurface mineral properties lie within the earth, they cannot be physically identified by inspection like other real property. However, the inability to directly inspect does not appreciably affect the ability to identify and appraise these properties. To identify new properties, CAGL obtains monthly oil and gas lease information from the Railroad Commission of Texas [RRC] to compare against oil and gas properties already identified. The situs of new properties is determined using plats and W-2/G-1 records from the RRC, as well as CAGL's in-house map resources.
  - (2) Identifying and updating relevant characteristics of all oil and gas properties to be appraised. Relevant characteristics necessary to estimate value of remaining oil or gas reserves are production volume and pattern, product prices, expenses borne by the operator of the property, and the rate at which the anticipated future income should be discounted to incorporate future risk. CAGL obtains information to update these characteristics annually from regulatory agencies such as the RRC, the Comptroller of Public Accounts, submissions from property owners and operators, as well as from published investment reports, licensed data services, service for fee organizations and through comparable properties, when available.
  - (3) Defining market areas in the district and identifying property characteristics that affect property value in each market area. Oil and gas markets are regional, national and international. Therefore they respond to market forces beyond defined market boundaries as observed among more typical real properties.
  - (4) Developing an appraisal approach that best reflects the relationship among property characteristics affecting value and best determines the contribution of individual property characteristics. Among the three approaches to value (cost, income and market), the income approach to value is most commonly used in the oil and gas industry. Through use of the discounted cash flow technique in particular, the appraiser is able to bring together relevant characteristics of production volume and pattern, product prices, operating expenses and discount rate to determine an estimate of appraised value of an oil or gas property.

- (5) Comparison and Review. Use of the income approach is the first step in determining an estimate of market value. After that the appraiser reviews the estimated market value compared to its previous certified value and also compares it to industry expected payouts and income indicators. The appraiser examines the model's value with its previous year's actual income, expecting value to typically vary within in a range of 2-5 times actual annual income, provided all appropriate income factors have been correctly identified. Finally, periodic reassignment of properties among appraisers and review of appraisals by a more experienced appraiser further expand the review process.

## Document 3C

2015 - 2016

### CAD Plan for Periodic Reappraisal of Utility, Railroad and Pipeline Property

Subsections (a) and (b), Section 25.18, Tax Code:

- (a) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of all utility, railroad and pipeline property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC (CAGL) to appraise these properties for the CAD.
  - (1) Identifying properties to be appraised: Appraisal of properties is limited to those indicated in the contract with the appraisal district, unless additionally requested by the appraisal district. Newly discovered properties will be discussed with the appraisal district to confirm they are to be appraised by Capitol Appraisal. Utility, railroad and pipeline properties that are susceptible to inspection are identified by inspection. The appraiser may also refer to other documents, both public and also confidential to assist in identification of these properties. Due to the varied nature of utility, railroad, and pipeline properties there is no standard data collection form or manual. New permitting documents on record with the Railroad Commission of Texas provide a source to identify potential new pipeline projects but does not provide indication if the project was actually started, completed, or a distinct location of the proposed project. Every effort is made to discover new utility, railroad, and pipeline properties through personal observation combined with permitting documents.
  - (2) Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through data collected as part of the inspection process and through later submissions by the property owner, sometimes including confidential rendition. Additional data are obtained through public sources, regulatory reports and through analysis of comparable properties.
  - (3) Defining market areas in the district: Market areas for utility, railroad and pipeline property tend to be regional or national in scope. Financial analyst and investor services reports are used to help define market areas.
  - (4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics: For all three types of property, the appraiser must first form an opinion of highest and best use. Among the three approaches to value (cost, income and market),

pipeline value is calculated using a replacement/reproduction cost new less depreciation model [RCNLD]. In addition to the RCNLD indicator, a unit value model may also be used if appropriate data are available. Utility and railroad property are appraised in a manner similar to pipeline except that the RCNLD model is not used.

