

# Liberty County Central Appraisal District

P. O. Box 10016 -- 2030 Sam Houston -- Liberty, TX 77575-2916

www.libertycad.com

## MEMBERS OF THE BOARD

Larry Wadzeck -- Chair.  
Billy Yarbrough -- Vice Chair.  
John Hebert Jr. -- Sec.  
Mark Sjolander  
Bobby Ray Coats  
Richard L. Brown -- Ex-Officio



**CHIEF ADMINISTRATOR**  
Lana McCarty

## MAIN OFFICE -- LIBERTY

Phone (936) 336-5722

## CLEVELAND BRANCH OFFICE

Phone (281) 593-1605

## DAYTON BRANCH OFFICE

Phone (936) 257-8395

Date: July 3, 2018

To: All Taxing Units

From: Lana McCarty 

Re: 2018 Certified Values and 2019 Final Operating Budget and  
Reappraisal Plan

Please find enclosed the certified values for 2018 and the Final 2019 Budget. Also, enclosed you will find an extra copy of the certification letter and a return envelope. Please sign the extra certification letter and return to the Appraisal District. Thank you in advance for your cooperation. If you have any questions please feel free to call.


**RESOLUTION  
#220**

**Resolution Adopting the 2019 Final Budget and Reappraisal Plan for  
the  
Liberty County Central Appraisal District**


**In the amount of \$ 3,518,230**

**BE IT RESOLVED by the Liberty County Central Appraisal District Board  
of Directors that the Final 2018 Budget in the amount of \$ 3,518,230**

**ADOPTED, this the 28th day of June, 2018.**

  
Chairman, Larry Wadzeck  
Liberty County Central Appraisal  
District

**Attest:**

  
Vice Chairman, Billy Yarbrough  
Liberty County Central Appraisal  
District

Date: May 18, 2018

To: All Taxing Units  
Liberty CAD Board of Directors

From: Lana McCarty

Re: 2019 Operating Budget Proposal and Reappraisal Plan for 2019-2020

The Texas Property Tax Code under Section 6.06 requires the Chief Appraiser to prepare a proposed budget for the following tax year and submit copies to each taxing unit and to the District's Directors by June 15. In addition, all voting taxing units (county, cities, & schools) shall maintain a copy of the proposed Budget and Reappraisal Plan for public inspection at their principal administrative office.

In accordance with Section 6.06 of the Property Tax Code, I am submitting the attached Budget proposal and Reappraisal Plan for the 2019 year. The Board of Directors annually appoints a committee of members to assist the Chief Appraiser with salaries and other major items. The following served on the budget committee:

Bobby Ray Coats	CAD Board Member
Mark Sjolander	CAD Board Member
Angela Maselli	Liberty County
Theo Meloncon	City of Dayton
Dennis Shaw	Tarkington ISD

The Board will hold their public hearing on the proposed budget on June 28, 2018 at 9:30 A.M. The final budget adoption must be prior to September 15<sup>th</sup>. Normally, the budget is adopted by the Board of Directors at the June or July regular meeting.

We welcome your comments on our proposed Budget or the operation of the District. Please call, fax or email comments.

Phone: 936-336-5722  
Fax: 936-334-9381  
Email: [lmccarty@libertycad.com](mailto:lmccarty@libertycad.com)

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# Tab 1

# **Liberty County Central Appraisal District**

## **2018 Board of Directors**

Larry Wadzeck  
Chairman

Billy Yarbrough  
Vice-Chairman

John Hebert  
Secretary

Bobby Coats  
Member

Mark Sjolander  
Member

Richard Brown  
Ex-Officio  
Member

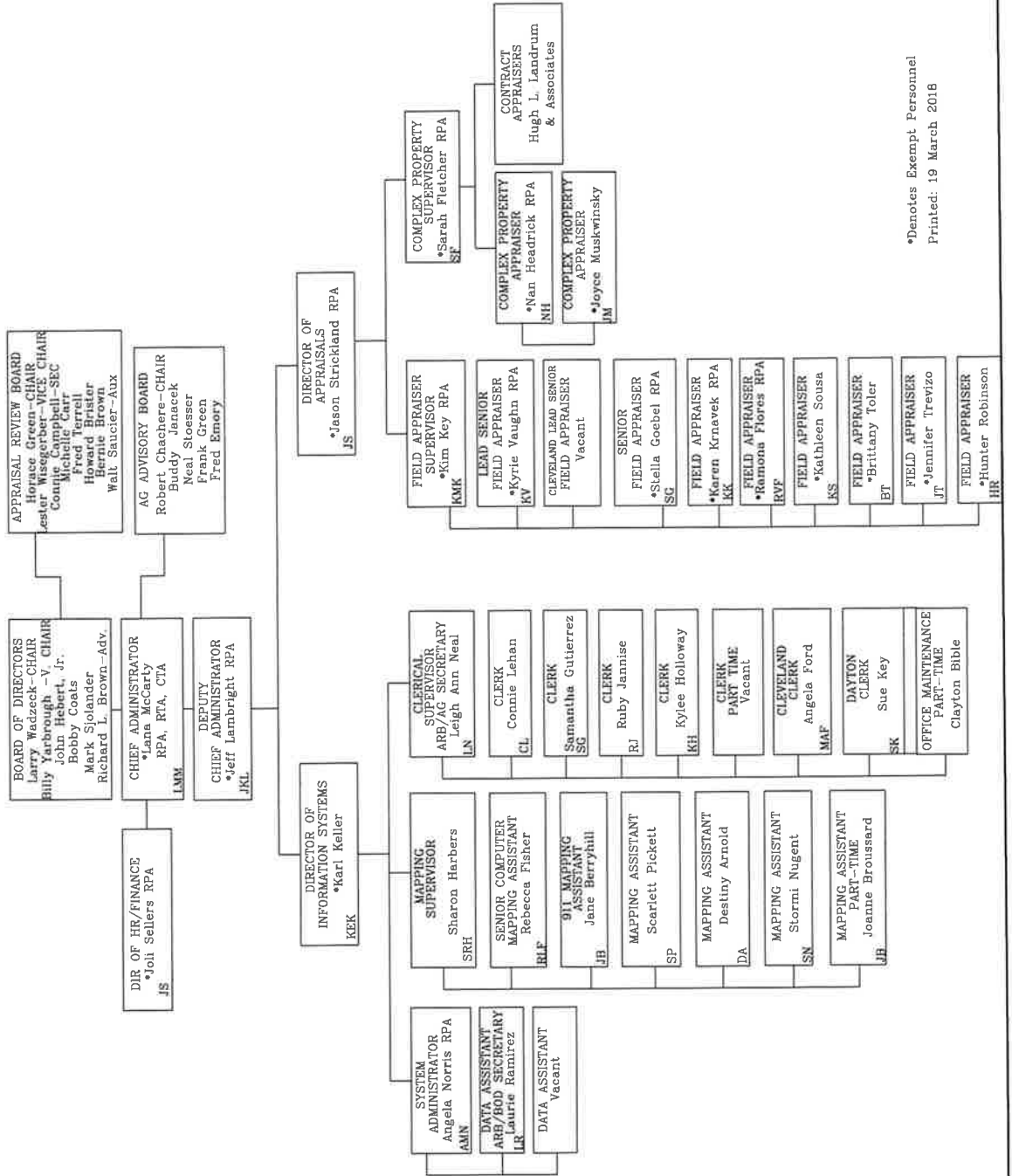
## **Administration**

Lana McCarty  
Chief Appraiser

# Tab 2



# LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT ORGANIZATIONAL CHART



\*Denotes Exempt Personnel  
Printed: 19 March 2018

# Tab 3

# LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT 2019 BUDGET SUMMARY

<b>ESTIMATED REVENUES</b>	<b>2018</b>	<b>2019</b>
TAXING UNITS	\$3,184,550	\$3,513,730 *
INTEREST INCOME	\$500	\$500
OTHER INCOME	\$4,000	\$4,000
<i>TOTAL ESTIMATED REVENUES</i>	<b>\$3,189,050</b>	<b>\$3,518,230</b>
 <b>ESTIMATED EXPENDITURES</b>		
SALARIES	\$1,693,650	\$1,797,120
EMPLOYEE BENEFITS	\$596,050	\$583,460
INSURANCE	\$21,750	\$21,750
OPERATING EXPENSES	\$514,600	\$745,400
COMPUTER	\$172,000	\$188,500
CONTRACT SERVICES	\$104,000	\$111,000
CONTINGENCY FUND	\$20,000	\$20,000
CAPITAL OUTLAY	\$5,000	\$10,000
DEBT SERVICE	\$62,000	\$41,000
<i>TOTAL ESTIMATED EXPENDITURES</i>	<b>\$3,189,050</b>	<b>\$3,518,230</b>
 <b>OTHER INCOME (EXPENSE)</b>		
TAXING ENTITY CONTRIBUTION OF 50% OF 2017 EXCESS	\$23,341	XXXXXXX
DEBT SERVICE VOLUNTARY PAYDOWN	\$23,341	XXXXXXX

\*INCLUDES FUNDS OF \$60,000 FROM LIBERTY COUNTY FOR 911.

# Tab 4

CODE	BUDGET CATEGORY	2018 BUDGET	2019 BUDGET	CHANGES	% CHANGE
501	SALARIES	\$1,659,250	\$1,711,320	\$52,070	3.14%
503	MEDICARE TAX	\$24,900	\$26,300	\$1,400	5.62%
507	MERIT INCREASES	\$0	\$50,000	\$50,000	#DIV/0!
506	OVERTIME, OTHER	\$2,500	\$2,500	\$0	0.00%
505	VACATION PAY	\$7,000	\$7,000	\$0	0.00%
	<b>SALARY TOTAL</b>	<b>\$1,693,650</b>	<b>\$1,797,120</b>	<b>\$103,470</b>	<b>6.11%</b>
502	RETIREMENT BENEFITS	\$251,450	\$258,490	\$7,040	2.80%
504	HOSPITALIZATION INS.	\$344,600	\$324,970	(\$19,630)	-5.70%
	<b>BENEFIT TOTAL</b>	<b>\$596,050</b>	<b>\$583,460</b>	<b>(\$12,590)</b>	<b>-2.11%</b>
580	WORKERS COMPENSATION	\$3,750	\$3,750	\$0	0.00%
585	FIRE & THEFT	\$6,000	\$7,000	\$1,000	16.67%
590	UNEMPLOYMENT INS.	\$9,000	\$8,000	(\$1,000)	-11.11%
595	LIABILITY INSURANCE	\$3,000	\$3,000	\$0	0.00%
	<b>INSURANCE TOTAL</b>	<b>\$21,750</b>	<b>\$21,750</b>	<b>\$0</b>	<b>0.00%</b>
605	CLEANING SERVICES	\$500	\$500	\$0	0.00%
610	OTHER EXPENSES	\$4,100	\$4,100	\$0	0.00%
615	OFFICE SUPPLIES	\$22,500	\$22,500	\$0	0.00%
620	POSTAGE	\$35,000	\$32,000	(\$3,000)	-8.57%
625	LEGAL SERVICES	\$80,000	\$200,000	\$120,000	150.00%
630	OFFICE RENTAL	\$30,500	\$30,000	(\$500)	-1.64%
635	OFFICE MAINTENANCE	\$10,000	\$12,500	\$2,500	25.00%
	Shred It	\$2,700	\$2,700		
	Plumbing	\$700	\$700		
	Liberty Pest Control	\$380	\$380		
	Air Conditioning	\$7,500	\$7,500		
	Electrical	\$1,200	\$1,200	\$12,480	
645	MAPPING	\$90,000	\$93,000	\$3,000	3.33%
	ESRI	\$10,000	\$10,000		
	Pictometry	\$61,000	\$61,000		
	ChangeFinder	\$20,000	\$20,000		
	Plotter Supplies	\$1,600	\$1,600		
	CC machine	\$500	\$500	\$93,100	
655	TELEPHONE	\$20,000	\$23,000	\$3,000	15.00%
660	TRAVEL EXPENSES	\$15,000	\$15,000	\$0	0.00%
665	OFFICE EQUIPMENT MAINT.	\$25,000	\$27,000	\$2,000	8.00%
	Copiers	\$22,000	\$22,000		
	Telephone Equipment	\$3,000	\$3,000		
	Plotter Maintenance	\$2,000	\$2,000	\$27,000	
670	UTILITIES	\$30,000	\$30,000	\$0	0.00%
	City of Liberty	\$21,000	\$22,000		
	City of Cleveland	\$1,000	\$1,000		
	Centerpoint Gas	\$1,000	\$1,000		
	Entergy-Cleveland		\$6,000		
	L.T.'s Garbage	\$1,100	\$1,100	\$31,100	
675	OFFICE FURNITURE	\$4,000	\$3,000	(\$1,000)	-25.00%
680	DUES & MEMBERSHIPS	\$7,000	\$11,500	\$4,500	64.29%
	TDLR Licenses	\$1,300	\$2,500		
	TAAD/AAO/TAAO	\$6,000	\$6,500		
	Other Memberships	\$2,500	\$2,500	\$11,500	
683	LEGAL NOTICES	\$3,000	\$2,500	(\$500)	-16.67%
685	APPRAISAL REVIEW BOARD	\$28,000	\$42,000	\$14,000	50.00%
686	EDUCATION	\$12,000	\$17,000	\$5,000	41.67%
687	AUDIT	\$7,500	\$8,000	\$500	6.67%
690	BOND	\$700	\$700	\$0	0.00%
691	APPRAISAL SERVICES	\$7,500	\$13,700	\$6,200	82.67%
	CoStar	\$4,000	\$4,000		
	Marshall & Swift	\$5,400	\$5,400		
	RERC & Infonation	\$2,200	\$2,300		
	Ala Mode	\$2,000	\$2,000	\$13,700	
692	JANITORIAL SUPPLIES	\$3,000	\$2,000	(\$1,000)	-33.33%
696	CAR MILEAGE	\$34,000	\$110,000	\$76,000	223.53%
	100 miles per day at .545 = 54.50				
	54.50 x 20 days x 8 months= 8,720				
	8,720 x 13 field appraisers = 113360				
697	CAR ALLOWANCES	\$45,300	\$44,400	(\$900)	-1.99%
	<b>OPERATING EXP. TOTAL</b>	<b>\$514,600</b>	<b>\$745,400</b>	<b>\$230,800</b>	<b>44.85%</b>
693	COMPUTER & SOFTWARE	\$150,000	\$168,000	\$18,000	12.00%
	IMS Computer Virus Protection	\$30,410	\$21,336		0.00%
	Harris Govern CAMA	\$100,200	\$110,000		0.00%
	BIS Consulting	\$15,000	\$15,000		0.00%
	Comcast Internet	\$3,000	\$3,000		0.00%
	Ipad Replacement	\$1,000	\$4,000		0.00%
	Lexis Nexis	\$1,600	\$0		0.00%
	AT&T Fiber lines/fax	\$4,400	\$4,000		0.00%
	Cleveland Internet	\$3,600	\$4,000		0.00%
	Other Software Expenses/Quickbooks	\$2,000	\$3,000	\$164,336	8216.80%
694	COMPUTER PAPER GOODS	\$3,500	\$2,000	(\$1,500)	-42.86%
695	FORMS	\$18,500	\$18,500	\$0	0.00%
	<b>COMPUTER TOTAL</b>	<b>\$172,000</b>	<b>\$188,500</b>	<b>\$16,500</b>	<b>9.59%</b>
688	MAIL MACHINE	\$6,000	\$6,000	\$0	0.00%
689	VALUATION FIRM	\$98,000	\$105,000	\$7,000	7.14%
	<b>CONTRACT TOTAL</b>	<b>\$104,000</b>	<b>\$111,000</b>	<b>\$7,000</b>	<b>6.73%</b>
698	CONTINGENCY FUND	\$20,000	\$20,000	\$0	0.00%
600	CAPITAL OUTLAY	\$5,000	\$10,000	\$5,000	100.00%
700	DEBT SERVICE	\$62,000	\$41,000	(\$21,000)	-33.87%
	Computer Server Loan	\$30,000	\$22,000		
	Building Loan	\$20,000	\$0		
	Ipad Loan	\$12,000	\$0		
	Building Remodel Loan	\$0	\$19,000	\$41,000	
	<b>GRAND TOTAL</b>	<b>\$3,189,050</b>	<b>\$3,518,230</b>	<b>\$329,180</b>	<b>10.32%</b>

