



**TARGETED APPRAISAL
REVIEW PROGRAM
GUIDELINES**

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**TEXAS COMPTROLLER OF PUBLIC ACCOUNTS
PROPERTY TAX ASSISTANCE DIVISION
TARGETED APPRAISAL REVIEW PROGRAM GUIDELINES**

[Appraisal District NAME]– TIER [#]

OVERVIEW

This set of guidelines is an internal document that outlines the data collection and interview questions to be used by Property Tax Assistance Division (PTAD) reviewers when conducting the Targeted Appraisal Review Program (TARP) reviews on appraisal districts in which one or more school districts received three consecutive invalid findings in the School District Property Value Study (SDPVS) under Government Code Section 403.302.

When a school district receives an invalid finding in three consecutive SDPVS, Government Code Section 403.302(k-1) requires our office to conduct an additional review of an appraisal district that is specific to appraisal standards, procedures and methodologies.

These guidelines employ generally accepted appraisal and audit techniques and incorporate requirements of Texas law, Comptroller rules and International Association of Assessing Officers (IAAO) standards. PTAD reviewers follow these guidelines in performing the tasks related to the TARP review and they are not intended for any other purpose. Deviations from these guidelines must be approved by the PTAD director.

SECTION 1: SDPVS FINDINGS

Complete the following chart for each school district within the appraisal district that has received an invalid finding in the previous three years. Include the SDPVS year for the invalid finding, the school district name, the SDPVS finding, the category impacted and invalid ratio.

SDPVS YEAR	County	School District	Findings	Category	Ratio
<i>Year</i>	<i>County</i>	<i>ISD name</i>	<i>ex. State</i>	<i>ex. d</i>	<i>ex. 89</i>

Data Needs

- Final SDPVS findings and supporting reports for each invalid school district in each of the three previous years that initiated this targeted review
- Appraisal District Ratio Study (ADRS) results for the three previous years

Steps

- Review the SDPVS findings and supporting reports for the three previous years.
 - School District Summary Worksheet
 - Deduction Detail
 - Confidence Interval Detail
 - Stratified Ratio Detail
 - Field Studies Category Worksheet
 - ISD Productivity Values
 - Utilities Category Worksheet
 - Minerals Category Worksheet
- Review the median level of appraisal, coefficient of dispersion, and price-related differential ADRS results for the three previous years
- Interview Property Tax Assistance Division Field Operations staff and Property Tax Data Analysis staff (as appropriate) regarding SDPVS invalid findings and the ADRS results

Questions

- 1. What does the PTAD staff believe caused the appraisal district to have one or more school districts with invalid findings in the SDPVS?**
- 2. Is PTAD staff aware of any significant events that occurred, or major decisions made, in the appraisal district in the previous four years for which the appraisal district had an invalid school district?**
- 3. Is PTAD staff aware of any external events that may have contributed to a value shift?**
- 4. Does PTAD staff have suggestions for areas to review that may have impacted the local values that were statistically invalid?**

SECTION 2: APPRAISAL DISTRICT ADMINISTRATION

Taxing Units

Complete the following chart with each taxing unit in the appraisal district’s jurisdiction and whether the appraisal district collects for that taxing unit.

Name of Taxing Unit	Appraisal District Collects (Yes/No)
##### County	

County Demographics

Complete the following table with county demographic data from the [Texas Association of Counties](#) and the most recent Appraisal District Electronic Appraisal Roll Submission.

Population	
County Seat	
Bordering Counties	
Square Miles	
Tier	

Appraisal District Budget Information

Complete the following table with information reported in each applicable year of the Appraisal District Operations Survey. Verify the data with the appraisal district for accuracy.

	Previous Year	Two Years Prior	Three Years Prior	Four Years Prior	Tier Average	Previous Year Tier Average
Total Budget (Excluding Collections)	\$[#####]	\$[#####]	\$[#####]	\$[#####]	\$[#####]	\$[#####]
Total Property Taxes Levied (All Jurisdictions)	\$[#####]	\$[#####]	\$[#####]	\$[#####]	\$[#####]	\$[#####]
Does the appraisal district collect taxes?	[YES/NO]	[YES/NO]	[YES/NO]	[YES/NO]	[YES/NO]	[YES/NO]
Collection Budget (If Applicable)	\$[#####]	\$[#####]	\$[#####]	\$[#####]	\$[#####]	\$[#####]
Number of Taxing Units District Collects For (If Applicable)	[#####]	[#####]	[#####]	[#####]	[#####]	[#####]

Appraisal District Staff Information

Complete the following table with information reported in each applicable year of the Appraisal District Operations Survey. Verify the data with the appraisal district for accuracy.