- (5) Comparison and Review: The appraiser considers results that best address the individual characteristics of the subject property when multiple models are used. Year-to year property value changes for the subject property are examined using computer-assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser also contributes to the review process. These types of property are also subject to review by the Property Tax Division of the Texas Comptroller's Office through their annual Property Value Study.

# Crosby Central Appraisal District

## Mass Appraisal Report

### Crosby Central Appraisal District 2014 Mass Appraisal Report

#### Purpose

The purpose of this report is to better inform the property owners within the boundaries of the Crosby Central Appraisal District (CCAD) and to comply with Standards Rule 6-7 of Uniform Standards of Professional Appraisal Practice (USPAP), effective January 1, 1998. Standards Rule 6-7 addresses a written summary report of a mass appraisal for ad valorem taxation. Mass appraisal is the process of valuing a group of properties as of a given date, using standard methods, and employing common data, which allows for statistical testing. The intended use of the appraised values is to establish a tax base upon which a property tax will be levied. Each taxing unit within CCAD boundaries will use the appraised values for ad valorem tax purposes only.

#### Purpose of Appraisals

The purpose of the appraisals completed by the Crosby Central Appraisal District Office was to estimate fair market value for ad valorem tax purposes only and the values generated by the office are to be used only by taxing jurisdictions in the county. The effective date of each of the appraisals is January 1, as defined by the Texas Property Tax Code (Sec. 1.04) as the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

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

The property rights appraised by the appraisal district are fee simple.

#### Assumptions and Limiting Conditions

The appraisals completed by the Appraisal District Office are subject to the following assumptions and limiting conditions:

1. Title to the property is assumed to be good and marketable and the legal description is correct.
2. No responsibility for legal matters is assumed. All existing liens, mortgages, or other

## Crosby Central Appraisal District 2014 Mass Appraisal Report

encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.

3. The appraisers developing these appraisals are not required to give testimony or attendance in court by reason of the appraisals, unless directly by, employed by and provided legal counsel by the Crosby Central Appraisal District.

4. All properties are appraised in fee simple interest in accordance with Texas Property Tax Code Section 25.06. (Jurisdictional exception to Standards Rule 6-4 (c) and 6-5 (c) Of (USPAP)

5. All sketches in the appraisal records are intended to be visual aids with rounded measurements and should not be construed as surveys or engineering reports, etc.

6. All information in the appraisal documents have been obtained by members of the Appraisal District staff or other reliable sources.

7. The appraisal staff has inspected, as permitted, by observation, the land and the improvements thereon; however, it is not possible to personally observe conditions beneath the soil or hidden structural components within the improvements. Therefore, no representations are made as to these matters, unless specifically considered in an individual appraisal.

8. All interior inspections are performed at the property owner's request by appointment. All other inspections performed are external and assume the quality, condition and desirability of the interior are approximately equal to that of the exterior, unless otherwise known.

9. Agricultural land is appraised at market value using a market data model based on market sales information. However, it may also be subject to appraisal using an income model specified in Section 23, Sub-chapters C,D, and E of the Texas Property Tax Code. (Jurisdictional Exception to 6-4 (b) of USPAP)

10. Subsurface rights (minerals and oil) are not considered in making these appraisals.

11. Due to the lack of readily available zoning information from various sources the highest and best use for a property is normally considered to be its current use. However, when zoning information is submitted by the property owner, that information is considered in making the determination of highest and best use.

### Responsibilities

The appraisal district is responsible for appraising property in the district for ad valorem tax purposes for each taxing unit that imposes ad valorem taxes on the property in the

## **Crosby Central Appraisal District 2014 Mass Appraisal Report**

district. CCAD serves the public and nine taxing entities of Crosby County. Taxing entities in Crosby County are composed of 3 school district, 3 cities, the county, and two special districts, Crosby County Hospital District, and High Plains Water District. We have 2 districts that extend into two neighboring counties, Lubbock and Garza, and one school district in another county that has overlapping properties in Crosby County.