# Tab 5

# **Tab 7**

LIBERTY COUNTY CAD BUDGET ALLOCATION FOR 2019

4/19/2018

TAXING UNITS	*2017 TOTAL LEVY	% OF TOTAL	2018 ALLOCATION	2019 ALLOCATION	CHANGE
<b>COUNTY</b>					
LIBERTY COUNTY	31,766,311	27.1695%	845,683.31	937,817.80	92,134.49
911 ADDRESS CONTRACT			60,000.00	60,000.00	0.00
<b>TOTAL COUNTY</b>			<b>905,683.31</b>	<b>997,817.80</b>	<b>92,134.49</b>
<b>SCHOOLS</b>					
CLEVELAND ISD	14,986,438	12.8178%	378,596.70	442,435.85	63,839.15
DAYTON ISD	24,464,397	20.9242%	660,025.88	722,246.89	62,221.01
DEVERS ISD	1,824,433	1.5604%	54,332.37	53,860.79	(471.58)
HARDIN ISD	5,653,287	4.8352%	147,802.78	166,898.05	19,095.27
HULL-DAISETTA ISD	3,112,792	2.6623%	86,116.81	91,895.41	5,778.60
LIBERTY ISD	12,400,093	10.6057%	342,593.70	366,080.13	23,486.43
TARKINGTON ISD	6,129,795	5.2428%	157,432.73	180,967.30	23,534.57
<b>CITIES</b>					
AMES	250,762	0.2145%	7,097.56	7,403.96	306.40
CLEVELAND	2,822,217	2.4138%	77,682.80	83,317.86	5,635.06
DAISETTA	143,876	0.1231%	3,790.78	4,249.08	458.30
DAYTON	4,903,531	4.1939%	128,393.01	144,762.10	16,369.09
DAYTON LAKES	15,683	0.0134%	455.89	462.53	6.64
DEVERS	42,206	0.0361%	880.56	1,246.07	365.51
HARDIN	83,178	0.0711%	2,113.97	2,454.18	340.21
LIBERTY	3,654,468	3.1256%	100,124.57	107,887.27	7,762.70
MONT BELVIEU	6,573	0.0056%	128.02	193.30	65.28
<b>WCID</b>					
#1	604,915	0.5174%	15,772.00	17,859.25	2,087.25
#5	424,094	0.3627%	12,003.08	12,519.42	516.34
#6	0	0.0000%	0.00	0.00	0.00
HULL FRESH WATER	0	0.0000%	0.00	0.00	0.00
<b>DRAINAGE DISTRICTS</b>					
#1	355,661	0.3042%	10,576.08	10,500.16	(75.92)
#2	279,413	0.2390%	7,978.12	8,249.63	271.51
#4	197,937	0.1693%	5,667.43	5,843.78	176.35
<b>ESDS/FIRE DISTRICTS</b>					
#1	74,385	0.0636%	2,085.86	2,195.30	109.44
#2	234,484	0.2006%	6,479.29	6,924.17	444.88
#3	73,282	0.0627%	2,051.52	2,164.23	112.71
#7	85,212	0.0729%	2,213.89	2,516.31	302.42
<b>SPECIAL DISTRICTS</b>					
NAVIGATION ZONE CONTRACT	163,337	0.1397%	5,192.80	4,822.07	(370.73)
<b>TOTAL NAVIGATION</b>			<b>7,192.80</b>	<b>6,822.07</b>	<b>(370.73)</b>
HOSPITAL DISTRICT #1	2,166,423	1.8529%	59,278.49	63,957.11	4,678.62
<b>TOTAL</b>	<b>116,919,183</b>	<b>100.000%</b>	<b>3,184,550.00</b>	<b>3,513,730.00</b>	<b>329,180.00</b>

\*TAX LEVY AS OF 04/13/2018- SUPPLEMENT #14 FOR 2017



# Tab 8

**2019 LIBERTY COUNTY CAD  
BUDGET ALLOCATION  
PAYMENT SCHEDULE**

<b>TAXING ENTITIES</b>	<b>2019 TOTAL ALLOCATION</b>	<b>FIRST QUARTER PAYMENT 12/31/18</b>	<b>SECOND QUARTER PAYMENT 3/31/2019</b>	<b>THIRD QUARTER PAYMENT 6/30/2019</b>	<b>FOURTH QUARTER PAYMENT 9/30/2019</b>
COUNTY	997,817.80	249,454.45	249,454.45	249,454.45	249,454.45
CLEVELAND ISD	442,435.85	110,608.96	110,608.96	110,608.96	110,608.97
DAYTON ISD	722,246.89	180,561.72	180,561.72	180,561.72	180,561.73
DEVERS ISD	53,860.79	13,465.20	13,465.20	13,465.20	13,465.19
HARDIN ISD	166,898.05	41,724.51	41,724.51	41,724.51	41,724.52
HULL-DAISETTA ISD	91,895.41	22,973.85	22,973.85	22,973.85	22,973.86
LIBERTY ISD	366,080.13	91,520.03	91,520.03	91,520.03	91,520.04
TARKINGTON ISD	180,967.30	45,241.83	45,241.83	45,241.83	45,241.81
CITY OF AMES	7,403.96	1,850.99	1,850.99	1,850.99	1,850.99
CITY OF CLEVELAND	83,317.86	20,829.47	20,829.47	20,829.47	20,829.45
CITY OF DAISETTA	4,249.08	1,062.27	1,062.27	1,062.27	1,062.27
CITY OF DAYTON	144,762.10	36,190.53	36,190.53	36,190.53	36,190.51
CITY OF DAYTON LAKES	462.53	115.63	115.63	115.63	115.64
CITY OF DEVERS	1,246.07	311.52	311.52	311.52	311.51
CITY OF HARDIN	2,454.18	613.55	613.55	613.55	613.53
CITY OF LIBERTY	107,887.27	26,971.82	26,971.82	26,971.82	26,971.81
CITY OF MONT BELVIEU	193.30	48.33	48.33	48.33	48.31
WCID #1	17,859.25	4,464.81	4,464.81	4,464.81	4,464.82
WCID #5	12,519.42	3,129.86	3,129.86	3,129.86	3,129.84
WCID #6	0.00	0.00	0.00	0.00	0.00
HULL FRESH WATER	0.00	0.00	0.00	0.00	0.00
DD #1	10,500.16	2,625.04	2,625.04	2,625.04	2,625.04
DD #2	8,249.63	2,062.41	2,062.41	2,062.41	2,062.40
DD #4	5,843.78	1,460.95	1,460.95	1,460.95	1,460.93
ESD #2	6,924.17	1,731.04	1,731.04	1,731.04	1,731.05
ESD #3	2,164.23	541.06	541.06	541.06	541.05
ESD #1	2,195.30	548.83	548.83	548.83	548.81
ESD #7	2,516.31	629.08	629.08	629.08	629.07
NAVIGATION DIST	6,822.07	1,705.52	1,705.52	1,705.52	1,705.51
HOSPITAL DISTRICT #1	63,957.11	15,989.28	15,989.28	15,989.28	15,989.27
<b>TOTAL</b>	<b>3,513,730.00</b>	<b>878,432.54</b>	<b>878,432.54</b>	<b>878,432.54</b>	<b>878,432.38</b>

# Tab 9

## General Provisions

### Staff and Compensation:

The 2019 staff will consist of thirty-four (34) full time employees and two (2) part time employees. The budget includes cola of 2.2% and a new category for merit raises rather than across the board raises.

### Health, Dental, Life and Accidental Death & Disability:

The District provides the above described benefit for all full time employees as provided by Board policy #307. The District advertises for bids on Health Insurance each year in October. The District's monthly actual cost per employee for 2015-2018 and projected cost for 2019 is as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Health	\$789.04	\$763.74	\$801.93	\$712.05	\$750.00
Dental	\$ 30.05	\$ 31.25	\$ 35.33	\$ 35.58	\$ 38.00
Life	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00
AD&D	\$ .50	\$ .50	\$ .50	\$ 0.50	\$ .50

### Texas County & District Retirement System (TCDRS):

This budget provides for an employee contribution rate of 7% of salary. The District's contribution rate for 2018 is 14.67 % and the projected 2019 rate of 14.24% with eight (8) year vesting and a matching rate of 250%. Additionally, the District's plan provides for a supplemental death benefit of one (1) year salary for employees or \$5,000 for retirees.

### Social Security:

The District does not participate in the Federal Old Age, Survivors and Disability Insurance Program.

### Federal Medicare:

All District employees participate in the Medicare portion of the Federal Insurance Contribution Act. Employees contribute at a rate of 1.45% which is matched by the District.

**Worker's Compensation Insurance:**

All employees are protected by Worker's Compensation Insurance. The District participates in the Texas Association of Counties Self Insurance Pool. Below is the historical rate for the last eight (8) years:

	<u>Appraisers</u>	<u>Clerical</u>
2012	.13	.37
2013	.13	.39
2014	.13	.39
2015	.23	.28
2016	.23	.28
2017	.16	.35
2018	.11	.34

**Unemployment Insurance:**

The historical annual contribution rate under Chapter 204 Subchapter F of Texas Unemployment Compensation Act are as follows:

2012	2.90 %
2013	.10 %
2014	2.30 %
2015	.10 %
2016	1.90 %
2017	.10 %
2018	1.80 %

**Incentive Pay:**

The District provides for longevity pay to all full time employees after one (1) year of continuous employment as provided by Board policy #221. Qualifying employees will be paid eight dollars (\$8.00) per month for each year of continuous service. Additionally, this policy allows employees to sell back sick hours in excess of 50% of the sick hours accrued for the current year at a rate of \$10.00/Hour. Incentive raises are awarded to appraisers upon completion of certain educational requirements. A \$500 annual increase in salary for completion of a course including exam approved by the Chief Appraiser. A 10% increase in annual salary for successful completion of either the Texas Department of Licensing and Regulation (TDLR) Class III or Class IV RPA Exam. Currently, the District has thirteen (13) Certified Registered Professional Appraisers (RPA) out of the eighteen (18) appraisers who are registered with the Texas Department of Licensing and Regulation (TDLR). The District will also be

offering stipend pay in compliance with the incentive pay policy for educational degrees.

**Mileage/ Car Allowance:**

Employees or Board Members who use their privately owned vehicles on official District business are authorized reimbursement at a rate authorized by the Internal Revenue Service as the standard mileage deduction rate. The current rate for 2018 is \$.545/mile. The budget provides for a car allowance of \$750/month for the Deputy Chief Appraiser and \$1000/month for the Chief Appraiser. The reimbursement for field appraisers will be the standard mileage deduction rate plus \$125.00 per month car allowance. The Senior Assistant Chief Appraiser will be the standard mileage rate plus a car allowance of \$200.00 per month.

**Travel Expenses:**

Employees or Board Members may be reimbursed for meal, lodging and other expenses incurred while traveling outside the District boundaries on official business as provided by Board policy #206. All monies spent during travel must be supported with receipts. A person may not claim reimbursement for the purchase of alcoholic beverages.

**Appraisal Review Board Member Compensation:**

ARB members are paid \$150 per meeting as provided by Board Policy #131. The ARB is currently comprised of seven (7) members plus one (1) Auxiliary member and meets 20 to 25 times per year. An Auxiliary member may voluntarily attend a meeting of the Appraisal Review without compensation. As provided by Board Policy # 120, the ARB Chairman may request the attendance of the Auxiliary member to facilitate to hearing process and at such time the Auxiliary member will be compensated at \$150 per meeting. HB 1887 provides that the Appraisal District attorney cannot represent the ARB unless the ARB is made a party to a property owner lawsuit under Chapter 42 of Property Tax Code. The budget provides for \$4,000 for the Appraisal Review Board to hire an attorney.

**Sick Leave:**

A full time employee must be employed for 90 days before sick leave can be granted. Sick leave will accrue per year according to the following lengths of employment:

90 Days to 1 Year	40 Hours
1 Year to 5 Years	80 Hours
5 Years on	160 Hours

Unused sick leave may be carried over from year to year until the maximum of 400 hours is reached.

Employees shall not be reimbursed for unused sick leave upon separation or retirement unless specifically approved by the Chief Appraiser. Emergency leave of up to 5 days per year may be granted by the Chief Appraiser for family weddings, illness or death.

**Employee Vacations:**

As provided by Board Policy # 210, all full time employees accrue vacation at a rate of 80 hours per year for employment years 1 through 10 and 120 hours per year after 10 years of employment. Vacation may not be taken in the first 6 months of employment without prior approval from the Chief Appraiser. Upon separation employees who have completed 1 year of continuous service will be reimbursed for up to 360 hours of unused vacation.

**Holidays:**

The District will observe the holiday schedule approved by the Liberty County Commissioner's Court.

**Fund Balance:**

According to Section 6.06 (j) of the Property Tax Code, if the District's income exceeds the expenses for a fiscal year, the Chief Appraiser shall return this fund balance to each participating Taxing Unit in proportion to their assessed contribution. This is accomplished by credit to each taxing unit's allocated payment for the fourth quarter of the following fiscal year. The fund balance history for the last eighteen (18) years as determined by District's auditor is as follows:

<u>Year</u>	<u>Balance</u>
1998	\$71,457
1999	\$45,218
2000	\$68,990
2001	\$61,686
2002	\$76,019
2003	\$99,421
2004	\$80,776
2005	\$79,817
2006	\$105,453
2007	\$116,278
2008	\$122,012
2009	\$99,695
2010	\$ 17,895
2011	\$103,842

2012	\$212,942
2013	\$228,713
2014	\$218,820
2015	\$134,498
2016	\$30,543
2017	\$46,682

Also, the 2019 Budget allows for using 50% of the 2018 fund balance as determined by audit to be used as a voluntary pay down of the District's debt service.

**Capital Expenditures:**

For 2019 the District expects to have the capital expenditures for the following items:

Repair and replace the front façade of building	\$10,000
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**Debt Service:**

The District has the following major items budgeted for under debt service:

Computer Hardware Upgrade	\$22,000
Building	\$19,000

**Other:**

The 2019 operating budget includes funds for aerial photography of the County from Pictometry International. The estimated annual cost of the aerial photography is \$81,000 per year for two (2) years.

The District expects an annual cost of \$3,000 for our Employee drug testing policy for 2019. The cost of the plan will be budgeted for under the "other expense" category.

The annual cost of the District's annual maintenance of Harris Govern PACS Appraisal and Collections software will increase from \$100,200 to approximately \$110,000 for 2019.



# Tab 10

# Notice of Public Hearing on Liberty County Appraisal District Budget and Reappraisal Plan

The Liberty County Appraisal District Board of Directors will hold a public hearing on a Proposed Budget and Reappraisal Plan for the 2019 fiscal year.

The public hearing will be held on June 28, 2018 at 9:30 A.M. at the District's office located at 2030 Sam Houston, Liberty, Texas.

A summary of the appraisal district budget follows:

The total amount of the proposed budget.	\$ <u>3,518,230</u>
The total amount of increase over the current year's budget.	\$ <u>329,180</u>
The number of employees compensated the proposed budget.	<u>35</u> <i>(full-time equivalent)</i>
The number of employees compensated the current budget.	<u>34.5</u> <i>(full-time equivalent)</i>

The Appraisal District is supported solely by payments from the local taxing units served by the Appraisal District.

If approved by the Appraisal District Board of Directors at the public hearing, this proposed budget will take effect automatically unless disapproved by the governing bodies of the County, school districts, cities, and towns served by the Appraisal District.

The Reappraisal Plan will take effect upon approval of the Appraisal District Board of Directors.

A copy of the Proposed Budget and Reappraisal Plan is available for public inspection in the office of each governing bodies. A copy is also available for public inspection at the Appraisal District.

# Tab 11

# **LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT REAPPRAISAL PLAN 2018 AND 2019**

## **INTRODUCTION**

According to Texas law, appraisal Districts must establish a plan for the periodic reappraisal of all property within the boundaries of the District. Please see attached Property Tax Code Sections 6.05 and 25.18. In order to comply with state law, the Liberty County Appraisal District set forth and established the following reappraisal plan.

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

- (A) Each appraisal office shall implement the plan for periodic reappraisal of property approved by the board of directors under section 6.05(i).
- (B) The plan shall provide for the following reappraisal activities for all real and personal property in the District at least once every three years:
  - (1) Identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps, and property sketches;
  - (2) Identifying and updating relevant characteristics of each property in the appraisal records;
  - (3) Defining market areas in the District;
  - (4) Identifying property characteristics that affect property value in each market area, including:
    - (A) The location and market area of the property
    - (B) Physical attributes of property, such as size, age, and condition;
    - (C) Legal and economic attributes; and
    - (D) Easements, covenants, leases, reservations, contracts declarations, special assessments, ordinances, or legal restrictions;
  - (5) Developing an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and determines the contribution of individual property characteristics;
  - (6) Applying the conclusion reflected in the model to the characteristics of the properties being appraised; and
  - (7) Reviewing the appraisal results to determine value.

The Liberty County Central Appraisal District (LCAD) is responsible for the appraisal of all classes of taxable property located within its jurisdictional boundaries. The boundaries include all property located in Liberty County. LCAD is responsible for the appraisal of approximately 93,136 real property parcels; 19,095 mineral accounts; and 4,159 industrial and other personal property accounts. The District serves 28 taxing units. Those taxing units consist of 7 independent school Districts, 9 cities, 1 county, 1 hospital District, and 10 special use Districts, such as navigation, drainage, water supply, and emergency service Districts. LCAD employs an outside appraisal firm, Hugh Landrum & Associates, to appraise minerals, oil and gas, utilities, and various other complex properties. Hugh Landrum & Associates appraisers are also guided by the principles set forth in USPAP.

In mass appraising property for the purpose of ad valorem taxation, LCAD subscribes to the standards established by the International Association of Assessing Officers. In addition, LCAD is guided by the principles set forth in the Appraisal Foundation's "Uniform Standards of Professional Appraisal Practice" (USPAP). In appraising property for ad valorem tax purposes, the District employs generally accepted appraisal methods and techniques. Our appraisers conduct mass appraisal utilizing the three approaches to value: the cost, market, and income approaches.