Appraisal District Staff						
Full Time Staff	[#####]	[#####]	[#####]	[#####]	[#####]	[#####]
Part Time Staff	[#####]	[#####]	[#####]	[#####]	[#####]	[#####]
Appraisal Staff						
Full Time Appraisers	[#####]	[#####]	[#####]	[#####]	[#####]	[#####]
Lowest Appraiser Salary	\$[#####]	\$[#####]	\$[#####]	\$[#####]	\$[#####]	\$[#####]
Highest Appraiser Salary	\$[#####]	\$[#####]	\$[#####]	\$[#####]	\$[#####]	\$[#####]

Training and Continuing Education						
Training Budget	\$[#####]	\$[#####]	\$[#####]	\$[#####]	\$[#####]	\$[#####]

Number of Trainings Attended	#####	#####	#####	#####	#####	#####
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Data Needs

- Interview with chief appraiser and/or appraisal district staff
- List of current staff members, position, and current licensing information along with TDLR license numbers
- List of current contract appraiser(s) and current licensing information along with TDLR license numbers
- Process for monitoring contractor performance
- Total parcel count and number of parcels per category information from Appraisal District Parcel Data Table in Section 3: Appraisal Administration
- Staff evaluations from the previous year
- Training procedures

Questions

5. **Does the chief appraiser ensure appraisal staff complete all requirements for becoming a Registered Professional Appraiser by the Texas Department of Licensing and Regulation?**
 - Obtain a list of staff appraisers and their TDLR registrant numbers.
 - Verify all staff appraisers are actively registered with TDLR.
6. **Does the appraisal district have a training plan and ensure all employees receive the required training as described in the training plan?**
 - Verify that the appraisal district has a training plan.
 - Review training plan/procedures.
 - Interview the chief appraiser, or designee, to determine if training is provided to employees.
 - i. Review copies of class rosters and/or training certificates.
 - ii. Verify all employees are receiving required training as stated in the appraisal district's training plan.
7. **Are staff evaluations conducted at least annually?**
 - Interview chief appraiser and/or appraisal district staff to determine if evaluations were conducted in the previous year.
 - Review evidence to verify that appraisal district staff was evaluated in the previous year.
 - i. Evidence can include, grading sheets used by evaluator, written statement from the chief appraiser or appraisal district staff explaining when and how evaluations were conducted in the previous year.
8. **How does the organizational structure ensure appropriate coverage of all critical tasks, even when key personnel are absent or abruptly leave the appraisal district?**
 - Determine if the appraisal district has an organization structure in place to ensure coverage of critical tasks in the event of employee separation and/or extended leave of absence.
 - Verify employees are cross-trained and each function has a backup.
9. **What is the ratio of appraisers to parcel count in comparison to the tier average?**
 - Determine the ratio of appraisers to parcel count for subject appraisal district and tier average. See data from Appraisal District Parcel Data Table in Section 3: Appraisal

Administration.

- Determine if the number of appraisers is adequate for the parcel count compared to the tier average.

10. Do appraisers and/or contractors have the right skill sets to appraise each type of property?

- Review staff appraiser qualifications and contract appraiser qualifications.
- Verify appraisal district appraisers and/or contractors have experience to appraise each assigned property type.
- Verify appraisal district appraisers and/or contractors are trained to appraise each assigned property type.

11. Does the appraisal district monitor values submitted by contracted appraisal firm(s) to verify accuracy?

- Review the appraisal district’s process for monitoring values.
- Verify that the appraisal district monitors contract appraisal functions for accuracy.
- Verify contract appraisers are registered with TDLR.

12. Does the appraisal district employ adequate support staff to perform administration functions so that appraisers can focus on appraising property?

- Review the appraisal district’s administration needs and staffing with the chief appraiser.
- Verify that the current support staff is adequate to allow appraisers to focus on appraisal functions.

Chief Appraiser Information

Complete the following table with information reported in each applicable year of the Appraisal District Operations Survey. Verify the data with the appraisal district for accuracy.

Chief Appraiser	
Is the chief appraiser permanent, temporary or interim?	
Does the chief appraiser perform appraisals?	[Yes/No]
[PREVIOUS YEAR] Base Salary	[\$#####]
Chief Appraiser – Years at appraisal district, years as Chief?	[#####]
Does the chief appraiser receive a car allowance?	[Yes/No]
What is the amount of the car allowance? (If applicable)	[\$#####]
Does the chief appraiser receive retirement benefits?	[Yes/No]
Does the chief appraiser receive medical insurance benefits?	[Yes/No]

Data Needs

- Board of directors’ meeting minutes and/or evidence of chief appraiser evaluations for the previous four years
- Chief appraiser job description
- Complaints received by the board of directors in the previous four years
- Contract(s) for interim chief appraiser for the previous four years
- Interview with chief appraiser and/or appraisal district staff

- Most recent salary survey or study conducted with results

Questions

13. Has the current chief appraiser served as the chief appraiser for the previous four years?

- Determine if the current chief appraiser has been in place for the previous four years.
 - If the current chief appraiser has not been in place for the previous four years, determine the reason for the separation of the previous chief appraiser.
 - If the previous chief appraiser was terminated, determine if it was relevant to the invalid findings.
- If there is a new chief appraiser, verify that substantial efforts are being made to appraise property at market value.

14. Has the appraisal district board of directors contracted for an interim or temporary chief appraiser in the previous four years?

- Determine how long the contract was for and how often the chief appraiser was at the appraisal district offices (days per week).

15. Does the chief appraiser have a job description?

- Verify that the chief appraiser has a comprehensive job description and has acknowledged the job description.
- Examine the chief appraiser's resume (certifications), job description, expectations and evaluations for the previous four years. Through interviews, determine the method used to communicate expectations and progress toward meeting those expectations. Discuss in detail the extent to which performance goals are measurable, the subjectivity or objectivity of the evaluation process, and the methods used to monitor and communicate progress annually and throughout the year.