### **Organizational Structure**

The Crosby Central Appraisal District was created by the Texas Legislature. CCAD appraises property and prepares assessments of real and personal property taxes for nine entities in Crosby County, Texas. CCAD is a political subdivision of the State of Texas. The appraisal district is governed by an eight member board of directors. The board appoints the chief appraiser who serves at the pleasure of the board. The board also approves the budget and sets policy. The chief appraiser is the chief administrator of the appraisal district and may employ and compensate professional, clerical, and other personnel as provided by the budget. The chief appraiser may delegate authority to their employees.

CCAD currently has four employees, chief appraiser, deputy chief appraiser, appraiser and one collection clerk.

All appraisers are required to be registered with the Texas Department of Licensing and Regulation (TDLR). The TDLR registration requires that each appraiser must successfully complete a five year educational program and pass a required number of course hours within a specified time. Additionally, all appraisers must pass review exams at levels three and four of the certification program. After successfully completing the required curriculum and approval of a demonstration appraisal, an appraiser is awarded the designation of Registered Professional Appraiser (RPA). There is also a requirement of continuing education units every two years in order to recertify the RPA designation.

CCAD currently has three RPA's on staff. The CCAD appraisal staff stays abreast of current trends affecting property through review of published materials, attendance at conferences, course work, and continuing education.

Appraisers are responsible for the discovery, listing, and appraisal of all types of property within the appraisal district boundaries.

### **Philosophy Statement**

The Crosby Central Appraisal District believes that the most important asset of the District is its people. Every employee is important and deserves to be treated fairly with consideration and respect. CCAD believes in providing good working conditions, a safe, clean, and friendly work place to help each employee do his or her job effectively. We

## **Crosby Central Appraisal District 2014 Mass Appraisal Report**

also believe that every employee has an obligation to develop his or her talents to the fullest.

### **Physical Re-inspection**

During each year several parcels are physically re-inspected by members of the Crosby Central Appraisal District staff. The purpose of the re-inspection is to correct errors to insure the continued accuracy of the records. The current three year re-inspection cycle was completed at the end of 2012, however in 2013 the appraisal district staff conducted a reappraisal and inspection of all properties in Crosbyton CISD. In 2014 the appraisal district staff conducted a reappraisal and inspection of all properties in Ralls ISD. To insure accuracy of the re-inspection a quality control program is in place at the district. At least five percent of the parcels are re-inspected by a supervising appraiser to insure that the data is correct. Each property has a unique parcel identification number and a property description. The property description is the official legal description for the parcel. Individual sketches are drawn for each parcel unless otherwise noted. A property record card or inventory sheet is available for each parcel detailing the information that has been collected on that parcel.

The following summary reports are presented to be more specific about the appraisal of various property types within Crosby Central Appraisal District.

### **Single Family Residences**

#### **2014 Summary Report**

##### **Overview**

Single family residences consists of all land and real property improvements which by the nature of their design and/or construction are suitable for single family use only. This includes manufactured homes which are classified as real property when the owner of the land is also the owner of the manufactured home and personal property when the owner of the manufactured home does not own the land.

##### **Assumptions and Limiting Conditions**

The appraisals completed by CCAD for single family residences are subject to the following assumptions and limiting conditions:

1. The Crosby Central Appraisal District's staff has physically inspected all single family residences in Crosby County and normally re-inspects these properties every three years. Interior inspections have not been done on a majority of the properties in the county because (1) most residential owners are not at their residence during regular business hours, (2) permission to inspect is not always granted, (3) the safety of the appraiser may be in question, and (4) respect for privacy rights of the property owner should be exercised.

## **Crosby Central Appraisal District 2014 Mass Appraisal Report**

2. The opinion of value for each single family property applies to land and improvement only. The value of personal property of an owner has not been included with the value of the real estate. The only personal property that is valued as an improvement only is a manufactured home where the owner of the home does not own the land. See Sec. 11.14 (a) of the Texas Property Tax Code.

3. Residential real property inventory as defined by the Texas Property Tax Code in Section 23.12 shall be considered as inventory and the market value shall be the price for which it would sell as a unit to a purchaser who would continue the business.