## Mission Statement

The mission of the Liberty County Appraisal District is to discover, list and appraise all properties in the District at market value on a fair and equitable basis as per statutory requirements; provide information and quality service to all taxing units, taxpayers and other users (i.e. appraisers, lawyers, land men, chambers of commerce) at the most economically cost; treat all taxpayers with the up most respect and courtesy at all times; and strive to maintain an attitude of open-mindedness when seeking to resolve taxpayer disputes or addressing taxing units concerns.

## Legal Requirements

The Texas Constitution contains the laws that form the foundation for the Texas Property Tax Code. The tax code provides an annotated and cross-referenced version of the tax laws that govern property tax administration in Texas. The provisions contained in the Texas Constitution, the Texas Property Tax Code, related case law, and attorney general's opinions, serve as the primary sources of law that govern the activities of the LCAD.

## Reappraisal

Defining market areas in the District; market areas are defined by school district and these areas may be further delineated by subdivision, abstract or neighborhood.

LCAD **will reappraise all real property annually** by evaluating all appraisal schedules and tables, neighborhood factors and depreciation schedules. Within budget constraints, it is the District's goal to complete update inspections of all improved properties excluding industrial improved properties appraised by Hugh Landrum & Associates on a six (6) year rotating cycle by school district. These update inspections will include physical inspection of the properties and updating all attributes and other necessary information. Revisions to cost models, income models, and market models are specified, updated and tested each year.

Cost schedules are tested with market data (sales) to insure that the appraisal District is in compliance with the Texas Property Tax Code, Section 23.011. Replacement cost new tables as well as depreciation tables are tested for accuracy and uniformity using ratio study tools and compared with cost data from Marshall & Swift.

Land tables are updated using current market data (sales) and tested with ratio study tools. Value modifiers are developed for property categories by market area and tested with ratio study tools.

Income, expense, and occupancy data is updated in the income models for each market area and cap rate studies are completed using current sales data when available. The resulting models are tested using ratio study tools.

All personal property will be reappraised annually. Update inspections of personal property will be conducted one or more times per year. Density schedules are updated using data received during previous year from renditions and hearings. Valuation procedures are reviewed, modified, and tested.

Mineral and industrial property will be appraised annually by Hugh Landrum & Associates, Houston, Texas.

## **Appraisal Resources**

The LCAD staff consists of the Chief Appraiser, Deputy Chief Appraiser, a Director of Appraisal, supervisors, field appraisers, mapping assistants, data processing, clerical, and other support type personnel. LCAD currently employs 12 registered professional appraisers (RPA) and 6 appraisers working toward designation. At this time LCAD does not provide collection services; however, the LCAD does provide technical support to the taxing units it serves. The District Board of Directors will consider appointment of a taxpayer liaison officer after the population of the county reaches 125,000 as stated in Section 6.052 of the Texas Property Tax Code.

LCAD appraisers are actively involved in the discovery, listing, and appraisal of all types of property. Properties are grouped by location, type, use, quality, and a variety of other quantitative data elements. A common set of data characteristics on each specific type of property is observed, listed, and collected during field inspection. Each appraiser is trained in the use of the Liberty County Central Appraisal District's appraisal manual, appraisal techniques, and methodology.

## **Computer Resources**

The District's appraisal records are maintained using True Automations Pac's appraisal software and a Dell server computer. The Pac's software is a CAMA (computer assisted mass appraisal) based system using cost and depreciation schedules for creating values for both real and personal property.

The District provides for public access via the internet to the Appraisal District records at [www.Libertycad.com](http://www.Libertycad.com). The website provides access to individual property information including ownership, address, and homestead and appraisal data.

## **Mapping Resources**

The District maintains ownership maps on paper and electronically using a geographic information system (GIS) of Liberty County utilizing ESRI's products arc-info, arc-viewed and arc-map. The District also has a license agreement with Pictometry International for aerial photography of Liberty County. Additionally, Liberty County has a license with Google Earth. The District also has a contract with BIS utilizing Bing maps in conjunction with our GIS layers.

## **Information Sources**

LCAD appraisal staff and administration collect data on local and regional economic forces that may affect value. Locational forces are carefully observed as we find location to be the most significant factor in determining the market value of property in our geographic area. General trends in employment, interest rates, availability of vacant land, and new construction trends are closely monitored. LCAD obtains information from mail surveys, local realtors, brokers, appraisers, and a variety of other sources, such as Marshall & Swift, the appraisal institute, Texas A & M Real Estate Center and local Chambers Of Commerce.

## **The Database**

The LCAD database was constructed from property data obtained originally from Liberty County in 1980. Since the inception of the LCAD, the property records have been continually updated. A variety of programs designed to discover changes that may occur to data elements are maintained. Property inspections occur as the result of information gathered from various information sources. Building permits, field review, renditions, reports of value, local news publications, tax offices, and the public are but a few of the sources of information considered by staff appraisers during the discovery phase of the appraisal process. Information from building permits is compiled from local taxing units, sorted, and keypunched into our CAMA system.

Data collection in the field requires preparation of maps, computer generated appraisal cards, and coordination of the appraisal staff. Properties are grouped by type, location, and neighborhood prior to the start of the fieldwork. State Property Tax Division (PTD) property classifications include residential, multi-family, commercial, industrial, farm and ranch, vacant land and acreage, oil, gas, and mineral, utilities, business personal property, and other special inventory types.

Properties are also grouped by location within each of our seven school districts. Within each school district are neighborhoods, defined by the IAAO as the environment of a subject property that has a direct and immediate effect on value. The neighborhood concept is used extensively in the grouping of all taxable property located in LCAD with the exception of some special use properties.

## **Approaches to Value**

Value occurs in many different forms. Numerous and varied forces and influences combine to create, sustain, or destroy value. The appraiser must define the type of value sought in order to compile and analyze all relevant data, giving due consideration to all factors which may influence value. The appraisal is simply an opinion of value and the accuracy and validity of the opinion can be measured against the supporting evidence from which it was derived along with its accuracy against the actual behavior of the market. An appraiser must adequately and fully obtain, document, and then interpret the evidence into a final estimate of value.

Appraising real property is an exercise in reasoning. It is a discipline and, like any discipline, it is founded on fundamental economic and social principles. From these principles evolve certain premises which, when applied to the valuation of property, serve to explain the reaction of the market. This section concerns itself with those concepts and principles basic to the property valuation process. One cannot overstate the necessity of having a workable understanding of them.

The processing of data into a conclusion of value generally takes the form of three recognized approaches to value: the cost, market, and income approaches to value. Underlying each approach is the principle that the justifiable price of a property is no more than the cost of acquiring and/or

reproducing an equally desirable substitute property. The use of one or all three approaches in the valuation of a property is determined by the quantity, quality, and accuracy of the data available to the appraiser.

## **The Cost Approach to Value**

The cost approach to value is an appraisal analysis that is based on the economic principle of substitution that suggests that an informed purchaser would not pay more for a property than the cost of reproducing a substitute property with the same utility. The cost approach involves estimating the cost of the improvements new less all forms of depreciation (physical, functional, economic) plus the value of the site. If an improvement has no accrued depreciation, then and only then is cost equal to value.

Steps in the cost approach include:

1. Estimate the value of the site as if vacant
2. Estimate reproduction or replacement cost new of the improvements
3. Estimate accrued depreciation
4. Deduct the accrued depreciation from the reproduction (or replacement) cost new to obtain an estimate of the present worth of the improvements
5. Add the present worth to the site value to obtain the indicated value. The significance of the cost approach lies in its extent of application - it is the one approach that can be used on all types of properties. The cost approach is a starting point for appraisers and therefore a very effective "yardstick" in any equalization program for ad valorem taxes. Its widest application is in the appraisal of properties where lack of adequate market and income data preclude the reasonable application of the other two approaches to value.

## **The Market Approach to Value**

The market approach to value is an appraisal analysis that involves the compiling of sales and offerings of properties that are comparable to the property being appraised. The sales and listings are then adjusted for differences and a value range obtained. The market approach is reliable to the extent that the properties are comparable and the appraiser's judgment of property adjustments is sound. The procedure for utilizing this approach is essentially the same for all types of property with the only difference being the elements of comparison.

The significance of the market approach lies in its ability to produce estimates of value that directly reflect the attitude of the market. Application is contingent upon the availability of comparable sales, and therefore finds its widest range in the appraisal of vacant land and residential properties.

## **The Income Approach to Value**

The income approach to value is an appraisal technique that measures the present worth of the future benefits of a property by capitalization of the net income stream over the remaining economic life of the property.

The income approach involves making an estimate of "effective gross income" which is derived by deducting vacancy and collection losses from the estimated economic rent, as evidenced by



comparable properties. Operating expenses, taxes and insurance, and reserves for replacements are deducted from the effective gross income. The resultant net income is capitalized into an indication of value. The income approach obviously has its basic application in the appraisal of properties universally bought and sold for their ability to generate and maintain an income stream. The effectiveness of the approach lies in the appraiser's ability to relate to the changing economic environment and to analyze income yields in terms of their relative quality and durability.

In theory, the market value of a property should be equal to the present value of its future income. The simplest capitalization formula is  $v = i/r$  (present value of the property = annual net income expected in the future divided by the rate [interest, risk, or discount rates]). For an asset that declines in value over time, the appropriate capitalization formula is  $v = (i/r) [1 - 1/(i + r)^n]$  where n equals the number of years that the asset will be in use. The resultant capitalization rate is the hoped-for or expected rate of return. It is the rate necessary to attract capital to the investment.

Section 23.012 of the Texas Property Tax Code (effective January 1, 2004) requires the Chief Appraiser, when using the income approach, to:

1. Analyze available comparable rental data or the potential earnings capacity of the property, or both, to estimate the gross income potential of the property;
2. Analyze available comparable operating expense data to estimate the operating expenses of the property;
3. Analyze available comparable data to estimate rates of capitalization or rates of discount; and
4. Base projections of future rent or income potential and expenses on reasonably clear and appropriate evidence.
5. In developing income and expense statements and cash-flow projections, the Chief Appraiser shall consider: (1) historical information and trends; (2) current supply and demand factors affecting those trends; and (3) anticipated events such as competition from other similar properties under construction.

## **Valuation Process**

All taxable properties in the District are valued by the aforementioned cost schedule using a comparative unit method. All LCAD schedules were developed in house except the original residential schedules which were developed by a contract mass appraisal firm and are periodically modified to reflect the current market. The cost schedules are tested against commonly accepted sources of building cost information, such as Marshall & Swift, to determine accuracy. Cost estimates are also compared to analysis of the local market to determine level of appraisal.

## **Residential Market Analysis**

Market analysis is performed throughout the year. Both, general and specific data is collected and analyzed. There are a number of economic principles that relate to the market value of property. The principle of supply and demand is an important economic principle that must be considered by appraisers. There are a number of others including economic trends, national, regional, and local trends that affect the value of properties located in our various tax jurisdictions. An awareness of physical, economic, governmental, and social forces is essential in understanding, analyzing, and identifying local trends that affect the real estate market.

## **Data Collection**

Field and office procedures are review and revised as required for data collection. Activities scheduled for each tax year include new construction, demolition, remodeling, re-inspection of problematic market areas, and re-inspection of the universe of properties on a specific cycle (6 years). 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 4-6 years.

The re-inspection includes the re-measurement of at least two sides of each improved property. The annual re-inspection requirements are identified by the property type and property classification.

New construction field and office review procedures are identified and revised as required. Field production standards are established and procedures for monitoring tested. Source of building permits is confirmed and system input procedures are identified. Process of verifying demolition of improvements is specified. Market areas with extensive improvement remodeling are identified, verified and field activities scheduled to update property characteristic data. Updates to valuation procedures are tested with ratio studies before finalized in the valuation modeling.

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

## **Identifying & Updating Relevant Property Characteristics**

Field and office procedures will be reviewed and revised as required for data collection and verification of value-rated and descriptive property characteristics for each property. Activities scheduled for each tax year include inspection of new construction, demolition, and remodeling, check backs, and verification of sales information, and re-inspection of problematic areas and neighborhoods.

### **New Construction/Demolition**

Field and office review procedures for inspection of new construction will be reviewed and revised as required. Field appraisal standards will be established and quality review will be conducted to verify accuracy of data. Building permits will be received from the cities and county and imputed into the PACS system. Field checks for demolished improvements will originate from property owners, newspaper articles, radio reports and appraiser county canvassing.

### **Remodeling**

Market areas with notable improvement remodeling will be identified and on-site inspections will be scheduled to verify the degree of remodeling and property characteristic data.

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

Real property market areas, stratified by property classification, will be tested for low or high protest volumes; low or high sales ratios; and high coefficients of dispersion. Market areas that fail any or

all of these tests will be determined to be problematic. Field reviews will be scheduled to verify and correct property characteristics data. Additional sales data will be researched and verified in order to assess whether the market area is correctly delineated.

### **Re-Inspection Of The Universe Of Properties**

Real property re-inspection will be completed using a combination of field inspections and office review. Office review of property will include;

- 1) The examination of aerial photography including both oblique and orthographic imagery, which allows for some digital verification of building measurements and visual inspection of external economic influences;
- 2) Existing property sketches and property characteristics; and
- 3) Google street-view digitized images when available. The District has added additional Google Earth licenses for the field appraisal department and anticipates budgeting for new oblique and orthographic imagery every two years.

## **Basic Measuring Procedures**

In any appraisal the foundation for the cost approach is the improvement sketch. The District's appraisers are trained in the procedures for measuring, drawing, vectoring and reconciling measurements. Appraisers are also trained to segregate and separately measure areas by use (i.e. Main area/living area, porches, garages, patios etc.)

## **Depreciation**

LCAD depreciation tables are based on the extended life concept, which starts with the hypothesis that buildings age in much the same manner as people and that the older they get the greater their total life expectancy. This concept recognizes that a building is in the prime of life before mid-life and that the road is downhill after that, but the correction of deficiencies may lower effective age and lengthen the remaining life.

## **Highest and Best Use Analysis**

In considering the fair market value of taxable property, LCAD employs the principle of highest and best use analysis. Highest and best use analysis is the first step in the District appraisers' economic analysis. Highest and best use is defined as the most profitable use at a specific time. For the purpose of ad valorem property taxation in Texas, the specific time is January 1 of each calendar year. The highest and best use must be legal, physically possible, and financially feasible. LCAD appraisers generally consider that the current use of the property is most likely its highest and best use. In certain types of property, local zoning and deed restrictions often determine highest and best use. However, in areas of transition, it may be necessary for the analyst to more carefully consider the concept of highest and best use. Highest and best use may not be the present use of the property when the agents of production are not in alignment (i.e. Land, labor, capital, and management).

## **Neighborhood Analysis**

Initially, property is considered based on its location within particular boundaries. The most common boundary used to define location is the school district boundary. In all types of property, valuation

analysis and neighborhood analysis is conducted on school districts. The IAAO defines a neighborhood as the environment of a subject property that has a direct and immediate effect on value. For our purposes, the neighborhood boundary is the environment of the subject property. The neighborhood concept is used in the grouping of all taxable property located in LCAD with the exception of some special use properties.

## **Land Analysis**

Land analysis is conducted generally by the District's review appraisers. Highest and best use determinations generally occur at this time. Base lot square footage tables and acreage tables are established during this phase of the appraisal operation. A computerized land table containing the necessary information by ISD and neighborhood, and any other pre-specified area, assist the appraisal in consistently valuing land based on its location, size, configuration, and topography elements. When possible, the sales comparison approach is used to assist in the development of unit prices. The land appraisal techniques of allocation by abstraction and allocation by ratio are used to best reflect the value of the land as vacant in areas where build-out has occurred or in areas where vacant land sales are not available.

## **Appraisal Of Rural Land**

This section provides general guidelines to assist appraisers in the market valuation of rural lands. Appraised values based on market valuation must be established for all taxable land in each taxing jurisdiction, regardless of whether the land qualified, or would qualify, for productivity valuation under either Article VIII, Section 1-D Of Section 1-D-1 of the Texas Constitution. Market values so determined must be submitted to the appraisal review board for determination of protests for all taxable land in each jurisdiction, including land that qualifies for productivity valuation. In addition, appraised values based on market valuation must be retained for land receiving productivity valuation for rollback purposes.

The rural land market can best be understood by dividing it into three distinct types of markets—the production, investment, and consumptive land markets--each based on the principal factor which influences value. Discussion of these market influences and common examples of each are presented below.

### **The Production Land Market**

The principle factor influencing value of rural land in the production land market is the income potential associated with agricultural production. In the production land market, land values will reflect the productive capacity of soils, the availability of irrigation water, and the topographic features which influence the ability of a producer to use the land for agricultural purposes. Most areas of the Texas high plains are still dominated by production-market influences.

### **The Investment Land Market**

The principal factor influencing the market value of rural land in the investment land market is the appreciation potential of land investments. The investment land market is not composed strictly of speculators who purchase land with the intent to make a quick profit by resale, but also includes individuals who purchase land for conversion into subdivisions or for other types of development. In addition, the investment land market includes individuals who purchase land as a means of

preserving their capital for a later use, or as a hedge against inflation. Although investment-market influences exist in all areas of the state, they are the principal market influences in suburban areas.