16. Has the appraisal district board of directors conducted a salary survey in the previous five years?

- Verify that the board of directors conducted a salary survey in the previous five years.
 - Documentation can include requests sent and data received for the survey, copies of surveys shared by associations or other appraisal districts, or analysis of salary data reported through the annual Appraisal District Operations Survey.
- Determine if salary and benefit changes were made as a result of the survey if warranted.

17. Has the appraisal district board of directors evaluated the chief appraiser every year in the previous four years?

- Review evidence to verify that the chief appraiser was evaluated every year in the previous four years.
 - Evidence can include board of director minutes, grading sheets used by board members, written statement from the board chairman explaining when and how evaluations were conducted in the previous four years.

18. Did the appraisal district board of directors receive any complaints pertaining to the chief appraiser that were related to the invalid findings in the previous four years?

- Determine if the appraisal district board of directors received any complaints that were related to the invalid findings in the previous four years.
 - If a complaint relating to invalid findings was received, verify that the board of directors addressed the complaint.

Appraisal District Contracts

Complete the following table with information requested for each software.

Vendor Name	Type of Contract	Contract Dates	Years with Same Vendor	Does appraisal district actively monitor contract?
Appraisal Firm				
CAMA				
Mapping				
GIS				
Pictometry				

SECTION 3: APPRAISAL ADMINISTRATION

Appraisal District Parcel Data

Complete the following table with information reported in each applicable year from the Electronic Appraisal Roll System. Verify the data with the appraisal district for accuracy.

General Information - [NAME] Appraisal District	[PREVIOUS YEAR]	[2 YEARS PRIOR]	[3 YEARS PRIOR]	[4 YEARS PRIOR]
Parcel Count	#####	#####	#####	#####
Number Taxing Units	#####	#####	#####	#####
Parcels per Appraisal Staff	#####	#####	#####	#####
Total Market Value Certified	#####	#####	#####	#####
Parcels per Appraisal Staff Averages				
Parcels		Parcels/Appraiser		
Under 10,000		5,300 parcels/appraiser		
10,001 – 70,000		6,400 parcels/appraiser		
70,001 – 200,000		6,700 parcels/appraiser		
Over 200,000		7,100 parcels/appraiser		
Composition of Locally Appraised Parcels by Category:				
Parcel Type	Number of Parcels [PREVIOUS YEAR]	Number of Parcels [2 YEARS PRIOR]	Number of Parcels [3 YEARS PRIOR]	Number of Parcels [4 YEARS PRIOR]
A - Residential	#####	#####	#####	#####
B - Multi-Family	#####	#####	#####	#####
C - Vacant Lots	#####	#####	#####	#####
D - Agricultural	#####	#####	#####	#####
E - Farm and Ranch Improvement	#####	#####	#####	#####
F - Commercial Real	#####	#####	#####	#####

G – Oil & Gas, Mineral	#####	#####	#####	#####
J - Utilities	#####	#####	#####	#####
L1 - Commercial Personal	#####	#####	#####	#####
M - Mobile Homes	#####	#####	#####	#####
O - Residential Inventory	#####	#####	#####	#####
S - Special Inventory	#####	#####	#####	#####
Total**	#####	#####	#####	#####

Property Classification

Data Needs

- Access to CAMA database
- PTAD Property Classification Guide
- Sample of property record cards in Category A, C, D, E and/or F as applicable

Questions

19. Are applicable invalid property categories correctly categorized according to the Comptroller’s property classification guidelines?

- Review and become familiar with PTAD’s Property Classification Guide.
- Choose a random sample of 15 properties from each category which had an invalid finding.
- Determine if the land and improvement codes (if applicable) are in compliance with PTAD’s Property Classification Guide.

20. Does the appraisal district physically inspect each property at least every six years?

- Determine if the appraisal district has physically inspected properties within the previous six years using the sample size below from PT2:
 - 20 Category A
 - 10 Category C
 - 15 Category D
 - 15 Category E
 - 15 Category F
- Review the CAMA database for each of the sample properties and determine if they were inspected within the previous six years.

Contracted Appraisal Services

Complete the following table with information reported in each applicable year of the Appraisal District Operations Survey. Verify the data with the appraisal district for accuracy.

	PREVIOUS YEAR	TWO YEARS PRIOR	THREE YEARS PRIOR	FOUR YEARS PRIOR
Did the appraisal district have a contract for appraisal services?	[Yes/No]	[Yes/No]	[Yes/No]	[Yes/No]
What categories of property did the appraisal district contract for appraisal services?	[List categories]	[List categories]	[List categories]	[List categories]
What percentage of the total appraised value in the appraisal district was appraised by the contracted appraisal firm(s)?	[#####]%	[#####]%	[#####]%	[#####]%
How much did the appraisal district spend for contracted appraisal services?	[\$#####]	[\$#####]	[\$#####]	[\$#####]
Did the appraisal district use a geographic information system (GIS)?	[Yes/No]	[Yes/No]	[Yes/No]	[Yes/No]
Did the appraisal district use aerial technology systems?	[Yes/No]	[Yes/No]	[Yes/No]	[Yes/No]

Data Needs

- Board of director’s meeting minutes
- All current contract(s)
- Interview with chief appraiser and/or appraisal district staff
- Contract management procedures for appraisal services contract(s)
- Written process or procedures for reviewing, verifying or evaluating contractors.