(Jurisdictional exception to Standard Rule 6-4 (b) of USPSP)

### **Data Collection and Validation**

Two basic types of data are collected: data which is specific to each property and data which is indicative of a particular class of property that has been predefined by CCAD. Property-specific data is collected as part of the inspection process and through submission by the property owner. As part of the inspection process, the improvements are measured and classified. The appraiser also estimates the effective age and condition of the improvements. Any additional or unusual features are also noted at the time of inspection. Data on individual properties is maintained on the appraisal card(s) for that property. Data on individual properties is verified through previously existing records, published reports, building permits, analysis of comparable properties, and through submission by the property owner. Appraisal cards are available for review at the appraisal district office. Data pertaining to a class of properties is grouped together according to the differing quality levels, and then used to develop models for each property class. Such data is collected in a variety of ways. Cost information is obtained from nationally recognized sources, local contractors, new construction permits, mechanics liens, reliable sources of new property sales, and from renditions submitted by owners. All local information is used to verify, supplement, or modify costs from these published sources. Renditions are confidential submissions by property owners and cannot be used for other properties. However, data from renditions may be compared with data obtained from cost manuals to test their accuracy. Market sales information is collected through a variety of sources including surveys of buyers and sellers, deed records, and from local real estate professionals.

### **Valuation Approach and Analysis**

Improvements are appraised using replacement cost new less depreciation models. Replacement costs are estimated from published sources, other publicly available

## **Crosby Central Appraisal District 2014 Mass Appraisal Report**

information, and comparable properties. Depreciation is calculated on the age/life method using typical economic lives and depreciation rates based on published sources, market evidence, and the experience of knowledgeable appraisers. Adjustments for functional and economic obsolescence may be made if diminished utility and comparable sales are found to justify such. A market data model based on typical selling prices per unit of area is also used when appropriate sales information is available.

Land values are based on selling prices for the appropriate highest and best use of the site, and as though it were vacant. Highest and best use analysis of the improvements is based on the likelihood of the continued use of the improvements in their current and/or intended use and is essential to an accurate appraisal. Identification of a highest and best use different from the current or intended use has a significant effect on the cost and market data models and is always a statement of opinion, not a statement of fact.

### **Review and Testing**

Field review of appraisals is performed through the regular inspection of subject properties. A computer assisted statistical review of property value changes is also conducted. Ratio studies are performed and are the preferred method for measuring performance. The results of the performance measures used indicate the validity of the appraisal models used. All appraisers perform ratio studies within the district and review and assist each other in adjusting models to current market information.

Performance is also measured through comparison with valid single property appraisals submitted for staff review. Appraisal results are also tested by the Property Tax Assistance Division of the Texas Comptroller's Office. Appraisal methods and procedures are also reviewed by the Property Tax Assistance Division.

### **Multi-Family Properties**

#### **2014 Summary Report**

Multi-family properties with situs in this district are appraised at market value as previously defined.

### **Assumptions and Limiting Conditions**

The appraised value derived is subject to the following assumptions and limiting conditions:

1. For multi-family properties only, the market value stated is for land, improvements and the personal property common to the classification and economic area. The business personal property value is insignificant to the overall value.
2. Crosby CAD staff physically inspected apartment complexes for the tax year 2014 in Ralls ISD. Duplex properties are inspected by appraisers as they field inspect residential property,

## **Crosby Central Appraisal District 2014 Mass Appraisal Report**

typically once every three years.