## **The Consumptive Land Market**

The principal factor influencing the market value of rural land in the consumptive land market is the satisfaction that land ownership provides. The consumptive land market is often characterized by the purchase of small tracts of land to be used for recreational purposes. For instance, an individual who lives in a city or town may purchase a 10-acre tract of land in a rural area to visit on weekends with his family. Generally, the value of land located within 200 miles of major population centers is most heavily affected by consumption-market influences.

The most distinctive features of the rural land market are that all three types of market influences, in combination with supply, establish market values. For this reason, it is important that the appraiser be knowledgeable of the key factors that influence value and of the relative influence each of these factors has upon value when establishing procedures for the valuation of rural land in a jurisdiction.

## **Analysis Of The Location Market**

From a practical standpoint, using a fee-appraisal approach to appraise each individual tract of land in a jurisdiction is not possible. Fee appraisers make detailed appraisals of individual parcels by obtaining comparable sales of other land in the jurisdiction and adjusting each comparable sale to the subject property to estimate the value of the subject property. In this way, fee appraisers allow market transactions that have occurred regarding other properties to define the market value of the subject property. Common types of adjustments made by fee appraisers to comparables in estimating market values of subject properties include adjustments for date of sale, for size of tract, for productivity factors, for improvement value, and for special amenities.

Central Appraisal District appraisers must also use market transactions to define factors that influence rural land values in their jurisdictions. However, unlike fee appraisers, these appraisers cannot compare each tract individually to each market transaction identified to make adjustments because of the volume of properties to be appraised. Appraisal office appraisers must, therefore, incorporate the factors indicated by market transactions into general standards or schedules of value. Such schedules are normally comprised of per acre prices that will be multiplied by the number of acres in an individual tract to develop an estimate of the value of the tract. Schedules of this kind should be divided into as many categories or classes as are necessary to reasonably reflect market values when applied to individual tracts of land found in the jurisdiction.

## **Sales Analysis**

The LCAD review appraisers gather sales information. LCAD receives sales from a variety of sources including, but not limited to, field discovery, local realtors, appraisers, buyer and seller questionnaires, protest hearings, local builders, and sometimes from overlapping jurisdictions. Sales are reviewed for validity and field inspected for data accuracy. All sales are keypunched into our CAMA system. The sales are classified to recognize their appropriate status, source, and confirmation codes. The sales ratio analysis and associated individual property review is conducted on a year around basis. As stated above, properties that do not fit a homogenous statistical profile are set aside for review.

Sales must be reviewed to identify sales that require adjustments or are not indicative of market value. Corrections to sales price should be made for special financing, time adjustments, personal property, multiple parcel sales, land contracts, trades, or any others reasons that may cause the sales price to not reflect the current market. Ratio studies are performed by property class, appraiser, school district, neighborhood and strata to identify areas in need of reappraisal. The review appraiser should carefully review all ratios studies, very high or very low sales ratio (outliers) should be identified per IAAO standards and set aside for special review and possible adjustment. Outliers should not be excluded from ratio studies unless they are deemed non-market sale.

## **Residential Valuation**

The ratio study procedures provide accurate information regarding the level of appraisal of the various classes and categories of properties. For the purpose of valuing residential property, the LCAD approach to value is described by the IAAO as a hybrid cost-sales comparison approach. This commonly accepted mass appraisal technique considers local influences not always accounted for in the cost approach. The following equation explains this theory:  $MV = MA (RCN - D) + LV$ .

Where MV equates to market value, MA equals market adjustment, RCN-D is the replacement cost new of the dwelling, less depreciation, and LV is the estimate of land value based on highest and best use. Market value equals market adjustment times RCNLD + land.

In areas where the sales ratio indicates that the property located within a given neighborhood is not being appraised at the legally permissible level of appraisal, the market adjustment process described in the previous paragraph is conducted. Base cost estimates are compared to sales and a ratio is derived. The ratio is divided into a target ratio, and a neighborhood adjustment factor is determined. Each homogenous parcel in that given neighborhood is programmatically adjusted according to the factor derived from the process. This adjustment factor is keypunched to a mainframe computer program and each parcel is adjusted programmatically. Ongoing neighborhood analysis and delineation ensures the accuracy of this process.

## **Inventory Residential Property**

Residential improved and vacant property is appraised in compliance with the Texas Property Tax Code, Section 23.12 (a).

In general, the District uses its own land value estimates and the actual itemized construction, labor, and material costs, plus other soft or indirect costs to estimate market value as of the assessment date. The market values of improved inventory will be reviewed annually and inventory consideration will be eliminated when ownership transfers to the property owner.

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

## **Commercial Property Valuation**

The LCAD employs all three approaches to value when possible in valuing income-producing property. The primary approach used to initiate the valuation process is the cost approach to value. Each commercial property is listed according to its quantitative data elements. The data elements are keypunched to our computer mainframe and an initial cost value is calculated. The depreciation is calculated and assigned during this process so that an RCNLD of the improvements may be derived and this is added to an estimate of the land value.

The income and expense data of these types of properties is gathered and evaluated. When appropriate, one or more forms of the income approach to value are used. Information from a variety of sources is obtained and detailed analysis is undertaken. When possible, the appraiser uses the technique of direct capitalization to derive the income approach value. Further, during the establishment of the capitalization rate it is always important to estimate an appropriate amount of risk when building the capitalization rate. LCAD prefers utilizing current market, sales, and income information to develop overall rates by class, use, location, and quality of commercial improvements.

The field inspection, valuation review, and performance analysis described throughout this report, apply to commercial as well as other types of properties. When available, the commercial analyst also uses the sales comparison approach to determine the fair market value of income-producing properties. In using the cost approach, however, it is sometimes necessary for the appraiser to utilize the unit in place, quantity survey, or historical cost method to derive accurate cost estimates.

## **Personal Property Valuation**

All income-producing business personal property located within District boundaries is subject to tax. Business use vehicles are also listed in the appraisal records and subject to ad valorem taxation. Personal property schedules are used to value business furniture, fixtures, equipment, and inventory. Additionally, personal property values are obtained by some other sources.

Business owners are required by Texas law to render their business personal property each year. The appraiser considers rendered values during the appropriate phase of valuation analysis. Rendered values are often used as the basis for the cad value if the value rendered is reasonable for the type of business and within acceptable ranges when compared to the District's personal property schedules. Should the property owner choose not to render the property, or if the rendered amount does not fit acceptable ranges, then the District will rendered for the property owner or appraise the property based on the District's schedules.

Depreciation of the property is determined by the age of the property and its expected life. Valuation and depreciation schedules are included in the LCAD appraisal manual. Business vehicles are valued based on nada used car guide trade-in value for the particular make, model, and age of the vehicle or by applying depreciation tables to original cost. The Appraisal District uses a vehicle report to determine ownership, make, model, and vehicle characteristics to determine nada trade-in value. This report along with the aforementioned renditions and physical observations are used to discover and list vehicles that are taxable.

## Procedures for Ratio Studies

A ratio study is designed to evaluate appraisal performance through a comparison of appraised or assessed values for tax purposes with estimates of market value based on sales prices, and tested by measures of central tendency. The District will adhere to the IAAO standards on ratio studies.

The Property Tax Division of the Texas Comptroller of Public Accounts performs annual ratio studies on all Texas school districts. Appraisal Districts performance is judged by the results of these ratio studies. State law requires that appraisal Districts appraise all taxable property at one hundred percent (100%) of market value.

Failure to appraise property within a confidence interval of 95% to 105% may result in diminished funding from the state to local school Districts. Additionally, in circumstances where an appraisal District fails to appraise properties within the PTD's intervals for an extended period of time a master may be appointed to assume control of the appraisal districts operations.

## Planning Objectives

### Long range planning objectives: (1 to 6 years)

Improved service, record accuracy, appraisal system, equity, and reporting system.

1. Within 2 years convert all computerized maps to ARC-GIS and update for changes. Upgrade mapping software and hardware as proficiency and needs change.
2. Within 2 years contract for new ortho and oblique aerial imagery of Liberty County.
3. Within 6 years complete land scheduling project.
4. Within 3 years update all land account records with a minimum of last deed transfer volume and page.
5. Within 3 years update on CAMA software and expand usage of existing software and programs
6. Each year examine and test appraisals, using ratio studies of selected categories of property and areas of the county.
7. Continue to analyze and improve preparation and presentation of appraisal values and support at ARB hearings.
8. Continue to refine and improve field appraisal procedures.
9. Complete improvement update, inspections on a six year rotating cycle by school district.
10. Complete update of open space ag and timber land applications on a five year basis.
11. Strive to improve employee retention through competitive benefits, salary increases and increased job satisfaction.

### Operational plans:

- I. Mineral and industrial property will be appraised on annual basis by Hugh Landrum & Associates located in Houston, Texas.
- II. All personal property will be appraised on an annual basis by the Liberty CAD personal property department. Personal property will be appraised using renditions, on-site inspections, density schedules or any combination thereof. Additionally, data from sources



such as assumed name lists, vehicle lists and chamber of commerce membership lists will be used to discover taxable personal property. Similar types of properties will be appraised using the same or similar methods.

- A. Update inspections will be conducted by the personal property department one or more times a year. The real property department, during the course of inspecting, will assist by reporting to the personal property department any new businesses or businesses with significant changes. The objective of these inspections are to determine:
  - 1. Location changes;
  - 2. New businesses;
  - 3. Business closings;
  - 4. Significant changes in character, nature, inventory, density levels or size of a particular business; and
  - 5. Businesses warranting detailed on-site inspections.
- B. All inspections will be evidenced by notes on computer listings of personal property accounts. Detailed on-site inspections will be evidenced by completion of personal property field inspection worksheets.

III. All real property will be appraised or updated by the real property department on a mass appraisal basis using generally accepted appraisal practices as follows:

- A. County and city building permits will be used to discover, list and appraise new improvements on an annual basis. Permit inspections will normally begin in November of the proceeding tax year and end in June of the current year.
- B. Defining market areas in the District; market areas are defined by school District and these areas may be further delineated by subdivision, abstract or neighborhood.

Within budget constraints, it is the District's goal to complete and update inspections of all improvements excluding industrial properties appraised by Hugh Landrum & Associates by school districts on a six (6) year rotating cycle.

Cleveland ISD	2019
Tarkington ISD	2020
Dayton ISD	2021
Liberty ISD	2022
Hardin ISD	2023
Devers ISD, Hull-Daisetta ISD	2024

- C. New open-space ag and timber applications will be requested by the school district for properties with questionable qualifying use according to the same calendar as update inspections or for ownership changes. Field inspections may be performed on all properties in each district to identify properties requiring a new application.
- D. Interim property improvements inspections or neighborhood reappraisals may result from request from property owners, taxing units, the Appraisal Review Board, or as a result of in house ratio studies.

- E. Residential and commercial appraisal schedules will be evaluated for accuracy and uniformity annually through comparison with Marshall and Swift cost schedules and through the use of ratio studies.
- F. The residential and commercial depreciation schedules, base years and effective years will be adjusted to the current year. Improvement values and depreciation schedules will be reviewed annually for accuracy and uniformity to assure that all property is appraised at its market value as required by Sec. 22.01 of the Texas Property Tax Code.
- G. All land accounts appraised will be reviewed at least every three (3) years. Land sales will be reviewed on a continuous basis in order to identify land use or types and locations which are in need of reappraisal. Land schedules will be built for all new subdivisions. Other tools for the discovery of land warranting reappraisal are the State Comptroller's Annual Value Study, the appraisal district's in-house ratio studies, the ARB hearing process or new subdivisions filed of record with the county clerk.
- H. To facilitate the District's land scheduling, computerized effective acre tracts will be established by owner for contiguous tracts in different abstracts or subdivisions where applicable.
- I. Annually survey all apartment complexes for occupancy rates, income and expense data.

### **Project Plans 2018 Thru 2019:**

These project plans are dynamic and will be updated as needed during the year.

### **Real property plans 2018**

All Districts- permits, field checks, rechecks.

### **Effective year changes:**

All Districts – plus 1 year\* including mobile homes

\*effective years were changed to update to current conditions and to aid in establishing yearly reappraisals.

### **Appraisal of New Improvements**

All Districts – all new construction.

### **Improvement Reappraisal by Market Area Subdivision or Neighborhood**

All Districts-	adjusted improvement schedules on all classes 6 and up
All Districts-	Removed Unnecessary Grade adjustments
Devers ISD-	update property characteristics

Hull-Daisetta ISD- update property characteristics  
Cleveland ISD- added 103% mass adjustment to improvements

## **Revalue Land Areas/Subdivisions, Development Of Land Schedules**

All Districts- miscellaneous land schedule correction.

### **CLEVELAND**

ADJUSTED CRC BASED ON SALES  
ADJUSTED CRF BASED ON SALES AND EQUITY  
ADJUSTED CRH BASED ON EQUITY  
ADJUSTED CCH BASED ON SALES  
ADJUSTED CCSFT1 BASED ON SALES AND EQUITY  
ADJUSTED CCSFT2 BASED ON SALES AND EQUITY  
CREATE NEW LAND SCHEDULE FOR NEW SUB SANTA FE  
ADJUSTED CAMINO REAL BASED ON SALES  
ADJUSTED GRAND SAN JACINTO BASED ON SALES  
ADJUSTED RANCHITO ALLEGRE BASED ON SALES AND EQUITY  
MOVED NEW SALEM PARK TO CRC BASED EQUITY  
MOVED DELTA HEIGHTS TO CRC BASED ON EQUITY  
MOVED FRY HOMESITES TO CRC BASED ON EQUITY  
MOVED 5 OAKS TO CRC BASED ON EQUITY  
MOVED 59 ESTATES TO CRC BASED ON SALES  
MOVED PIN OAK LAND CO TO CRC BASED ON SALES  
ADJUSTED HUNTERS CREEK BASED ON SALES AND EQUITY  
ADJUSTED WOODLANE BASED ON SALES AND EQUITY  
110% MASS LAND ADJ ADDED TO SOUTHERN CROSSING BASED ON SALES  
110% MASS LAND ADJ ADDED TO MAGNOLIA ESTATES BASED ON SALES  
ADJUSTED MAYWOOD ACRES BASED ON SALES  
ADJUSTED HARVEST ACRES BASED ON SALES

### **DAYTON**

ADJUSTED DRC BASED ON CURRENT SALES AND EQUITY  
ADJUSTED DRC-3 BASED ON EQUITY WITH DRC  
ADJUSTED DRF BASED ON CURRENT SALES AND EQUITY  
ADJUSTED DRH BASED ON EQUITY WITH DRF  
ADJUSTED DCH BASED ON CURRENT SALES  
CREATED A NEW SCHEDULE FOR ENCINO ESTATES  
ADJUSTED DCSFT1 BASED ON CURRENT SALES  
ADJUSTED FORDLAND BASED ON CURRENT SALES  
ADJUSTED WHITE OAK TRAILS BASED ON CURRENT SALES  
ADJUSTED 8058 WOODHOLLOW BASED ON CURRENT SALES

ADJUSTED WOODLAND HILLS BASED ON CURRENT SALES  
ADJUSTED 7213 REMINGTON BASED ON CURRENT SALES  
ADJUSTED 2037 AARONGLEN BASED ON EQUITY AND CURRENT SALES

## **DEVERS AND HULL DAISSETTA**

ADJUSTED DVFM BASED ON SALES

## **TARKINGTON**

ADJUSTED TRC AND TRC-3 BASED ON SALES  
ADJUSTED TRF AND TRF-3 BASED ON SALES AND EQUITY  
ADJUSTED TRH BASED ON SALES AND EQUITY  
ADJUSTED TRCOMM BASED ON SALES  
CREATE NEW SCHEDULE FOR NEW SUB MAJESTIC OAKS BASED ON SALES  
CREATE NEW SCHEDULE FOR ARNOLD ACRES BASED ON SALES

## **HARDIN**

ADJUSTED HRC BASED ON SALES  
ADJUSTED HRP BASED ON RESIDENTIAL SALES AND EQUITY  
ADJUSTED HRF BASED EQUITY  
ADJUSTED HRH BASED ON SALES AND EQUITY  
MOVED BAR D RANCHETTES TO HRC AND ADDED 50% MASS ADJ TO LAND  
ADDED 5% MASS ADJUST TO RAVEN HILL LAND

## **LIBERTY**

ADJUSTED LRC BASED ON SALES  
ADJUSTED LCSFT1 BASED ON SALES  
ADJUSTED LCSFT2 BASED ON SALES AND EQUITY  
ADJUSTED B FREEMABN BASED ON SALES

## **Appraise New Subdivisions 2018**

District will appraise all new subdivisions.

## **Open Space Ag & Timber Applications**

All Districts-

1. Field check all agricultural & timber applications, contact the taxpayer if more information is necessary to make the determination of approval or denial.
2. Process any re-checks on agricultural & timber accounts
3. Send letters of approval or denial by certified mail.
4. Apply agricultural or timber use values to the properties that were approved.