Questions

21. Do the appraisal district contract(s) with appraisal firms specify appraisal services for property categories and are the appraisal services being performed as indicated in the contract?
 - Review all current appraisal firm contract(s).
 - Determine which property categories are covered in the contract(s).
 - Verify appraisal services indicated in the contract are being completed by the appraisal firm.
22. Did the board of directors vote on and adopt the contract(s)?
 - Review board of director minutes to determine if the board of directors approved the contract(s).
23. Does the appraisal district follow a process or procedure for reviewing, verifying or evaluating the work of their appraisal contractors for accuracy and uniformity?
 - Review all current appraisal services contract(s).
 - Review the appraisal districts process or procedures for reviewing, verifying or evaluating contractors.

- Interview the chief appraiser or designee and have them demonstrate the process used to review, verify and evaluate the work of their contractors for each contract with examples.
- Verify that the appraisal district is following their procedures for reviewing, verifying or evaluating contractors.

CAMA Software

Data Needs

- Current contract for CAMA software
- Current software version available versus version installed at appraisal district
- Demonstration on CAMA proficiency

Questions

24. Is the current CAMA software used to its full potential to support the appraisal district's appraisal practices?

- Interview the chief appraiser and/or staff to determine how long the current CAMA software has been in place.
 - Verify all employees with access to the CAMA software are proficient in using the software to complete their job duties.
 - If the appraisal district has new software, determine if staff has been trained to be proficient with the program.

25. Is the appraisal district using the most current version of its CAMA software?

- Verify that the CAMA software is up to date with most recent version available.

26. Is appraisal district staff able to use the CAMA software to perform queries, ratio studies and quality control reports?

- Verify CAMA software proficiency with appraisal staff demonstration using software to do appraisal queries, ratio studies and quality control reports.

27. Does the system support multiyear processing?

- Verify that the CAMA software allows for updating records for multiple appraisal years simultaneously.

28. Is the appraisal district experiencing any major problems with the system?

- Interview the chief appraiser and/or appraisal district staff regarding any issues the appraisal district is experiencing with the current CAMA software.
- If there are issues with the software, determine if the chief appraiser has brought this to the attention of the provider and the appraisal district board of directors if needed.

Mapping and/or Aerial Photography

Data Needs

- Access to appraisal district maps and/or aerial photography
- Board of director's meeting minutes
- CAMA data for ownership changes made
- Contract of mapping services and/or aerial services
- Demonstration on aerial photography review procedures

- Listing of properties that had record changes requiring an appraisal map change more than six months ago, but within the previous two years

Questions

29. Does the appraisal district have up-to-date appraisal maps?

- Review appraisal district maps and aerial imagery to confirm data is up to date.
- Select a random sample of properties from PT2 and verify that the properties can be located on the appraisal district maps.
 - 20 Category A
 - 10 Category C
 - 15 Category D
 - 15 Category E
 - 15 Category F

30. Do the appraisal district maps provide the information specified in IAAO's *Standard on Digital and Cadastral Maps and Parcel Identifiers*?

- Verify the maps show parcel boundaries.
- Verify the maps include:
 - Parcel dimension areas
 - Block and lot numbers or survey tract
 - Names and boundaries of subdivisions and plats
 - Locations and names of streets, highways, railroads, rivers and lakes
 - Parcel identifiers
 - Other basic map information (north arrow, scale, legend, etc.)

31. Is the mapping contactor or designated staff personnel updating mapping changes timely?

- Obtain a list of properties for which mapping changes were needed more than six months ago, but within the previous two years.
- Select 10 properties from the list and review the maps and records of mapping changes for the properties to determine whether the changes were made within 180 days.

32. Does the appraisal district contract for aerial photography and/or change detection? If so, is a procedure in place to review the improvements identified in the aerial photography to pick up new and/or missing improvements?

- Determine if the appraisal district has a contract for aerial photography and/or change finder.
- Verify that the appraisal district has procedures to review improvements identified as missing.
- Verify the procedures are being followed with a demonstration from appraisal staff.

33. If the appraisal district does not have aerial photography and/or change detection, have they performed a cost/benefit analysis on the cost to help support its acquisition to the board of directors?

- Review the cost/benefit analysis used to help support the acquisition of the contract.
- Review board minutes to verify the analysis was presented to the board and the discussion took place about the acquisition.

Ratio Studies

Data Needs

- Access to sales files
- Adopted reappraisal plans for the previous two cycles
- Data collection procedures for sales
- Demonstration of implementation of sales validation procedures and adjustment procedures
- Market adjustments made in previous three years
- Ratio studies for previous three years
- Sales validation and adjustment procedures
- SDPVS findings for previous three studies

Questions

34. Does the appraisal district gather available real estate transfer documents and use available third-party sources in gathering sales information for ratio studies?

- Review the appraisal district's data collection procedures pertaining to gathering sales documentation and sales files.
- Determine if the appraisal district gathers real estate transfer documents and sales information from all available third-party sources from the following sample:
 - 5 Category A
 - 5 Category C
 - 5 Category D
 - 5 Category E
 - 5 Category F

35. Are all transfers of property (sales) identified and captured?

- Using the sample in the previous question verify that the appraisal district has captured the sale and documented the sale in the CAMA system.

36. Are sales questionnaires sent to sellers and buyers when a property transfers?

- Verify that the appraisal district sends sales survey letters to sellers and/or buyers when a property transfers.