3. For a multi-family property that is used to provide affordable housing the property is appraised to comply with Texas Property Tax Code Section 23.22 (Jurisdiction exception to Standard 6-2(d) of (USPAP)

### **Data Collection and Validation**

Two basic types of data are collected: data which is specific to each property and data which is indicative of a particular property class that has been predefined by CCAD. The property appraised has multi-family use. This classification of properties includes apartment complexes and duplex properties. Properties of this classification are discovered and their characteristics recorded during periodic field inspections, investigation of building permits issued through political entities, and investigation of mechanic liens recorded with the county clerk. Geographically, these properties are located throughout the county. Specific property data is collected at the time of inspection or re-inspection and through submissions by property owners. Characteristics of a specific property's physical improvements and amenities are recorded and stored electronically and may be printed on an appraisal card(s). Appraisal cards are available for review at the district office. Sales data is taken from deed records, local real estate professionals, written appraisal reports, and telephone contact with principals. Sales are validated with the principals when possible. Sales data for properties is account-specific and retained electronically. General market data is gathered from multiple sources. Environmental, economic, political, and social influences vary geographically and by property use. Apartment properties were assigned a comparative classification in the inspection process. Duplexes are classed in compliance with predefined classing criteria.

### **Valuation Approach and Analysis**

Based on the principal of substitution, land values are determined by selling prices for similarly positioned functional tracts. Sites are analyzed for highest and best use as though they were vacant. Highest and best use of the improvements is based on the likelihood of the continued use of the improvements in their current and/or intended use and is essential to an accurate appraisal. Identification of a highest and best use different from the current or intended use has a significant effect on the cost and market data models and is always a statement of opinion, not a statement of fact. New apartment construction is valued based on actual cost, when available. If actual costs are not available, national cost manuals are compared to the estimated cost on the building permit.

Duplex properties are appraised by market adjusted cost models.

## **Crosby Central Appraisal District 2014 Mass Appraisal Report**

Property classifications are delineated and each classification's descriptive characteristics are set forth in CCAD appraisal manuals. Sales ratio studies are generated for each school district and classification. Neighborhood adjustments are applied as necessary and individual properties are reviewed for reasonableness.

### **Review and Testing**

Field review of appraisals is performed through the regular inspection of subject properties. A computer assisted statistical review of property value changes is conducted. Ratio studies are reviewed for level of appraisal (measurements of central tendency and dispersion), bias, and appropriateness of neighborhood boundaries. Results of the performance measures used to indicate the validity of the appraisal models. Preliminary values are reviewed in consideration of classification and neighborhood. Value indications are compared to renditions and valid single property appraisals submitted for staff review. Final value recommendations are tested for reasonableness by performing a sales ratio study and, individually, during the appeal process. During the appeal process, property specific income and expenses are reviewed for reasonableness and values are adjusted as necessary.

Appraisal results are tested by the Property Tax Assistance Division of the Comptroller of Public Accounts for the State of Texas. Appraisal methods and procedures are also reviewed by the Property Tax Assistance Division.

### **Commercial Property**

#### **2014 Summary Report**

##### **Overview**

This type of property consists of all land and improvements in Crosby County that are classed "commercial" according to the property's highest and best use.

##### **Assumptions and Limiting Conditions**

The appraisals completed by CCAD are subject to the following assumptions and limiting conditions:

1. The opinion of value for each property applies to land and improvements only. The value of trade fixtures, furnishings and other equipment has not been included with the value of the real estate.
2. The Crosby Central Appraisal District's staff has physically inspected all properties in the county and normally re-inspect these properties every three years. Complete interior inspections have not been done on a majority of the properties in the county.

##### **Data Collection and Validation**

Two basic types of data are collected: data which is specific to each property and data

## **Crosby Central Appraisal District 2014 Mass Appraisal Report**

which is indicative of a particular class of property that has been predefined by CCAD. Property-specific data is collected as part of the inspection process and through submission by the property owner. As part of the inspection process, the improvements are measured and classified. Properties are classified according to construction type and quality. The appraiser also estimates the effective age and condition of the improvements. Any additional or unusual features are also noted at the time of the inspection. Data on individual properties is maintained on the appraisal card(s) for that property. The data includes legal description, situs, owner address, parcel number, and the property-specific information such as class, quality, measurements, condition, etc. Data on individual properties is verified through previously existing records, published articles and reports, building permits, mechanics liens, analysis of comparable properties, and through information obtained from the property owner. Appraisal cards are available for review at the appraisal district office. Data pertaining to a class of properties is used to develop valuation models for that property class. Such data is collected in a variety of ways; cost information is obtained from nationally recognized sources, as well as from new construction permits, mechanics liens, local contractors, reliable sources of sales on new property, and renditions submitted by the property owners. Cost information on newly constructed improvements is also used to verify and/or modify costs from published sources. Renditions are confidential submissions by property owners and cannot be used for their properties. However, data from renditions may be compared with data obtained from cost manuals to test their accuracy. Market sales information is collected through surveys of buyers and sellers in addition to real estate publications, reports, and public records.