5. Calculate the agricultural/timber values for the current year.

## **Comparable Sales Analysis**

Process all sales data as received.

Perform periodic ratio studies by:

1. Appraiser
2. Property improvement class
3. School District, market area, neighborhood or subdivision

## **Complex Properties Plans 2018**

### **Personal Property Appraisal 2018**

All Districts-

1. Discover new businesses by using the assumed name list from the county clerk's office and the chamber of commerce list of new members for Cleveland, Liberty and Dayton areas.
2. Search newspapers and telephone book for new business.
3. Inspection of all new business.
4. Process all renditions received from taxpayers.
5. Grant an extension of the deadline for filing a rendition until May 1st if the property owner requested the extension in writing. The Chief Appraiser may extend the filing date another fifteen (15) days with good cause. Section 22.23 of the State Property Tax Code.
6. Impose a penalty of 10% on the total amount of taxes imposed if the person failed to file a timely rendition statement. Section 22.28 of the State Property Tax Code.
7. Impose a penalty of 50% of the total amount of taxes imposed on the property for the tax year if the court finds that the person filed a false statement or report with the intent to commit fraud or evade the tax or alters, destroys or conceals any record or document for the purpose of affecting the outcome of an inspection or determination before the appraisal district. Section 22.29 of the State Property Tax Code.
8. Reappraisal inspection of all existing personal property accounts.
9. Appraisal of leased equipment from the leasing companies renditions.
10. Appraisal of vehicles from the vehicle listing obtained from Info-Nation Inc.

### **Industrial and Mineral Properties 2018**

Forward all renditions *received* on industrial or mineral properties to Hugh Landrum & Associates, Houston, Texas.

Process all information *from* Hugh Landrum & Associates, Houston, Texas, on the appraisal of industrial and mineral properties.

## **Real Property Plans 2019**

### **Appraisal of Improvements**

All Districts – all new construction  
Review all improvement schedules

## **Reappraisal of School District**

Cleveland ISD

## **Revalue Land Areas/Subdivisions, Development of Land Schedules**

Development of land schedules for any area of all districts that are not valued on a land schedule.

## **Appraise New Subdivisions For 2019**

Development of land schedules for each new subdivision developed for the tax year 2019.

## **Open-Space Ag & Timber Applications**

All Districts-

1. Field check all agricultural & timber applications, contact the taxpayer if more information is necessary to make the determination of approval or denial.
2. Process any re-checks on agricultural & timber accounts
3. Send letters of approval or denial by certified mail.
4. Apply agricultural or timber use values to the properties that were approved.
5. Calculate the agricultural/timber values for the current year.

## **Comparable Sales Analysis**

Process all sales data as received.

Perform periodic ratio studies by:

1. Appraiser
2. Property improvement class
3. School District, market area, neighborhood or subdivision

## **Complex properties plans 2019**

### **Personal Property Appraisal 2019**

All Districts-

1. Discover new businesses by using the assumed name list from the county clerk's office and the chamber of commerce list of new members for Cleveland, Liberty and Dayton areas.
2. Search newspapers and telephone book for new business.
3. Inspection of all new business.
4. Process all renditions received from taxpayers.
5. Grant an extension of the deadline for filing a rendition until May 1st if the property owner requested the extension in writing. The Chief Appraiser may extend the filing date another fifteen (15) days with good cause. Section 22.23 of the State Property Tax Code.
6. Impose a penalty of 10% on the total amount of taxes imposed if the person failed to file a timely rendition statement. Section 22.28 of the State Property Tax Code.
7. Impose a penalty of 50% of the total amount of taxes imposed on the property for the tax year if the court finds that the person filed a false statement or report with the intent to commit fraud or evade the tax or alters, destroys or conceals any record or document for the purpose of affecting the outcome of an inspection or determination before the appraisal district. Section 22.29 of the State Property Tax Code.

8. Reappraisal inspection of all existing personal property accounts.
9. Appraisal of leased equipment from the leasing companies renditions.
10. Appraisal of vehicles from the vehicle listing obtained from Info-Nation Inc.

### **Industrial and Mineral Properties 2019**

Forward all renditions *received* on industrial or mineral properties to Hugh Landrum & Associates, Houston, Texas.

Process all information from Hugh Landrum & Associates, Houston, Texas on the appraisal of industrial and mineral properties.

## Calendar of key events 2018-2019

### *Commercial*

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Land analysis												
Re-inspection												
Key income & expense data												
Valuation:												
Land												
Income												
Cost												
Sales analysis												
Permit research												
New construction/discovery												
New construction value review												
New construction value study												
New subdivisions												
Split-outs/combinations												
Sales verification												
Prior year correction hearings												
Prior year corrections												
Current year hearings												



## Calendar of key events 2018-2019

### *Industrial*

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Pp rendition penalty waivers/hearings	■	■	■	■	■							
<b>Appraisal contractors:</b>												
Negotiate contracts	■	■										
Assign accounts	■	■	■	■	■							
Deliver estimates of value								■	■			
Re-inspection/discovery	■	■	■	■	■	■	■					
<b>Valuation:</b>												
Industrial real property	■	■	■	■	■	■	■					
Industrial personal property					■	■	■	■	■	■	■	■
Permit research	■	■	■	■	■	■	■	■	■	■	■	■
New construction/value review						■	■					
Prior year correction hearings	■	■	■	■	■	■	■	■	■	■	■	■
Prior year corrections	■	■	■	■	■	■	■	■	■	■	■	■
Current year hearings	■									■	■	■

## Calendar of key events 2018-2019

### *Residential*

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Land analysis												
Neighborhood delineation												
Sales validation												
Re-inspection												
Sales ratio analysis/valuation												
Model specification												
Model calibration												
Final value review												
New construction/discovery												
New construction value review												
Appeal of property value study												
New subdivisions												
Split-outs/combinations												
Jurisdiction estimates												
Prior year correction hearings												
Prior year corrections												
Field checks												
Current year hearings												

## Calendar of key events 2018-2019

### *Personal Property*

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Pp rendition penalty waivers/hearings												
<b>Appraisal contractors:</b>												
Negotiate contracts												
Assign accounts												
Deliver estimates of value												
Re-inspection/discovery												
<b>Valuation:</b>												
Finalize values												
Rendition processing												
Prior year correction hearings												
Prior year corrections												
Current year hearings												

# Tab 12

**2019 - 2020**  
**Mass Appraisal Methodology Manual**  
**&**  
**Reappraisal Plan**

for

**Liberty County Central Appraisal District**

**Hugh L. Landrum & Associates, Inc.**  
*A Registered Professional Engineering Firm*

# Hugh L. Landrum & Associates, Inc. Mass Appraisal Methodology Manual

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# **Hugh L. Landrum & Associates, Inc.**

## **Mass Appraisal Methodology Manual**

### **INTRODUCTION**

Hugh L. Landrum & Associates, Inc. is a Registered Professional Engineering Firm in the State of Texas specializing in the mass appraisal of complex properties. In this role HLL&A recommends to its clients appraised values for selected properties. The recommended values are intended to be used by each client as part of the tax base of the taxing jurisdictions served by the client.

***THIS MANUAL IS SUBJECT TO CHANGE WITHOUT NOTICE.  
IT IS ROUTINELY UPDATED TO MEET THE REQUIREMENTS OF  
THE LEGISLATURE, THE COMPTROLLER AND OUR CLIENTS.***

### **SCOPE OF RESPONSIBILITY**

The specific responsibilities of HLL&A to each of its clients are described in the contract between them. HLL&A's general responsibilities are to discover certain types of property, as required; to inspect the subject properties, where possible; and to appraise the properties or classes of property that are listed in the contract. An owner name and address record is also maintained for each property that is appraised. This set of services is typically provided to all of HLL&A's appraisal clients. These services are also typically supplied to other Texas appraisal districts by competing mass appraisal firms. Appraisal techniques and model types employed by HLL&A are similar to and/or derived from techniques and model types found in a variety of appraisal texts and appraisal courses, including but not limited to the Texas Property Tax Code, the Texas State Comptroller's guidelines, and the Uniform Standards of Professional Appraisal Practices (USPAP).

### **TYPES OF PROPERTY**

In general, Hugh L. Landrum & Associates, Inc. is retained by its clients to appraise one or more of the following types of property:

- Industrial Property, Real and Personal
- Utility, Railroad, and Pipeline Properties
- Special Purpose Properties
- Business Personal Property
- Oil and Gas Reserves

Attached to this report are individual appraisal methods and a reappraisal plan for each type of property that Hugh L. Landrum & Associates, Inc. appraises. HLL&A's methodologies set out herein are derived from USPAP standards, the Texas Property Tax Code, State Comptroller guidelines and other relevant industry standards.



## **EXEMPT OR ABATED PROPERTIES**

All properties appraised by HLL&A that are exempt as determined by either the Chief Appraiser or some governmental agency, will be treated as exempt as set out in Chapter 11 of the Texas Property Tax Code.

Pollution control exemptions are applied as determined by the Texas Commission on Environmental Quality, to the market value established for the subject property each year.

Abatements and value limitations are applied as set out in the respective Abatement or Value Limiting Agreement associated with the property, for those jurisdictions party to the Agreement. The Abatement or Value Limitation Agreements are provided to HLL&A by the CAD. The percentages used in abating or limiting the value, are applied to the market value established for the abated property for that year.

## **MARKET DATA AVAILABILITY**

To the extent possible and where available, HLL&A researches, reviews compiles and maintains market data information on the various types of industries in which the properties that it appraises belong. HLL&A utilizes this market data to support its property values and makes all non-confidential and non-proprietary market data available to the CAD and to property owners for inspection upon request.

## **PERSONNEL RESOURCES**

HLL&A maintains a staff that is skilled in appraisal, engineering, finance, information services, and property tax administration. All staff members participating in appraisal assignments are involved in a program of continuously improving his or her mass appraisal skills. Appraisal staff members are either advancing towards designation as a Registered Professional Appraiser by the Texas Department of Licensing and Regulation or, if they already hold such a designation, attend various classes and conferences designed to supplement their knowledge and abilities.

A list of appraisers and supporting staff members is attached. In general, the appraiser assigned to appraise a particular property is responsible for inspecting the property, analyzing it for characteristics that have a significant impact on value, gathering appropriate data, model development and model calibration, and arriving at an opinion of value. Centering these functions in the same appraiser tends to ensure that data that would have a material or significant effect on the resulting opinions or conclusions are correctly identified. The individual appraiser is involved in calibrating model structures to determine the contribution of the individual characteristics affecting value, applying the conclusions reflected in the model to the characteristics of the properties being appraised, and reviewing his or her results. The list of properties assigned to each individual appraiser is maintained in the appraisal files at Hugh L. Landrum & Associates, Inc. and by each respective client.

## **TAXPAYER ASSISTANCE**


HLL&A trains its entire staff in providing assistance to taxpayers as set out in the IAAO's *Standard on Public Relations*. Our staff is trained to timely and professionally respond to taxpayer phone calls and e-mails, as well as, being able to instruct taxpayers on the appraisal process from the initial appraisal of their property through the protest process. HLL&A works closely with each appraisal district to see that any specific requirements of each CAD are being met and to keep them apprised of our progress throughout the process.

**CERTIFICATION STATEMENT:**

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions or are the impartial and unbiased professional analyses, opinions, and conclusions of the other appraisers who are appraising property for the appraisal district to which this report is submitted. A list of the appraisers who are appraising property for the **Liberty County Central Appraisal District** is attached. Based on my personal knowledge of the education, background, and experience of the appraisers listed in this report, I believe that those appraisers are competent and that their work is credible.
- I have no present or prospective interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
- Other than the appraisal services performed under contract for the appraisal district for prior years, I have performed no other services, as an appraiser or in any other capacity, regarding any property that is the subject of this report within the three-year period immediately preceding my acceptance of this assignment.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practices*.
- I have not made a personal inspection of all of the properties that are the subject of this report. However, the properties have been inspected by one or more of the appraisers assigned to appraise properties in the appraisal district to which this report is submitted.
- No one provided significant mass appraisal assistance to the person signing this certification except the appraisers assigned to appraise properties in this appraisal district, a list of which is attached.

Subscribed and sworn to this 19 day of March, 2019.

  
\_\_\_\_\_  
Hugh L. Landrum, Jr.  
*President*  
Hugh L. Landrum & Associates, Inc.

APPRAISER & STAFF LISTING  
FOR  
LIBERTY COUNTY APPRAISAL DISTRICT  
2020 & 2020

APPRAISERS:

Hugh L. Landrum, Jr., PE, RPA  
Tracey L. Foster, JD, RPA, RTA, CTA  
Douglass Warren, RPA  
Michael Rigsby, RPA  
Max W. Yu, BS  
Kirk L. Slaughter, BS

ADMINISTRATIVE STAFF:

Shawnel Harris  
Deja Harrell  
Rebecca "Betsy" Welker  
Brandy Dees

***THIS LIST IS SUBJECT TO CHANGE AS NEEDED  
AND WITH NOTICE TO THE CAD.***

**VALUATION METHODOLOGY SUMMARY  
FOR  
INDUSTRIAL PROPERTY  
APPRAISED BY HUGH L. LANDRUM & ASSOCIATES, INC.  
2019 - 2020**

**A. Overview**

This type of property consists of processing facilities and related personal property. Hugh L. Landrum & Associates, Inc. is contracted to reappraise this type of property annually for the appraisal district. The completed appraisals are all retrospective in nature. The purpose of the appraisals is to estimate market value as of January 1 in accordance with the definition of market value established in the Texas Property Tax Code (Sec. 1.04). "Market value" means 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 exigencies of the other.

The effective date of the appraisals is January 1 of the year for which this report is submitted unless the property owner or agent has applied for and been granted September 1 inventory valuation as allowed by Section 23.12(f) of the Texas Property Tax Code.

The client for the mass appraisal is the Texas appraisal district named on the certification page of this report. The intended users of this report are the client and the property owners of the client appraisal district.

The appraisal results will be used as the tax base upon which a property tax will be levied. A listing of the industrial properties appraised by Hugh L. Landrum & Associates, Inc. for the appraisal district is available at the appraisal district office. Industrial properties are normally re-inspected annually.

Documents relevant to an understanding of these appraisals include the confidential rendition, if any, filed with the appraisal district by the owner or agent of the property; other reports described in the Texas Property Tax Code; asset lists and other confidential data supplied by the owner or agent; Property Appraisal & Assessment Administration published by the International Association of Assessing Officers and adopted by the Texas Comptroller of Public Accounts; and Engineering Valuation and Depreciation by Marston, Winfrey, and Hempstead; the Texas Property Tax Code and other codified statutes.

HLL&A's industrial appraisal staff includes Registered Professional Engineers as well as experienced appraisers who are knowledgeable in all three approaches to value. Industrial appraisal staff stays abreast of current trends affecting industrial properties through review of published materials, attendance at conferences, course work, and continuing education. All industrial appraisers are registered with the Texas Department of Licensing & Regulation.

### **B. Assumptions and Limiting Conditions**

All appraisals 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 correct.
2. No responsibility for legal matters is assumed. All existing liens, mortgages, or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. All sketches on the appraisal documents are intended to be visual aids and should not be construed as surveys or engineering reports unless otherwise specified.
4. All information in the appraisal documents has been obtained by members of HLL&A's staff or by other reliable sources.
5. The appraisals were prepared exclusively for ad valorem tax purposes.
6. The appraisers have inspected as far as possible, by observation, the improvements being appraised, 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.

### **C. Data Collection and Validation**

Data on the subject properties is collected as part of the inspection process and through later submissions by the property owner. Submitted data may be on a rendition form or in other means which require confidentiality. HLL&A receives renditions from either the CAD or directly from the taxpayer. HLL&A is responsible for identifying the accounts that have been properly rendered to the CAD. Subject property data is verified through previously existing records and through published reports. Additional data are obtained and verified through published sources, regulatory reports, and through analysis of comparable properties, if any. Due to the unique nature of many industrial properties there is no standard data collection form or manual.

### **D. Market Data Availability**

Market data is collected and maintained for each of the various industries appraised. This data includes, but is not limited to, cap rate studies and the supporting evidence, value allocation methodologies, cost tables and expense ratio data applicable to the specific industries being appraised. All non-proprietary and non-confidential market data is available to the CAD and to taxpayers upon request.

### **E. Identification of New Property**

Identifying new industrial properties &/or new construction is the responsibility of HLL&A. This is accomplished through a variety of means including, but not limited to obtaining and reviewing building permit and abatement requests; a visual inspection of an area; the input from others in the County who might identify any new properties in the area.

### F. Valuation Approach and Analysis

Industrial properties are appraised using replacement/reproduction cost new less depreciation models. Replacement costs are estimated from published sources, other publicly available information, and comparable properties. Reproduction costs are based on actual investment in the subject or comparable properties adjusted for typical changes in cost over time. 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 utilization and income data for the subject property justify such. Income Approach models (direct capitalization and discounted cash flow) are also used when economic and/or subject property income information is available. Capitalization and discount rates are based on published capital costs for the industry of the subject property. A market data model based on typical selling prices per unit of capacity is also used when appropriate market sales information is available.