37. Are sales properly verified and appropriate adjustments made?

- Review the appraisal district's sales validation and sales adjustment procedures, including any written guidelines used for the validation process.
- Determine how sale prices are adjusted for items such as personal property in the CAMA system with examples.
- Determine if the appraisal district is using a coding system for sales validation.
- Verify the procedures are being followed with a demonstration from appraisal staff.

38. Are ratio studies conducted at timely intervals during the valuation process?

- Determine if ratio studies are run at the following intervals:
 - Preliminary values before notices are sent.
 - Valuation when notices are sent.
 - Final values after informal appeals.
 - Final values after ARB hearings.

39. Does the appraisal district run ratio studies by market area AND neighborhood, property class or stratum?

- Review the appraisal district's delineated market areas and ratio studies to determine accuracy.
- Review the appraisal district's written reappraisal plan and determine the market areas for the county.

- Review the appraisal district's ratio studies and verify that they are run by market areas of the county AND by at least one of the following: neighborhood, property class or stratum.

40. What were the results for each ratio study and what changes were made based upon the results?

- Review the ratio studies for previous two years, analyze ratio studies to determine if land, commercial, residential studies were completed.
- Verify the ratio studies contain a measure of central tendency- median, mean, weighted mean
- Verify the ratio studies contain a measure of uniformity-range, average absolute deviation, coefficient of dispersion, standard deviation, coefficient of variation, price related differential
- Review the appraisal district's ratio studies and determine what changes the ratio studies indicated.
- Verify indicated changes by the ratio studies were made (cost schedule adjustments, adjustment factors, redefining market areas, etc.).

Reappraisal Plan

Data Needs

- Access to CAMA database
- Adopted reappraisal plans for previous two cycles
- Board of director minutes from previous four years
- Ratio studies for the previous three years

Questions

41. Does the appraisal district review current market data?

- Review market data collected by the appraisal district for determining property to be appraised.
- Verify the appraisal district is reviewing current market data to stay abreast of current market conditions.
 - Example market data resources can include:
 1. [Texas Real Estate Research Center](#)

42. Does the most recent reappraisal plan cover the correct two years?

- Review the most recent reappraisal plan and verify it covers the correct two years.
- Review the current and previous adopted reappraisal plans to verify they comply with Tax Code Sections 6.05(i) and 25.18 and that the current plan is being implemented as written.

43. Does the most recent reappraisal plan address reappraisal of all property categories?

- Review the most recent reappraisal plan and verify it addresses reappraisal of all property categories.

44. Does the most recent reappraisal plan identify market areas that are delineated appropriately?

- Review the most recent reappraisal plan and verify the market areas are identified and delineated appropriately.

45. Are parcels identified in the most recent reappraisal plan for reappraisal and have inspections been completed timely in accordance with the plan?

- Review the work plan to determine which appraisal activities should have been completed in the previous year.
 - This includes looking at appraisal records for a sample of 15 properties, chosen by the TARP reviewer, that were reappraised for the current year according to the reappraisal plan.
 - Verify that those property records were updated, and
 - Verify that the reappraisal of the accounts was completed according to the schedule in the reappraisal plan.
- 46. Are areas to be reviewed identified by analyzing ratio studies that indicate problem areas?**
- Using the most recent reappraisal plan and ratio studies, verify if specific areas have been identified as problematic.
 - Verify problem areas are addressed in the reappraisal plan.
- 47. Does the appraisal district amend its reappraisal plan to address critical areas of need that have been identified as different than the typical areas to be worked?**
- Determine if the reappraisal plan has been amended to address the areas that have been identified as problematic.

Quality Control

Data Needs

- Access to CAMA database
- Demonstration of implementation of quality control procedures
- Interview with chief appraiser and/or appraisal district staff
- Written quality control procedures

Questions

- 48. Does the appraisal district have quality control procedures?**
- Determine if the appraisal district has written quality control procedures for appraisal processes.
 - Interview the chief appraiser or designee and have them demonstrate the appraisal district's quality control procedures and provide examples.
- 49. Does the appraisal district perform multiple quality-control steps to verify the accuracy and uniformity of property valuations?**
- Verify that the appraisal district is following their procedures for reviewing, verifying or evaluating contractors.
 - Review the appraisal district's written quality control procedures and determine if they are being implemented.
- 50. Do the quality control procedures ensure the work earmarked for review in each year of the plan is completed and updated?**
- Determine if the appraisal district's quality control procedures include a process for reviewing the completion of work that was earmarked.
 - Verify the procedures are being followed with a demonstration from appraisal staff.
- 51. Are the identified market areas to be worked in each year reviewed?**

- Verify that the appraisal district has a procedure in place to review the work that is completed each year in the market areas.
- Verify the procedures are being followed with a demonstration from appraisal staff.

SECTION 4: CATEGORIES OF VALUATION IN THE SDPVS

Complete the property category section for each category in which a school district within the appraisal district had an invalid finding in the previous three years.

CATEGORY A: SINGLE-FAMILY RESIDENTIAL **PROPERTY VALUATION** **(If Applicable)**

The Comptroller's *Texas Property Tax Assistance Property Classification Guide* states that Category A property includes single-family residential improvements and land on which they are situated. They may or may not be within the city limits or close to a city.