### **Valuation Approach and Analysis**

Land values are based on selling prices for the appropriate highest and best use of the site analyzed as though vacant. Highest and best use analysis of the improvements is based on the likelihood of the continued use of the improvements in their current and/or intended use and is essential to an accurate appraisal. Identification of a highest and best use different from the current or intended use has a significant effect on the cost and market data models and is always a statement of opinion, not a statement of fact.

Improvements are valued using replacement/reproduction cost new less depreciation. Cost tables are constructed using published sources as a guide and adjustments are applied using local market information. Adjustments are also applied for functional and economic obsolescence if utilization, sales, and income information warrant. An income approach is also used when economic and/or subject property income information is available.

## **Crosby Central Appraisal District 2014 Mass Appraisal Report**

A market date model based on typical selling prices per unit of similar properties is used when sufficient information is available.

The cost approach to value is most accurate and reliable when appraising new construction. In older areas or areas of transition, cost is calculated and considered. However, due to the difficulty of measuring accrued depreciation, more weight is applied to the market and income approaches.

### **Review and Testing**

Field review of appraisals is performed through the regular inspection of subject properties. A computer generated statistical review is also conducted. The statistical report includes appraisal to sales ratio, coefficient of dispersion, and other statistical measures. The performance measures used validate the results of the appraisal model. Appraisers review and assist each other in adjusting models to current market information. Although the ratio study is the preferred method of measuring performance, single property appraisals submitted to the appraisal staff are also reviewed for appraisal accuracy. The appraiser reviews the submitted appraisal report. Appraisal results are tested by the Property Tax Assistance Division of the Texas Comptroller's Office. Appraisal methods and procedures are also reviewed by the Property Tax Assistance Division. Crosby Central Appraisal District contracts with Capitol Appraisal Group, Inc. for the annual reappraisal of some real property in the commercial and industrial property types. Capitol Appraisal Group, Inc. primarily appraises special purpose real properties that are subject to review by CCAD.

Crosby Central Appraisal District also contracts with Capitol Appraisal Group, Inc for the reappraisal of all mineral properties within the Crosby Central Appraisal District.

The summary reports of Capitol Appraisal Group, Inc. for compliance with Standards 6-7 of USPAP are attachments to this document.

### **Business Personal Property**

#### **2014 Summary Report**

##### **Overview**

Business personal property is the tangible personal property owned by a business or by an individual for the purpose of producing income. Other tangible personal property is exempt according to Sec. 11.14 (a) of the Texas Property Tax Code.

##### **Assumptions and Limiting Conditions**

The appraisals completed by CCAD are subject to the following assumptions and limiting conditions:

## **Crosby Central Appraisal District 2014 Mass Appraisal Report**

1. Crosby Central Appraisal District staff does not personally inspect every business each year. Re-inspection schedules for business personal property are as follows: (1) Business are driven to see if they are still in business (2) New businesses that are not conducted from residential locations are visited before they are placed on the roll.

### **Data Collection and Validation**

Data on new and existing businesses is collected through personal inspection, newspaper articles, government reports, comparisons to like businesses, renditions, and other confidential information supplied by the owner. Due to the multitude of personal property types, there is no standard data collection form or manual.

### **Valuation Approach and Analysis**

Personal property as defined by the Uniform Standards of Professional Appraisal Practice is "identifiable, portable and tangible objects which are considered by the general public to be 'personal', e.g. furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment: all property that is not classified as real estate."