Because cost information is the most readily available type of data, the cost approach model is always considered and used. If sufficient data is available either of both of the other two models may also be considered and used. The market data and income approach models may need to be reduced by the value of the land in order to arrive at a value of improvements and personal property.

Model calibration in the cost approach involves the selection of the appropriate service life for each type or class of property. Further calibration can occur through the use of utilization or through-put data provided by the owner or agent. Income approach calibration involves the selection of the cost of capital or discount rate appropriate to the type of property being appraised as well as adjusting the projected income stream to reflect the individual characteristics of the subject property. Model calibration in the market data approach involves adjusting sales prices of comparable properties to reflect the individual characteristics of the subject property.

The mathematical form of each model is described below.

#### Cost Approach

$$RCN - PD - FO - EO = \text{Cost Indicator of Value}$$

Where:

RCN = Replacement or Reproduction Cost New

PD = Physical Depreciation

FO = Function Obsolescence

EO = Economic Obsolescence

#### Income Approach

$$PGR - VCL - FE - VE = NOI$$

$$NOI/R = \text{Income Indicator of Value}$$

Where:

PGR = Potential Gross Rent

VCL = Vacancy and Collection Loss

FE = Fixed Expenses  
VE = Variable Expenses  
R = Discount Rate or Cost of Capital

A variation of the income model is:

NOI for year 1 x DF for year 1 = PW of year 1 NOI  
NOI for year n x DF for year n = PW of year n NOI  
Net Reversion x DF for year n = PW of Reversion  
Sum of PW's for all years 1 – n = Income Indicator of Value

Where:

NOI = Net Operating Income  
DF = Discount Factor  
PW = Present Worth  
n = Last year of holding period

#### Market Data Approach

ASPCP/U = PU  
ASPU x SU = Market Data Indicator of Value

Where:

ASPCP = Adjusted Sales Price of Comparable Property  
U = Unit of Comparison  
PU = Price per Unit of comparison  
ASPU = Adjusted Sales Price per Unit of comparison  
SU = Subject Property's number of Units of comparison

In reconciling multiple model results for a property the appraiser considers the model results that best address the individual characteristics of the subject property and that are based on the most reliable data while maintaining equalization among like properties. Final results for each property may be found on the appraisal district's appraisal roll.

Land valuation for industrial properties is the responsibility of appraisal district staff as is the highest and best use analysis of the site. Sites are analyzed for highest and best use as though they 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. An appraiser's identification of a property's highest and best use is always a statement of opinion, never a statement of fact.

#### **G. Review and Testing**

Field review of appraisals is performed through the regular inspection of subject properties. The periodic reassignment of properties among appraisers or the review of appraisals by an experienced appraiser also contributes to the review process. A computer-assisted statistical review of property value changes is also conducted.

Appraisal-to-sales ratios are the preferred method for measuring performance, however sales are very infrequent. Furthermore, market transactions normally occur for multiple sites and include both real and personal property, tangible and intangible, making

analysis difficult and subjective. Performance is also measured through comparison with valid single-property appraisals submitted for staff review.

#### **H. Review, Verification & Evaluation by the CAD**

Prior to submission of the Appraisal Roll to the ARB, the Chief Appraiser shall request a random sampling of appraisals from HLL&A. HLL&A shall provide the Chief Appraiser with the requested appraisals and all non-privileged and non-proprietary supporting data and review the information with the Chief Appraiser in order for the CAD to evaluate the appraisal results of HLL&A. The HLL&A appraiser responsible for each property sampled will review the appraisal, including but not limited to methodology, technique, data used and final outcome, with the Chief Appraiser or other employee of the CAD designated by the Chief Appraiser to review the contracted work. The Chief Appraiser or designee will verify that all assigned properties were indeed appraised and valued as set out in the contract and here-in and document any failure to do so, noting what if anything is required to fulfill the contract requirements.

Further, a computer-assisted statistical review of property value changes is also conducted at various times throughout the year allowing the CAD to verify that the properties called for in the Contract were appraised and values were entered. Finally, HLL&A will make any non-privileged and non-proprietary market data supporting the values of the properties it appraises, available to the CAD and for inspection by property owners on request.

#### **I. Reappraisal Plan for Industrial Properties**

Industrial Properties covered by the contract between the CAD and HLL&A shall be reappraised each year. For each year of the contract, the following activities will be undertaken for all industrial properties assigned to HLL&A under its contract with the CAD. Estimates of value are typically provided to the CAD in mid to late May of each Tax Year, but in any event will be available as requested by the Chief Appraiser each year.

1. Identify 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/or property sketches;
2. Identify and update relevant characteristics of each property in the property records of the CAD;
3. Define market areas in the CAD, where applicable;
4. Identify property characteristics that affect property value in each market area or for each property, including:
  - a. The location and market area of the property;
  - b. Physical attributes of the property such as size, age and condition;
  - c. Legal and economic attributes, if any;
  - d. Easements, covenants, leases, reservations, contracts, declarations, special assessments, exemptions or legal restrictions;
5. If applicable, develop an appraisal model that reflects the relationship among the property characteristics affecting the value in each market area and determines the contribution of individual property characteristics;
6. Apply conclusions reflected in the model to the characteristics of the property appraised; and



7. Review the appraisal results to determine value.

Generally, industrial properties will be valued on a cost approach basis since these properties have a low frequency of being bought and sold in the open market. In addition, since these properties are owner occupied, the income information is difficult to obtain and rarely applicable to industrial properties.

**VALUATION METHODOLOGY SUMMARY  
FOR  
UTILITY, RAILROAD, AND PIPELINE PROPERTIES  
APPRAISED BY HUGH L. LANDRUM & ASSOCIATES, INC.  
2019 - 2020**

**A. Overview**

This type of property consists of operating property, excluding land, owned by utility, railroad, and pipeline companies, and related personal property and improvements. Hugh L. Landrum & Associates, Inc. is contracted to reappraise this type of property annually for the appraisal district. The completed appraisals are all retrospective in nature. The purpose of the appraisals is to estimate market value as of January 1 in accordance with the definition of market value established in the Texas Property Tax Code (Sec. 1.04). "Market value" means 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 exigencies of the other.

The effective date of the appraisals is January 1 of the year for which this report is submitted unless the property owner or agent has applied for and been granted September 1 inventory valuation as allowed by Section 23.12(f) of the Texas Property Tax Code.

The client for the mass appraisal is the Texas appraisal district named on the certification page of this report. The intended users of this report are the client and the property owners of the client appraisal district

The appraisal results will be used as the tax base upon which a property tax will be levied. A listing of the utility, railroad, and pipeline properties appraised by Hugh L. Landrum & Associates, Inc. for the appraisal district is available at the appraisal district office. Such utility, railroad, and pipeline properties that are susceptible to inspection (e.g. compressor stations, pump stations, buildings, and power plants) are normally re-inspected at least every three years.

HLL&A's utility, railroad, and pipeline appraisal staff includes licensed engineers as well as experienced appraisers who are knowledgeable in all three approaches to value. The appraisal staff stays abreast of current trends affecting utility, railroad, and pipeline properties through review of published materials, attendance at conferences, course work, and continuing education. All appraisers are registered with the Texas Department of Licensing & Regulation.

### **B. Assumptions and Limiting Conditions**

All appraisals 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 correct.
2. No responsibility for legal matters is assumed. All existing liens, mortgages, or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. The appraisers do not necessarily inspect every property every year.
4. All sketches on the appraisal documents are intended to be visual aids and should not be construed as surveys or engineering reports unless otherwise specified.
5. All information in the appraisal documents has been obtained by members of HLL&A's staff or by other reliable sources.
6. The appraisals were prepared exclusively for ad valorem tax purposes.
7. The appraisers have inspected as far as possible, by observation, the improvements being appraised, 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.

### **C. Data Collection and Validation**

Data on the subject properties is collected as part of the inspection process and through later submissions by the property owner. Submitted data may be on a rendition form or in other means which require confidentiality. HLL&A receives renditions from either the CAD or directly from the taxpayer. HLL&A is responsible for identifying the accounts that have been properly rendered to the CAD. Subject property data is verified through previously existing records and through published reports. Additional data are obtained and verified through published sources, regulatory reports, and through analysis of comparable properties. Due to the varied nature of utility, railroad, and pipeline properties there is no standard data collection form or manual.

### **D. Market Data Availability**

Market data is collected and maintained for each of the various types of utility or pipeline being appraised. This data includes, but is not limited to, cap rate studies and the supporting evidence, value allocation methodologies, cost tables and expense ratio data applicable to the specific type of pipeline or utility company being appraised. All non-proprietary and non-confidential market data is available to the CAD and to taxpayers upon request.

### **E. Identification of New Property**

Identifying new properties &/or new construction is the responsibility of HLL&A. This is accomplished through a variety of means including, but not limited to obtaining and reviewing building permit and abatement requests; a visual inspection of an area; the input from others in the County who might identify any new properties in the area.

## **F. Valuation Approach and Analysis**

For all pipelines a value is calculated using a Replacement Cost New Less Depreciation (RCNLD) model. This involves first calculating the cost of building a new pipeline of equal utility using current prices. The Replacement Cost New (RCN) is a function of location, length, diameter, and composition. Depreciation is then subtracted from RCN to produce the final value estimate. Depreciation is defined as the loss of value resulting from any cause. The three common forms of depreciation are physical, functional, and economic. Physical depreciation is accounted for on the basis of the age of the subject pipeline. Functional and economic obsolescence (depreciation) can be estimated through the use of survivor curves or other normative techniques. Specific calculations to estimate abnormal functional and/or economic obsolescence can be made on the basis of the typical utilization of the subject pipeline. After deductions from RCN have been made for all three forms of depreciation the remainder is the RCNLD or cost approach model indicator of value.

In addition to the RCNLD indicator, a unit value model may also be used for those pipelines for which appropriate income statements and balance sheets are also available. Generally, this model is used for those pipelines that by regulation are considered to be common carriers. The unit value model must be calculated for the entire pipeline system. The unit value model typically involves an income approach to value and a rate base cost approach. The income approach is based on a projection of expected future typical net operating income (NOI). The projected NOI is discounted to a present worth using a current cost of capital that is both typical of the industry and reflective of the risks inherent in the subject property.

The unit value model cost approach is typically an estimation of the current rate base of the subject pipeline (total investment less book depreciation allowed under the current form of regulation). An additional calculation is made to detect and estimate economic obsolescence. Any economic obsolescence is deducted from the rate base cost less book depreciation to achieve a final cost indicator. The unit value model may also include a stock and debt approach in lieu of a market data approach. The stock and debt approach involves finding the total value of the owner's liabilities (equity and debt) and assuming that they are equal to the value of the assets. The two (or three, if the stock and debt approach is included) unit value indicators are then reconciled into a final unit appraisal model indicator of value. The unit value must then be reconciled with the RCNLD model indicator of value for the entire pipeline system being appraised. The final correlated value of the system can then be allocated among the various components of the system to determine the tax roll value for each pipeline segment.

Utility and railroad properties are appraised in a manner similar to pipeline except the RCNLD model is not used. For all three types of property (utility, railroad, and pipeline) the appraiser must first form an opinion of highest and best use. If the highest and best use of the operating property is the current use under current regulation, the unit value model is considered highly appropriate. If the highest and best use is something different, then the RCNLD model may be more appropriate. Compressor stations, pump stations, improvements, and related facilities are appraised using a replacement cost new less depreciation model.

Model calibration in the RCNLD model involves the selection of the appropriate service life for each type or class of property. Further calibration can occur through the use of utilization or through-put data provided by the owner or agent. Model calibration in the unit

value cost approach involves the selection of the appropriate items to include in the rate base calculation and selection of the best measure of obsolescence, if any. Income approach calibration involves the selection of the cost of capital or discount rate appropriate to the type of property being appraised as well as adjusting the projected income stream to reflect the individual characteristics of the subject property. Model calibration in the stock and debt approach involves allocating sales prices of debt and equity to reflect the contribution to value of the operating property of the subject company.

The mathematical form of each model is described below.

#### RCNLD Approach

$$\text{RCN} - \text{PD} - \text{FO} - \text{EO} = \text{RCNLD Indicator of Value}$$

Where:

RCN = Replacement or Reproduction Cost New

PD = Physical Depreciation

FO = Functional Obsolescence

EO = Economic Obsolescence

#### Unit Cost Approach

$$\text{OC} - \text{AD} - \text{EO} = \text{Unit Cost Approach Indicator of Value}$$

Where:

OC = Original Cost

AD = Allowed Depreciation

EO = Economic Obsolescence

#### Unit Income Approach

$$\text{PGR} - \text{VCL} - \text{FE} - \text{VE} = \text{NOI}$$

$$\text{NOI}/\text{R} = \text{Income Indicator of Value}$$

Where:

PGR = Potential Gross Rent

VCL = Vacancy and Collection Loss

FE = Fixed Expenses

VE = Variable Expenses

R = Discount Rate or Cost of Capital

A variation of the income model is:

NOI for year 1 x DF for year 1 = PW of year 1 NOI

NOI for year n x DF for year n = PW of year n NOI

Net Reversion x DF for year n = PW of Reversion

Sum of PW's for all years 1 - n = Income Indicator of Value

Where:

NOI = Net Operating Income

DF = Discount Factor

PW = Present Worth

n = Last year of holding period

#### Stock and Debt Approach

MVE + MVD = Market Value of Assets

Where:

MVE = Market value of Equity

MVD = Market value of Debt

In reconciling multiple model results for a property the appraiser considers the model results that best address the individual characteristics of the subject property while maintaining equalization among like properties. Final results for each property may be found on the appraisal district's appraisal roll.

Land valuation for utility and pipeline properties is the responsibility of appraisal district staff as is the highest and best use analysis of the site. Sites are analyzed for highest and best use as though they 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. Railroad corridor land is included in the appraisal of the operating property. The highest and best use of railroad corridor land is presumed to be as operating property. An appraiser's identification of a property's highest and best use is always a statement of opinion, never a statement of fact.

The rate-base cost approach, stock and debt approach, and income approach models must be reduced by the value of the land in order to arrive at a value of improvements, personal property, and other operating property.

#### **G. Review and Testing**

Field review of appraisals is performed through the regular inspection of subject properties. The periodic reassignment of properties among appraisers or the review of appraisals by an experienced appraiser also contributes to the review process. A computer-assisted statistical review of property value changes is also conducted.

Appraisals to sales ratios are the preferred method for measuring performance, however sales are very infrequent. Furthermore, market transactions normally occur for multiple sites and include both real and personal property, tangible and intangible, making analysis difficult and subjective. Performance is also measured through comparison with valid single-property appraisals submitted for staff review. Selected appraisal results are tested annually by the Property Tax Assistance Division of the Texas Comptroller's Office. The Comptroller's review as well as comparisons with single-property appraisals indicates the validity of the models as well as the calibration techniques employed.

#### **H. Review, Verification & Evaluation by the CAD**

Prior to submission of the Appraisal Roll to the ARB, the Chief Appraiser shall request a random sampling of appraisals from HLL&A. HLL&A shall provide the Chief Appraiser with the requested appraisals and all non-privileged and non-proprietary supporting data and review the information with the Chief Appraiser in order for the CAD to evaluate the appraisal results of HLL&A. The HLL&A appraiser responsible for each property sampled will review the appraisal, including but not limited to methodology, technique, data used and final outcome, with the Chief Appraiser or other employee of the CAD designated by the Chief Appraiser to review the contracted work. The Chief Appraiser or designee will verify that all assigned properties were indeed appraised and valued as set out in the contract and here-in and document any failure to do so, noting what if anything is required to fulfill the contract requirements.

Further, a computer-assisted statistical review of property value changes is also conducted at various times throughout the year allowing the CAD to verify that the properties called for in the Contract were appraised and values were entered. Finally, HLL&A will make any non-privileged and non-proprietary market data supporting the values of the properties it appraises, available to the CAD and for inspection by property owners on request.

#### **I. Reappraisal Plan for Utility, Railroad & Pipeline Properties**

Utility, Railroad & Pipeline Properties covered by the contract between the CAD and HLL&A shall be reappraised each year. For each year of the contract, the following activities will be undertaken for all Utility, Railroad & Pipeline properties assigned to HLL&A under its contract with the CAD. Estimates of value are typically provided to the CAD in mid to late May of each Tax Year, but in any event will be available as requested by the Chief Appraiser each year.

1. Identify 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/or property sketches;
2. Identify and update relevant characteristics of each property in the property records of the CAD;
3. Define market areas in the CAD, where applicable;
4. Identify property characteristics that affect property value in each market area or for each property, including:
  - a. The location and market area of the property;
  - b. Physical attributes of the property such as size, age and condition;
  - c. Legal and economic attributes, if any;
  - d. Easements, covenants, leases, reservations, contracts, declarations, special assessments, exemptions or legal restrictions;
5. If applicable, develop an appraisal model that reflects the relationship among the property characteristics affecting the value in each market area and determines the contribution of individual property characteristics;
6. Apply conclusions reflected in the model to the characteristics of the property appraised; and
7. Review the appraisal results to determine value.

Generally, these types of properties will be valued as an entire unit and the result apportioned to the pieces in the whole.