Data Needs

- Access to CAMA database
- Access to sales files
- Cost schedule adjustments for previous four years
- Demonstration of MRA value analysis (if applicable)
- Manufactured home cost schedules
- Ratio studies for previous three years
- Residential appraisal manual
- Residential cost schedules

Questions

52. Are sales ratio studies regularly conducted for residential properties?

- Review ratio studies conducted for residential properties in the previous three years.
- Verify that ratio studies are conducted at least annually.

53. Does the appraisal district annually review and update residential cost schedules based on ratio study results?

- Review the appraisal district's cost schedules and the updates made in the previous year.
- Review sample property record cards and analyze cost schedule data, effective age, obsolescence, adjustments, and flat values.
- Verify that residential cost schedules are updated annually if indicated by ratio studies.

54. Is primary reliance placed on the sales comparison approach in the appraisal of single-family homes, condominiums and townhomes?

- Determine whether the cost approach, sales comparison approach or both approaches are used in the appraisal of residential properties.
 - i. If primary emphasis is not placed on the sale comparison approach, indicate why.

- ii. If the appraisal district uses MRA, have appraisal staff demonstrate the approach.
- 55. Are adjustment factors regularly developed for relevant features based on market analysis?**
- Review the process used to develop and apply adjustment factors for relevant features.
 - iii. Available utilities, street type or traffic, golf or water frontage, view and other amenities.
 - Verify that the appraisal district has factored in features that will affect market values.
- 56. Are appropriate procedures in place for the valuation of mobile/manufactured homes?**
- Determine how the appraisal district values mobile/manufactured homes.
 - Verify that the appraisal district has valuation tables, formulas or adjustments for mobile/manufactured homes.
 - Verify that manufactured home cost schedules are updated annually if indicated by ratio studies.

CATEGORY B: MULTIFAMILY RESIDENTIAL
PROPERTY VALUATION
(If Applicable)

The Comptroller's *Texas Property Tax Assistance Property Classification Guide* states that Category B properties are residential improvements containing two or more residential units under single ownership. However, duplexes that are owner-occupied and have a residence homestead exemption for the owner's portion are reported in Category A. Properties classified as Category B generally include apartment complexes. If listed separately, apartments located above street-level stores or offices are also included in Category B. If not listed separately, the predominant use by value determines classification.

Data Needs

- Access to CAMA system
- Access to sales files
- Multifamily/commercial appraisal manual
- Multifamily/Commercial cost schedules
- Cost schedule adjustments for previous four years
- Process for collecting income and expense data
- Ratio studies for previous four years

Questions

- 57. Are sales ratio studies regularly conducted for multifamily properties?**
- Review ratio studies that are conducted for multifamily properties in the previous three years.
 - Verify whether ratio studies are conducted at least annually.
- 58. Does the appraisal district annually review and update multifamily cost schedules?**
- Review the appraisal district's cost schedules and the updates made in the previous year.
 - Review sample property record cards and analyze cost schedule data, effective age, obsolescence, adjustments and flat values.
 - Verify that multifamily cost schedules are updated annually if indicated by ratio studies.
- 59. Does the appraisal district employ the three approaches to value in appraising multifamily property?**

- Review how cost, sales comparison and the income approach are used when valuing commercial property.
 - Review demonstration of properties appraised using multiple approaches.
- 60. Does the appraisal district collect local income and expense data?**
- Review the appraisal district’s process for collecting income and expense data.
 - Review samples of income surveys and/or data collected.
 - Review how data is verified and used with a demonstration from appraisal staff.
- 61. Does the appraisal district maintain automated income data to analyze reported sales, revenue and expense data to develop typical market rents and other income, vacancy ratios, expense ratios, capitalization rates and/or gross rent multipliers?**
- Review the appraisal district’s processes on maintaining automated income data.
 - Review income screens, reports and/or spreadsheets.

CATEGORY C: VACANT LAND
CATEGORY E: RURAL LAND, NOT QUALIFIED FOR OPEN-SPACE APPRAISAL
PROPERTY VALUATION
(If Applicable)

The Comptroller’s *Texas Property Tax Assistance Property Classification Guide* states that, generally, Category C1 property is small vacant tracts of land that are typically most suited for use as a building site and do not have the potential to qualify for agricultural use. These properties may be idle tracts in some stage of development or awaiting construction, tracts planned for residential structures, recreational lots or commercial and industrial building sites. Because property use determines classification, there is no minimum or maximum size requirement for Category C1.

It also states that Category E includes only rural land that is not qualified for productivity valuation and the improvements on that land, including residences. Appraisal districts may report any size tract in Category E.

As always, primary use is the determining factor in classifying property. If the land is used as residential inventory, commercial, industrial or other purposes, classify the property by that use. Likewise, if the land qualifies as open-space land for productivity appraisal, the use determines its classification as Category D1. If the land does not fit in these other categories, report it in Category E.

Data Needs

- Access to CAMA database
- Access to sales files
- Cost schedule adjustments for previous three years
- Land appraisal manual
- Land cost schedules
- Ratio studies for previous three years

Questions

- 62. Are sales ratio studies regularly conducted for vacant land?**
- Review ratio studies conducted for vacant land in the previous three years.