Property Tax Code Sec 1.04(5) defines tangible personal property as "personal property that can be seen, weighed, measured, felt, or otherwise perceived by the senses but does not include a document or other perceptible object that constitutes evidence of a valuable interest, claim, or right and has negligible or no intrinsic value." The Texas Property Tax Code Section 1.04(4) defines personal property as "property that is not real property."

The purpose of the appraisals of business personal property is to estimate market value on January 1 of each year as previously defined in the introduction. A separate definition of market value for inventory is found in the Texas Property Tax Code Sec. 23.12(a), the market value of an inventory is the price for which it would sell as a unit to a purchaser who would continue the business." The Texas Property Tax Code sets forth three (3) ways in which inventory may be valued if the requirements are met:

A. Sec 23.12(f) allows some inventories to qualify for appraisal as of September 1 of the year before January 1 of the taxable year.

B. Sec 23.121, 23.127, 23.1241, and 23.12D dictate that dealers in new and used vehicles, vessels, outboard motors and trailers, manufactured housing, and heavy equipment be valued differently. (Jurisdictional exception to Standard Rule 6-3 (b) & (c))

C. Sec 23.12(a) covers the inventories of remaining businesses.

Personal property is appraised using original cost less depreciation models. Depreciation is calculated on the age/life method using typical economic lives and depreciation creates based on published sources, market evidence, and the experience of knowledgeable appraisers. Adjustments for functional and economic obsolescence may be made if

## **Crosby Central Appraisal District 2014 Mass Appraisal Report**

utilization for the subject property justifies such. In the case of some personal property types, such as licensed vehicles and aircraft, market data from published pricing guides is used to construct a market value model. In other cases, models are based on quality and density information available through private sources. These models are cost based.

### **Review and Testing**

Field review of appraisals is performed through the inspection of subject properties. A computer assisted statistical review of property value changes is also conducted. Sales for most types of personal property are infrequent. Furthermore, many market transactions occur for multiple sites and include both real and personal property, tangible and intangible, thereby making analysis difficult, subjective, and inadequate to develop statistical analysis. Performance is measured through comparison of like businesses as well as applying quality and density models to units of comparison. Performance is also measured through comparison with valid single-property appraisals submitted for staff review. Crosby Central Appraisal District appraisal methods and procedures and values are subject to review by the Property Tax Assistance Division of the Texas Comptroller's Office. Crosby Central Appraisal District contracts with Capitol Appraisal Group, Inc. for the annual reappraisal of some business personal property. Capitol Appraisal Group, Inc. primarily appraises special purpose personal property that is subject to review by Crosby Central Appraisal District. The summary reports of Capitol Appraisal Group, Inc. for compliance with Standards 6-7 of USPSP are attachments to this document.

### **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 developed by the appraisal district staff are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions and conclusions.
- no member of the appraisal district staff has a present or prospective interest in the properties that are appraised annually, except those properties that are personally owned by an individual appraiser, and have no personal interest or bias with respect to the properties appraised.
- the appraisal staffs compensation is not contingent upon the reporting of a predetermined value.
- the analyses, opinions and conclusions developed by the appraisal district office have been prepared in conformity with Standard 6 of the Uniform Standards of Professional Appraisal Practices.

## Crosby Central Appraisal District 2014 Mass Appraisal Report

All the properties appraised have been personally inspected by a member of the appraisal staff with in the re-inspection cycles outlined by the property valuation division of the Texas Property Tax Code in accordance with Texas statutes.

-Persons providing significant professional assistance to the person signing this report are listed below:

Gary Zeitler, RPA, RTA, Eagle Appraisal & Consulting

Clay Fowler, RPA, Capitol Appraisal Group, Inc.

Dominga Guzman, RPA, Assistant Chief Appraiser, Crosby CAD

Susan Justus, RPA, appraiser, Crosby CAD

Kathy Lowrie, RPA, RTA, Chief Appraiser, Crosby CAD

A handwritten signature in black ink, appearing to read "Kathy Lowrie", is written over a solid horizontal line.

Kathy Lowrie, RPA, RTA

Chief Appraiser