**VALUATION METHODOLOGY SUMMARY  
FOR  
SPECIAL PURPOSE PROPERTIES  
APPRAISED BY HUGH L. LANDRUM & ASSOCIATES, INC.  
2019 - 2020**

**A. Overview**

This type of property consists of real property improvements that by the nature of their design and/or construction are suitable for a single use only. Hugh L. Landrum & Associates, Inc. is contracted to reappraise this type of property annually for the appraisal district. The completed appraisals are all retrospective in nature. The purpose of the appraisals is to estimate market value as of January 1 in accordance with the definition of market value established in the Texas Property Tax Code (Sec. 1.04). "Market value" means 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 exigencies of the other.

The effective date of the appraisals is January 1 of the year for which this report is submitted unless the property owner or agent has applied for and been granted September 1 inventory valuation as allowed by Section 23.12(f) of the Texas Property Tax Code.

The client for the mass appraisal is the Texas appraisal district named on the certification page of this report. The intended users of this report are the client and the property owners of the client appraisal district.

The appraisal results will be used as the tax base upon which a property tax will be levied. A listing of the properties appraised by Hugh L. Landrum & Associates, Inc. for the appraisal district is available at the appraisal district office. Special purpose properties are normally re-inspected annually.

Documents relevant to an understanding of these appraisals include the confidential rendition, if any, filed with the appraisal district by the owner or agent of the property; other reports described in the Texas Property Tax Code; asset lists and other confidential data supplied by the owner or agent; Property Appraisal & Assessment Administration published by the International Association of Assessing Officers and adopted by the Texas Comptroller of Public Accounts; and Engineering Valuation and Depreciation by Marston, Winfrey, and Hempstead; the Texas Property Tax Code and other codified statutes.

HLL&A's industrial appraisal staff includes licensed engineers as well as experienced appraisers who are knowledgeable in all three approaches to value. Appraisal staff stays abreast of current trends affecting special purpose properties through review of published materials, attendance at conferences, course work, and continuing education. All appraisers are registered with the Texas Department of Licensing & Regulation.

### **B. Assumptions and Limiting Conditions**

All appraisals 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 correct.
2. No responsibility for legal matters is assumed. All existing liens, mortgages, or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. The appraisers do not necessarily inspect every property every year.
4. All sketches on the appraisal documents are intended to be visual aids and should not be construed as surveys or engineering reports unless otherwise specified.
5. All information in the appraisal documents has been obtained by members of HLL&A's staff or by other reliable sources.
6. The appraisals were prepared exclusively for ad valorem tax purposes.
7. The appraisers have inspected as far as possible, by observation, the improvements being appraised, 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.

### **C. Data Collection and Validation**

Data on the subject properties is collected as part of the inspection process and through later submissions by the property owner. Submitted data may be on a rendition form or in other means which require confidentiality. HLL&A receives renditions from either the CAD or directly from the taxpayer. HLL&A is responsible for identifying the accounts that have been properly rendered to the CAD. Subject property data is verified through previously existing records and through published reports. Additional data are obtained and verified through published sources, regulatory reports, and through analysis of comparable properties. Due to the unique nature of each special purpose property there is no standard data collection form or manual.

### **D. Market Data Availability**

Market data, where available, is collected and maintained for each of the various industries appraised. This data includes, but is not limited to, cap rate studies and the supporting evidence, value allocation methodologies, cost tables and expense ratio data applicable to the specific industries being appraised. All non-proprietary and non-confidential market data is available to the CAD and to taxpayers upon request.

### **E. Identification of New Property**

Identifying new special purpose properties &/or new construction is the responsibility of HLL&A. This is accomplished through a variety of means including, but not limited to obtaining and reviewing building permit and abatement requests; a visual inspection of an area; the input from others in the County who might identify any new properties in the area.

### **F. Valuation Approach and Analysis**

Special purpose properties are appraised using replacement/reproduction cost new less depreciation models. Replacement costs are estimated from published sources, other

publicly available information, and comparable properties. Reproduction costs are based on actual investment in the subject or 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 utilization and income data for the subject property justify such. Income Approach models (direct capitalization and discounted cash flow) are also used when economic and/or subject property income information is available. Capitalization and discount rates are based on published capital costs for the industry of the subject property. A market data model based on typical selling prices per unit of area, volume, or capacity is also used when appropriate market sales information is available.

Because cost information is the most readily available type of data, the cost approach model is always considered and used. If sufficient data is available either of both of the other two models may also be considered and used. The market data and income approach models must be reduced by the value of the land in order to arrive at a value of improvements and personal property.

Model calibration in the cost approach involves the selection of the appropriate service life for each type or class of property. Further calibration can occur through the use of utilization or through-put data provided by the owner or agent. Income approach calibration involves the selection of the cost of capital or discount rate appropriate to the type of property being appraised as well as adjusting the projected income stream to reflect the individual characteristics of the subject property. Model calibration in the market data approach involves adjusting sales prices of comparable properties to reflect the individual characteristics of the subject property.

The mathematical form of each model is described below.

#### Cost Approach

$$RCN - PD - FO - EO = \text{Cost Indicator of Value}$$

Where:

RCN = Replacement or Reproduction Cost New

PD = Physical Depreciation

FO = Function Obsolescence

EO = Economic Obsolescence

#### Income Approach

$$PGR - VCL - FE - VE = NOI$$

$$NOI/R = \text{Income Indicator of Value}$$

Where:

PGR = Potential Gross Rent

VCL = Vacancy and Collection Loss

FE = Fixed Expenses

VE = Variable Expenses

R = Discount Rate or Cost of Capital

A variation of the income model is:

NOI for year 1 x DF for year 1 = PW of year 1 NOI  
NOI for year n x DF for year n = PW of year n NOI  
Net Reversion x DF for year n = PW of Reversion  
Sum of PW's for all years 1 – n = Income Indicator of Value

Where:

NOI = Net Operating Income  
DF = Discount Factor  
PW = Present Worth  
n = Last year of holding period

#### Market Data Approach

ASPCP/U = PU  
ASPU x SU = Market Data Indicator of Value

Where:

ASPCP = Adjusted Sales Price of Comparable Property  
U = Unit of Comparison  
PU = Price per Unit of comparison  
ASPU = Adjusted Sales Price per Unit of comparison  
SU = Subject Property's number of Units of comparison

In reconciling multiple model results for a property the appraiser considers the model results that best address the individual characteristics of the subject property while maintaining equalization among like properties. Final results for each property may be found on the appraisal district's appraisal roll.

Land valuation for industrial properties is the responsibility of appraisal district staff as is the highest and best use analysis of the site. Sites are analyzed for highest and best use as though they 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. Highest and best use analysis of these improvements 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. An appraiser's identification of a property's highest and best use is always a statement of opinion, never a statement of fact.

The market data and income approach models must be reduced by the value of the land and perhaps personal property in order to arrive at a value of the improvements.

#### G. Review and Testing

Field review of appraisals is performed through the regular inspection of subject properties. The periodic reassignment of properties among appraisers or the review of appraisals by an experienced appraiser also contributes to the review process. A computer-assisted statistical review of property value changes is also conducted.

Appraisal-to-sales ratios are the preferred method for measuring performance, however sales are very infrequent. Furthermore, market transactions normally occur for

multiple sites and include both real and personal property, tangible and intangible, making analysis difficult and subjective. Performance is also measured through comparison with valid single-property appraisals submitted for staff review.

#### **H. Review, Verification & Evaluation by the CAD**

Prior to submission of the Appraisal Roll to the ARB, the Chief Appraiser shall request a random sampling of appraisals from HLL&A. HLL&A shall provide the Chief Appraiser with the requested appraisals and all non-privileged and non-proprietary supporting data and review the information with the Chief Appraiser in order for the CAD to evaluate the appraisal results of HLL&A. The HLL&A appraiser responsible for each property sampled will review the appraisal, including but not limited to methodology, technique, data used and final outcome, with the Chief Appraiser or other employee of the CAD designated by the Chief Appraiser to review the contracted work. The Chief Appraiser or designee will verify that all assigned properties were indeed appraised and valued as set out in the contract and here-in and document any failure to do so, noting what if anything is required to fulfill the contract requirements.

Further, a computer-assisted statistical review of property value changes is also conducted at various times throughout the year allowing the CAD to verify that the properties called for in the Contract were appraised and values were entered. Finally, HLL&A will make any non-privileged and non-proprietary market data supporting the values of the properties it appraises, available to the CAD and for inspection by property owners on request.

#### **I. Reappraisal Plan for Special Purpose Properties**

Special Purpose Properties covered by the contract between the CAD and HLL&A shall be reappraised each year. For each year of the contract, the following activities will be undertaken for all special purpose properties assigned to HLL&A under its contract with the CAD. Estimates of value are typically provided to the CAD in mid to late May of each Tax Year, but in any event will be available as requested by the Chief Appraiser each year.

1. Identify 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/or property sketches;
2. Identify and update relevant characteristics of each property in the property records of the CAD;
3. Define market areas in the CAD, where applicable;
4. Identify property characteristics that affect property value in each market area or for each property, including:
  - a. The location and market area of the property;
  - b. Physical attributes of the property such as size, age and condition;
  - c. Legal and economic attributes, if any;
  - d. Easements, covenants, leases, reservations, contracts, declarations, special assessments, exemptions or legal restrictions;
5. If applicable, develop an appraisal model that reflects the relationship among the property characteristics affecting the value in each market area and determines the contribution of individual property characteristics;

6. Apply conclusions reflected in the model to the characteristics of the property appraised; and
7. Review the appraisal results to determine value.

Like industrial properties, special purpose properties will be valued on a cost approach basis since these properties have a low frequency of being bought and sold in the open market. In addition, since these properties are owner occupied, the income information is difficult to obtain and rarely applicable.

**VALUATION METHODOLOGY SUMMARY  
FOR  
BUSINESS PERSONAL PROPERTY  
APPRAISED BY HUGH L. LANDRUM & ASSOCIATES, INC.  
2019 – 2020**

**A. Overview**

This type of property consists of tangible personal property owned by a business or individual for the purpose of producing an income. The Uniform Standards of Professional Appraisal practice define personal property as “identifiable portable and tangible objects which are considered by the general public as being ‘personal,’ e.g. furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all property that is not classified as real estate.” The Texas 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 (Sec. 1.04(4)) defines personal property as “...property that is not real property.”

Hugh L. Landrum & Associates, Inc. is contracted to reappraise this type of property annually for the appraisal district. The completed appraisals are all retrospective in nature. The purpose of the appraisals is to estimate market value as of January 1 in accordance with the definition of market value established in the Texas Property Tax Code (Sec. 1.04). “Market value” means 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 exigencies of the other.

A separate definition of the value of 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.” Additionally, some inventories may qualify for appraisal as of September 1 in accordance with the provisions of Texas Property Tax Code Section 23.12(f).

The effective date of the appraisals is January 1 of the year for which this report is submitted unless the property owner or agent has applied for and been granted September 1 inventory valuation as allowed by Section 23.12(f) of the Texas Property Tax Code.

The client for the mass appraisal is the Texas appraisal district named on the certification page of this report. The intended users of this report are the client and the property owners of the client appraisal district.

The appraisal results will be used as the tax base upon which a property tax will be levied. A listing of the personal property appraised by Hugh L. Landrum & Associates, Inc.

for the appraisal district is available at the appraisal district office. Personal property is normally re-inspected annually.

Documents relevant to an understanding of these appraisals include the confidential rendition, if any, filed with the appraisal district by the owner or agent of the property; other reports described in the Texas Property tax Code; asset lists and other confidential data supplied by the owner or agent; Property Appraisal & Assessment Administration published by the International Association of Assessing Officers and adopted by the Texas Comptroller of Public Accounts; and Engineering Valuation and Depreciation by Marston, Winfrey, and Hempstead; the Texas Property Tax Code and other codified statutes.

HLL&A's personal property appraisal staff includes licensed engineers as well as experienced appraisers who are knowledgeable in all three approaches to value. Personal property appraisal staff stays abreast of current trends affecting personal property through review of published materials, attendance at conferences, course work, and continuing education. All personal property appraisers are registered with the Texas Department of Licensing & Regulation.

### **B. Assumptions and Limiting Conditions**

All appraisals 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 correct.
2. No responsibility for legal matters is assumed. All existing liens, mortgages, or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. All sketches on the appraisal documents are intended to be visual aids and should not be construed as surveys or engineering reports unless otherwise specified.
4. All information in the appraisal documents has been obtained by members of HLL&A's staff or by other reliable sources.
5. The appraisals were prepared exclusively for ad valorem tax purposes.

### **C. Data Collection and Validation**

Data on the subject properties are collected as part of the inspection process and through later submissions by the property owner. Submitted data may be on a rendition form or in other means which require confidentiality. HLL&A receives renditions from either the CAD or directly from the taxpayer. HLL&A is responsible for identifying the accounts that have been properly rendered to the CAD. Subject property data is verified through previously existing records and through published reports. Additional data are obtained and verified through published sources, regulatory reports, and through analysis of comparable properties.

### **D. Market Data Availability**

Market data is collected and maintained for the various types of business personal property appraised. This data includes, but is not limited to, cost indices and tables, depreciation schedules, and value allocation methodologies, applicable to the specific types of properties being appraised. All non-proprietary and non-confidential market data is available to the CAD and to taxpayers upon request.



### **E. Identification of New Property**

Identifying new personal property is the responsibility of HLL&A. The most typical way to do this is through the rendition process mentioned above. Discovery of new property is also accomplished through a variety of other means including, but not limited to obtaining and reviewing building permits and abatement requests; a visual inspection of an area; the input from others in the County who might identify any new properties in the area.

### **F. Valuation Approach and Analysis**

Personal property is appraised using replacement/reproduction cost new less depreciation models. Replacement costs are estimated from published sources, other publicly available information, and comparable properties. Reproduction costs are based on actual investment in the subject or 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 utilization and income data for the subject property justify such. Income Approach models (direct capitalization and discounted cash flow) are also used when economic and/or subject property income information is available. Capitalization and discount rates are based on published capital costs for the industry of the subject property. A value estimate derived from an income approach model in which the operating income of a business was capitalized must be reduced by the value of any real property in order to arrive at the value of the operating personal property. A market data model based on typical selling prices per item or unit of capacity is also used when appropriate market sales information is available. In the case of some personal property types, such as licensed vehicles, market data from published pricing guides is used to construct a market value model. In other cases, models are based on sales information available through published sources or through private sources.

Because cost information is the most readily available type of data, the cost approach model is always considered and used. If sufficient data is available either of both of the other two models may also be considered and used. The market data and income approach models may need to be reduced by the value of the land in order to arrive at a value of improvements and personal property.

Model calibration in the cost approach involves the selection of the appropriate service life for each type or class of property. Further calibration can occur through the use of utilization or through-put data provided by the owner or agent. Income approach calibration involves the selection of the cost of capital or discount rate appropriate to the type of property being appraised as well as adjusting the projected income stream to reflect the individual characteristics of the subject property. Model calibration in the market data approach involves adjusting sales prices of comparable properties to reflect the individual characteristics of the subject property.

The mathematical form of each model is described below.

#### **Cost Approach**

$$RCN - PD - FO - EO = \text{Cost Indicator of Value}$$

Where:

RCN = Replacement or Reproduction Cost New

PD = Physical Depreciation  
FO = Function Obsolescence  
EO = Economic Obsolescence

Income Approach

$PGR - VCL - FE - VE = NOI$   
 $NOI/R = \text{Income Indicator of Value}$

Where:

PGR = Potential Gross Rent  
VCL = Vacancy and Collection Loss  
FE = Fixed Expenses  
VE = Variable Expenses  
R = Discount Rate or Cost of Capital

A variation of the income model is:

$NOI \text{ for year } 1 \times DF \text{ for year } 1 = PW \text{ of year } 1 \text{ NOI}$   
 $NOI \text{ for year } n \times DF \text{ for year } n = PW \text{ of year } n \text{ NOI}$   
 $Net \text{ Reversion} \times DF \text{ for year } n = PW \text{ of Reversion}$   
 $Sum \text{ of } PW\text{'s for all years } 1 - n = \text{Income Indicator of Value}$

Where:

NOI = Net Operating Income  
DF = Discount Factor  
PW = Present Worth  
n = Last year of holding period

Market Data Approach

$ASPCP/U = PU$   
 $ASPU \times SU = \text{Market Data Indicator of Value}$

Where:

ASPCP = Adjusted Sales Price of Comparable Property  
U = Unit of Comparison  
PU = Price per Unit of comparison  
ASPU = Adjusted Sales Price per Unit of comparison  
SU = Subject Property's number of Units of comparison

In reconciling multiple model results for a property the appraiser considers the model results that best address the individual characteristics of the subject property and that are based on the most reliable data while maintaining equalization among like properties. Final results for each property may be found on the appraisal district's appraisal roll.

Highest and best use analysis of personal property is based on the likelihood of the continued use of the personal property in its current and/or intended use. An appraiser's identification of a property's highest and best use is always a statement of opinion, never a statement of fact.

### **G. Review and Testing**

Field review of appraisals is performed through the regular inspection of subject properties. The periodic reassignment of properties among appraisers or the review of appraisals by an experienced appraiser also contributes to the review process. A computer-assisted statistical review of property value changes is also conducted.