- Verify that ratio studies are conducted at least annually.
- 63. Does the appraisal district annually review and update land cost schedules based on ratio study results?**
- Review the appraisal district’s cost schedules and the updates made in the previous year.
 - Review sample property record cards and analyze cost schedule data, effective age, obsolescence, adjustments and flat values.
 - Verify that land cost schedules are updated annually if indicated by ratio studies.
- 64. Is the land valuation process clearly documented?**
- Review the land valuation procedures.
 - i. Either stand alone or as a part of the appraisal manual.
 - Verify that the procedures clearly address:
 - i. Stratification and market delineation.
 - ii. Highest and best use determinations.
 - iii. Appropriate units of comparison for various types of land.
 - iv. Adjustments for site and location attributes, such as topography and view, determination and application.
 - v. Years of sales used.
 - vi. Land appraisal in areas with few vacant land sales.
- 65. Are adjustment factors regularly developed for relevant features based on market analysis?**
- Review the process used to develop and apply adjustment factors for relevant features.
 - i. Available utilities, topography, street type or traffic, golf or water frontage, view, and other amenities.
 - Verify that the appraisal district has factored in features that will affect market values.

CATEGORY D1: QUALIFIED OPEN-SPACE LAND
CATEGORY D2: FARM AND RANCH IMPROVEMENTS
SPECIAL USE VALUATION
(If Applicable)

The Comptroller’s *Texas Property Tax Assistance Property Classification Guide* states that Category D1 includes all acreage qualified for productivity valuation under Texas Constitution, Article VIII, 1-d or 1-d-1, and Tax Code Chapter 23, Subchapters C, D, E and H.

It also states that Category D2 includes improvements, other than residences, associated with land reported as Category D1. These improvements include all barns, sheds, silos, garages and other improvements associated with farming or ranching.

Data Needs

- Access to CAMA database
- List of properties designated for agricultural use
- Previous year calculations of net to land
- Resource materials used in determining productivity values (survey data/third-party data)
- Spreadsheets or other documents used to compile survey results for productivity values

Questions

- 66. Did the appraisal district calculate net to land for each of the five years in the appropriate period and determine a five-year average net to land as stated in Tax Code Section 23.51(4)?**

- Review agricultural categories to verify whether the appraisal district bases net to land calculations on appropriate years and cap rates.
- Review the appraisal district's previous year net to land calculations.
- Verify the appraisal district calculated net to land for each of the five years in the appropriate period and determined a five-year average net to land as stated in Tax Code Section 23.51(4).

67. Did the appraisal district use acceptable income and expense data in its calculations of net to land?

- Determine what income and expense data the appraisal district uses in its calculations of net to land.
- Review actual income/expense information – not just summary worksheet – review source data.
- Verify information used is acceptable and calculations are reproducible for each land type.

68. Are the expense items and the income items reproducible?

- Using resource materials, determine if you can reproduce the expense items and the income items.
- Sum the income items, sum the expense items, and subtract expense items from income items to determine net to land.

69. Is the appraisal district using its calculated values on land designated for agricultural use?

- Using the listing of properties designated for agricultural use, verify that the appraisal district used its calculated values in the previous year.

**CATEGORY F1: COMMERCIAL REAL
PROPERTY VALUATION**
(If Applicable)

The Comptroller's *Texas Property Tax Assistance Property Classification Guide* states that Category F1 property includes land and improvements associated with businesses that sell goods or services to the public. Businesses considered commercial businesses include wholesale and retail stores, shopping centers, office buildings, restaurants, hotels and motels, gas stations, parking garages and lots, auto dealers, repair shops, finance companies, insurance companies, savings and loan associations, banks, credit unions, clinics, nursing homes, hospitals, marinas, bowling alleys, golf courses and mobile home parks.

Data Needs

- Access to CAMA system
- Access to sales files
- Commercial appraisal manual
- Commercial cost schedules
- Cost schedule adjustments for previous four years
- Ratio studies for previous four years

Questions

70. Are sales ratio studies regularly conducted for commercial properties?

- Review ratio studies that are conducted for commercial properties in the previous three years.

- Verify whether ratio studies are conducted at least annually.
- 71. Does the appraisal district annually review and update commercial cost schedules?**
- Review the appraisal district’s cost schedules and the updates made in the previous year.
 - Review sample property record cards and analyze cost schedule data, effective age, obsolescence, adjustments and flat values.
 - Verify that commercial cost schedules are updated annually if indicated by ratio studies.
- 72. Does the appraisal district employ the three approaches to value in appraising commercial property?**
- Review how cost, sales comparison and income approached are used when valuing commercial property.
 - Review demonstration of properties appraised using multiple approaches.
- 73. Does the appraisal district collect local income and expense data?**
- Review the appraisal district’s process the appraisal district for collecting income and expense data.
 - Review samples of income surveys and/or data collected
 - Verify how data is verified and used with a demonstration from appraisal staff.
- 74. Does the appraisal district maintain automated income data to analyze reported sales, revenue and expense data to develop typical market rents and other income, vacancy ratios, expense ratios, capitalization rates and/or gross rent multipliers?**
- Review the appraisal district’s processes on maintaining automated income data.
 - Verify the use income screens, reports and/or spreadsheets.

CATEGORY G: OIL AND GAS, MINERALS AND OTHER SUBSURFACE INTERESTS
PROPERTY VALUATION
(If Applicable)

The Comptroller’s *Texas Property Tax Assistance Property Classification Guide* states that Category G includes the non-exempt value of oil and gas, other minerals and certain interests in subsurface land. Mines, quarries, limestone, sand, caliche, gravel and other substances that are part of the land are not minerals, but are classified in Category G, as subsurface interests in land. In addition, equipment used to produce products is considered Category G property and should be reported in the applicable sub-category.

Data Needs

- Board of director’s meeting minutes
- Interview with chief appraiser and/or appraisal district staff
- Contract management procedures for appraisal services contract(s)
- Written process or procedures for reviewing, verifying or evaluating contractors.

Questions

- 75. Does the appraisal district verify values submitted by the appraisal firm for the appraisal of oil and gas, mineral or other subsurface interests?**
- Determine if the appraisal district contracts for oil and gas, mineral and subsurface interests.
 - Verify the appraisal district is reviewing the values from the contractor.

- Interview the chief appraiser or designee and have them demonstrate the process for reviewing the values submitted by the contractor.
- 76. Did the board of directors vote on and adopt the contract(s)?**
- Review board of director minutes to determine if the board of directors approved the contract(s).
- 77. Does the appraisal firm specify appraisal services for Category G and are the appraisal services being performed as indicated in the contract?**
- Review all current appraisal firm contract(s).
 - Interview the chief appraiser or designee and have them demonstrate how they verify the appraisal services indicated in the contract are being completed by the appraisal firm.
- 78. Does the appraisal district follow a process or procedure for reviewing, verifying or evaluating the work of their appraisal contractors for accuracy and uniformity?**
- Review all current appraisal services contract(s).
 - Review the appraisal districts process or procedures for reviewing, verifying or evaluating contractors.
 - Interview the chief appraiser or designee and have them demonstrate the process used to review, verify and evaluate the work of their contractors for each contract with examples.
 - Verify that the appraisal district is following their procedures for reviewing, verifying or evaluating contractors.

CATEGORY J: REAL AND PERSONAL PROPERTY: UTILITIES
PROPERTY VALUATION
(If Applicable)

The Comptroller's *Texas Property Tax Assistance Property Classification Guide* states that Category J property includes the real and personal property of utility companies and co-ops. Usually, utility companies supply continuous or repeated services through permanent physical connections between a plant and a consumer.

Data Needs

- Board of director's meeting minutes
- Interview with chief appraiser and/or appraisal district staff
- Contract management procedures for appraisal services contract(s)
- Written process or procedures for reviewing, verifying or evaluating contractors.

Questions

- 79. Does the appraisal district verify values submitted by the appraisal firm for the appraisal of utilities?**
- Determine if the appraisal district contracts for utilities.
 - Verify the appraisal district is reviewing the values from the contractor.
 - Interview the chief appraiser or designee and have them demonstrate the process for reviewing the values submitted by the contractor.
- 80. Did the board of directors vote on and adopt the contract(s)?**
- Review board of director minutes to determine if the board of directors approved the contract(s).

81. Does the appraisal firm specify appraisal services for Category J and are the appraisal services being performed as indicated in the contract?

- Review all current appraisal firm contract(s).
- Interview the chief appraiser or designee and have them demonstrate how they verify the appraisal services indicated in the contract are being completed by the appraisal firm.

82. Does the appraisal district follow a process or procedure for reviewing, verifying or evaluating the work of their appraisal contractors for accuracy and uniformity?

- Review all current appraisal services contract(s).
- Review the appraisal districts process or procedures for reviewing, verifying or evaluating contractors.
- Interview the chief appraiser or designee and have them demonstrate the process used to review, verify and evaluate the work of their contractors for each contract with examples.
- Verify that the appraisal district is following their procedures for reviewing, verifying or evaluating contractors.

**CATEGORY L1: COMMERCIAL PERSONAL
PROPERTY VALUATION**
(If Applicable)

The Comptroller's *Texas Property Tax Assistance Property Classification Guide* states that Category L1 includes the personal property of businesses that sell goods or services to the public. Commercial personal property includes merchandise inventory, supplies, computers, cash registers, other moveable business equipment, furniture and fixtures in the store; and furniture, fixtures, equipment, supplies and inventory located in the office building. Not all personal property stored in a warehouse is considered commercial personal property.

Data Needs

- Access to CAMA database
- Access to personal property renditions
- Demonstration of personal property discovery and valuation process
- Personal property appraisal manual
- Rendition penalty notifications

Questions

83. Does the appraisal district systematically employ several methods to discover taxable personal property?

- Review the appraisal district procedures for personal property discovery.
- Verify the appraisal district is utilizing the following methods of discovery and review examples:
 - i. Annual canvass.
 - ii. Self-declaration.
 - iii. Desk or telephone audits.
 - iv. Physical inspections.

84. Does the appraisal district deliver personal property rendition forms to owners of taxable personal property?

- Review the appraisal district's procedures for delivering or making available rendition forms to property owners.

- Verify that rendition forms are delivered or made available.

85. Is the appraisal district verifying rendered values and depreciating values?

- Review the appraisal district's procedures on receiving and reviewing personal property renditions.
- Verify how the appraisal district reviews and authenticates the information provided in the rendition against the information discovered in discovery.

86. Did the appraisal district impose penalties for persons who failed to file a timely rendition?

- Choose a sample of five properties from the list of personal property accounts that did not render or rendered late in the previous year.
- Request copies of the notices of the imposition of penalties and a copy of the certification to the assessor for each taxing unit participating in the appraisal district of the imposed penalties for failing to render timely.
- Verify the appraisal district-imposed penalties for persons who failed to file a timely rendition.