Appraisal-to-sales ratios are the preferred method for measuring performance and are used when possible. However sales for some types of personal property are very infrequent. Furthermore, many market transactions occur for multiple sites and include both real and personal property, tangible and intangible, making analysis difficult and subjective. Performance is also measured through comparison with valid single-property appraisals submitted for staff review.

### **H. Review, Verification & Evaluation by the CAD**

Prior to submission of the Appraisal Roll to the ARB, the Chief Appraiser shall request a random sampling of appraisals from HLL&A. HLL&A shall provide the Chief Appraiser with the requested appraisals and all non-privileged and non-proprietary supporting data and review the information with the Chief Appraiser in order for the CAD to evaluate the appraisal results of HLL&A. The HLL&A appraiser responsible for each property sampled will review the appraisal, including but not limited to methodology, technique, data used and final outcome, with the Chief Appraiser or other employee of the CAD designated by the Chief Appraiser to review the contracted work. The Chief Appraiser or designee will verify that all assigned properties were indeed appraised and valued as set out in the contract and here-in and document any failure to do so, noting what if anything is required to fulfill the contract requirements.

Further, a computer-assisted statistical review of property value changes is also conducted at various times throughout the year allowing the CAD to verify that the properties called for in the Contract were appraised and values were entered. Finally, HLL&A will make any non-privileged and non-proprietary market data supporting the values of the properties it appraises, available to the CAD and for inspection by property owners on request.

### **I. Reappraisal Plan for Business Personal Properties**

Business Personal Properties covered by the contract between the CAD and HLL&A shall be reappraised each year. For each year of the contract, the following activities will be undertaken for all business personal properties assigned to HLL&A under its contract with the CAD. Estimates of value are typically provided to the CAD in mid to late May of each Tax Year, but in any event will be available as requested by the Chief Appraiser each year.

1. Identify 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, or renditions;
2. Identify and update relevant characteristics of each property in the property records of the CAD;
3. Identify property characteristics that affect property value for each property, including:
  - a. The location and market area of the property;
  - b. Physical attributes of the property such as size, age and condition;

- c. Legal and economic attributes, if any;
  - d. Easements, covenants, leases, reservations, contracts, declarations, special assessments, exemptions or legal restrictions;
4. Develop or update a cost schedule based on SIC codes and market conditions;
  5. Create or refine valuation models using actual cost data to derive the RCN of a particular unit;
  6. Apply these schedules and models to estimate values; and
  7. Review the rendition information in light of the schedules to determine value.

Business personal properties are required to be rendered and will be typically be valued on a cost approach basis.

**VALUATION METHODOLOGY SUMMARY  
FOR  
MINERAL PROPERTIES  
APPRAISED BY HUGH L. LANDRUM & ASSOCIATES, INC.  
2019 - 2020**

**A. Overview**

This type of property consists of operating property, excluding land, owned by any number of working, royalty and overriding interest owners and related personal property. Hugh L. Landrum & Associates, Inc. is contracted to reappraise this type of property annually for the appraisal district. The completed appraisals are all retrospective in nature. The purpose of the appraisals is to estimate market value as of January 1 in accordance with the definition of market value established in the Texas Property Tax Code (Sec. 1.04). "Market value" means 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 exigencies of the other.

The effective date of the appraisals is January 1 of the year for which this report is submitted.

The client for the mass appraisal is the Texas appraisal district named on the certification page of this report. The intended users of this report are the client and the property owners of the client appraisal district

The appraisal results will be used as the tax base upon which a property tax will be levied. A listing of the mineral properties appraised by Hugh L. Landrum & Associates, Inc. for the appraisal district is available at the appraisal district office. Such mineral properties that are susceptible to inspection are normally re-inspected at least every three years.

HLL&A's mineral appraisal staff includes licensed engineers as well as experienced appraisers who are knowledgeable in all three approaches to value. The appraisal staff stays abreast of current trends affecting mineral properties through review of published materials, attendance at conferences, course work, and continuing education. All appraisers are registered with the Texas Department of Licensing & Regulation.

**B. Assumptions and Limiting Conditions**

All appraisals 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 correct.
2. No responsibility for legal matters is assumed. All existing liens, mortgages, or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.

3. The appraisers do not necessarily inspect every property every year.
4. All sketches on the appraisal documents are intended to be visual aids and should not be construed as surveys or engineering reports unless otherwise specified.
5. All information in the appraisal documents has been obtained by members of HLL&A's staff or by other reliable sources.
6. The appraisals were prepared exclusively for ad valorem tax purposes.
7. The appraisers have inspected as far as possible, by observation, the improvements being appraised, 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.

#### **C. Data Collection and Validation**

Data on the subject properties is collected as part of the inspection process and through later submissions by the property owner. Production rates for each lease are developed using monthly production reported to the Railroad Commission of Texas. Monthly lease volumes sold and the income received for them, as reported to the Comptroller's Office for severance tax purposes, are used to develop product prices and also to estimate the previous year's income.

Submitted data may be on a rendition form or in other means which require confidentiality. HLL&A receives renditions from either the CAD or directly from the taxpayer. HLL&A is responsible for identifying the accounts that have been properly rendered to the CAD. Subject property data is verified through previously existing records and through published reports. Additional data are obtained and verified through published sources, regulatory reports, and through analysis of comparable properties. Due to the varied nature of mineral properties there is no standard data collection form or manual.

#### **D. Market Data Availability**

Market data is collected and maintained for each of the various types of mineral leases appraised. This data includes, but is not limited to, discount rate studies and the supporting evidence, cost of capital information and typical capital structures for the type and area being appraised, lease operating expense data, salvage value data and property and severance tax rate data. All non-proprietary and non-confidential market data is available to the CAD and to taxpayers upon request.

#### **E. Identification of New Property**

Identifying new mineral properties is the responsibility of HLL&A. This is accomplished through a variety of means including, but not limited to obtaining and reviewing monthly production updates from the Railroad Commission and comparing the data to the lease information already being appraised; a visual inspection of an area where production is suspected; the polling of operators in the County to see if they can identify any new producing leases or new operators in the area.

### **F. Valuation Approach and Analysis**

The appraisal of mineral properties is based on an income approach to value. This entails estimating the remaining future reserves of the property and the timing of how those reserves will be recovered. This estimation of future production along with the estimation of future pricing generates an estimated yearly income that is discounted to current day dollars. Each succeeding year's income is more heavily discounted than the previous, thus rendering less and less value contribution with each succeeding year. Each mineral lease is valued as a whole. The value of each interest owned within that lease is then determined from this total, based on the type of interest owned and the decimal interest owned in the lease.

The mathematical form of the income model is described below.

#### **Unit Income Approach**

NOI for year 1 x DF for year 1 = PW of year 1 NOI  
NOI for year n x DF for year n = PW of year n NOI  
Net Reversion x DF for year n = PW of Reversion  
Sum of PW's for all years 1 - n = Income Indicator of Value

Where:

NOI = Net Operating Income  
DF = Discount Factor  
PW = Present Worth  
n = Last year of holding period

Section 23.175 (a) of the Texas Property Tax Code reads as follows: "If a real property interest in oil or gas in place is appraised by a method that takes into account the future income from the sale of oil or gas to be produced from the interest, the method must use the average price of the oil or gas from the interest for the preceding calendar year multiplied by a market condition factor as the price at which the oil or gas produced from the interest is projected to be sold in the current year of the appraisal."

Section 23.175 also requires that the Comptroller shall calculate the market condition factor, as well as the price escalators/de-escalators that are to be used each year. All prices are determined according to Section 23.175. Further, the Comptroller's methods and procedures for discounting future income from the sale of oil or gas are also used.

In reconciling results for a given property, the appraiser considers the model results that best address the individual characteristics of the subject property while maintaining equalization among like properties. Final results for each property may be found on the appraisal district's appraisal roll.

Land valuation for mineral properties is the responsibility of appraisal district staff. Valuation of the surface estate rarely effects the valuation of the underlying mineral estate.

### **G. Review and Testing**

Appraisal results are tested annually by the Property Tax Assistance Division of the Texas Comptroller's Office. The Comptroller's review as well as comparisons with single-property appraisals indicates the validity of the model and techniques employed.

At various times throughout the year, at the request of the Chief Appraiser, HLL&A provides an updated list from the Railroad Commission in order for the CAD to compare to the list of leases already being appraised by HLL&A for the CAD. In this way, the CAD can verify that HLL&A is indeed discovering all taxable mineral properties in its discovery process.

#### **H. Review, Verification & Evaluation by the CAD**

Prior to submission of the Appraisal Roll to the ARB, the Chief Appraiser shall request a random sampling of appraisals from HLL&A. HLL&A shall provide the Chief Appraiser with the requested appraisals and all non-privileged and non-proprietary supporting data and review the information with the Chief Appraiser in order for the CAD to evaluate the appraisal results of HLL&A. The HLL&A appraiser responsible for each property sampled will review the appraisal, including but not limited to methodology, technique, data used and final outcome, with the Chief Appraiser or other employee of the CAD designated by the Chief Appraiser to review the contracted work. The Chief Appraiser or designee will verify that all assigned properties were indeed appraised and valued as set out in the contract and here-in and document any failure to do so, noting what if anything is required to fulfill the contract requirements.

At various times throughout the year, at the request of the Chief Appraiser, HLL&A provides an updated list from the Railroad Commission in order for the CAD to compare to the list of leases already being appraised by HLL&A for the CAD. In this way, the CAD can verify that HLL&A is indeed discovering all taxable mineral properties in its discovery process.

Further, a computer-assisted statistical review of property value changes is also conducted at various times throughout the year allowing the CAD to verify that the properties called for in the Contract were appraised and values were entered. Finally, HLL&A will make any non-privileged and non-proprietary market data supporting the values of the properties it appraises, available to the CAD and for inspection by property owners on request.

#### **I. Reappraisal Plan for Mineral Properties**

Mineral Properties covered by the contract between the CAD and HLL&A shall be reappraised each year. For each year of the contract, the following activities will be undertaken for all business personal properties assigned to HLL&A under its contract with the CAD. Estimates of value are typically provided to the CAD in mid to late May of each Tax Year, but in any event will be available as requested by the Chief Appraiser each year.

1. Identify properties to be appraised through physical inspection or by other reliable means of identification, including Railroad Commission filings, deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps and/or property sketches;
2. Identify and update relevant characteristics of each property in the property records of the CAD;
3. Identify and update all ownership information of each property;
4. Identify property characteristics that affect property value for each property, including:



- a. The location of the property;
  - b. Physical attributes of the property such as production history, age and condition;
  - c. Legal and economic attributes, if any;
  - d. Easements, covenants, leases, reservations, contracts, declarations, special assessments, exemptions or legal restrictions;
5. Identify the preceding year's average price and lease operating expenses;
  6. Calculate the starting rates and price and apply them to the decline curve; and
  7. Review the appraisal results to determine value.

Generally, these types of properties will be valued on an income approach basis, using the Comptroller's and statutory guidelines as to price and discount rate.

# **Hugh L. Landrum & Associates, Inc.**

## **Reappraisal Plan by Property Type**

### **INTRODUCTION**

Hugh L. Landrum & Associates, Inc. is a Registered Professional Engineering Firm in the State of Texas specializing in the mass appraisal of complex properties. In this role HLL&A recommends values to its client appraisal districts.

Pursuant to the Texas Property Tax Code, each Appraisal District is required to implement a biennial reappraisal plan. As a contractor to the Appraisal District, Hugh L. Landrum & Associates, Inc. provides this reappraisal plan in an effort to assist the taxpayers of the county in understanding the methods by which their properties are being valued; and to further aid the CAD in satisfying its requirements under the Code and those of the Comptroller's Property Tax Assistance Division.

***THIS MANUAL IS SUBJECT TO CHANGE WITHOUT NOTICE.  
IT IS ROUTINELY UPDATED TO MEET THE REQUIREMENTS OF  
THE LEGISLATURE, THE COMPTROLLER AND OUR CLIENTS.***

### **PLAN FOR PERIODIC REAPPRAISAL**

#### **INDUSTRIAL PROPERTIES:**

Each year the following activities will be undertaken for all industrial properties assigned to HLL&A under its contract with the CAD. Estimates of value are typically provided to the CAD in mid to late May of each Tax Year.

1. Identify 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/or property sketches;
2. Identify and update relevant characteristics of each property in the property records of the CAD;
3. Define market areas in the CAD, where applicable;
4. Collect, update, review and analyze market data to be used to support values on properties appraised;
5. Identify property characteristics that affect property value in each market area or for each property, including:
  - a. The location and market area of the property;
  - b. Physical attributes of the property such as size, age and condition;
  - c. Legal and economic attributes, if any;
  - d. Easements, covenants, leases, reservations, contracts, declarations, special assessments, exemptions or legal restrictions;
6. If applicable, develop an appraisal model that reflects the relationship among the property characteristics affecting the value in each market area and determines the contribution of individual property characteristics;
7. Apply conclusions reflected in the model to the characteristics of the property appraised; and

8. Review the appraisal results to determine value.

Generally, industrial properties will be valued on a cost approach basis since these properties have a low frequency of being bought and sold in the open market. In addition, since these properties are owner occupied, the income information is difficult to obtain and rarely applicable to industrial properties.

#### **UTILITY, RAILROAD & PIPELINE PROPERTIES:**

Each year the following activities will be undertaken for all utility, railroad and pipeline properties assigned to HLL&A under its contract with the CAD. Estimates of value are typically provided to the CAD in mid to late May of each Tax Year.

1. Identify 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/or property sketches;
2. Identify and update relevant characteristics of each property in the property records of the CAD;
3. Define market areas in the CAD, where applicable;
4. Collect, update, review and analyze market data to be used to support values on properties appraised;
5. Identify property characteristics that affect property value in each market area or for each property, including:
  - a. The location and market area of the property;
  - b. Physical attributes of the property such as size, age and condition;
  - c. Legal and economic attributes, if any;
  - d. Easements, covenants, leases, reservations, contracts, declarations, special assessments, exemptions or legal restrictions;
6. If applicable, develop an appraisal model that reflects the relationship among the property characteristics affecting the value in each market area and determines the contribution of individual property characteristics;
7. Apply conclusions reflected in the model to the characteristics of the property appraised; and
8. Review the appraisal results to determine value.

Generally, these types of properties will be valued on an income approach basis, being valued as an entire unit and the result apportioned to the pieces in the whole.

#### **SPECIAL PURPOSE PROPERTIES:**

Each year the following activities will be undertaken for all special purpose improvements assigned to HLL&A under its contract with the CAD. Estimates of value are typically provided to the CAD in mid to late May of each Tax Year.

1. Identify 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/or property sketches;
2. Identify and update relevant characteristics of each property in the property records of the CAD;

3. Define market areas in the CAD, where applicable;
4. Collect, update, review and analyze market data to be used to support values on properties appraised;
5. Identify property characteristics that affect property value in each market area or for each property, including:
  - a. The location and market area of the property;
  - b. Physical attributes of the property such as size, age and condition;
  - c. Legal and economic attributes, if any;
  - d. Easements, covenants, leases, reservations, contracts, declarations, special assessments, exemptions or legal restrictions;
6. If applicable, develop an appraisal model that reflects the relationship among the property characteristics affecting the value in each market area and determines the contribution of individual property characteristics;
7. Apply conclusions reflected in the model to the characteristics of the property appraised; and
8. Review the appraisal results to determine value.

Like industrial properties, special purpose properties will be valued on a cost approach basis since these properties have a low frequency of being bought and sold in the open market. In addition, since these properties are owner occupied, the income information is difficult to obtain and rarely applicable.

**BUSINESS & INDUSTRIAL TANGIBLE PERSONAL PROPERTIES:**

Each year the following activities will be undertaken for all business personal property assigned to HLL&A under its contract with the CAD. Estimates of value are typically provided to the CAD in mid to late May of each Tax Year.

1. Identify 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, or renditions;
2. Identify and update relevant characteristics of each property in the property records of the CAD;
3. Collect, update, review and analyze market data to be used to support values on properties appraised;
4. Identify property characteristics that affect property value for each property, including:
  - a. The location and market area of the property;
  - b. Physical attributes of the property such as size, age and condition;
  - c. Legal and economic attributes, if any;
  - d. Easements, covenants, leases, reservations, contracts, declarations, special assessments, exemptions or legal restrictions;
5. Develop or update a cost schedule based on SIC codes and market conditions;
6. Create or refine valuation models using actual cost data to derive the RCN of a particular unit;
7. Apply these schedules and models to estimate values; and
8. Review the rendition information in light of the schedules to determine value.

Business personal properties are required to be rendered and will be typically be valued on a cost approach basis.

**MINERAL PROPERTIES:**

Each year the following activities will be undertaken for all mineral properties assigned to HLL&A under its contract with the CAD. Estimates of value are typically provided to the CAD in mid to late May of each Tax Year.

1. Identify 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/or property sketches;
2. Identify and update relevant characteristics of each property in the property records of the CAD;
3. Collect, update, review and analyze market data to be used to support values on properties appraised;
4. Identify and update all ownership information of each property;
5. Identify property characteristics that affect property value for each property, including:
  - a. The location of the property;
  - b. Physical attributes of the property such as production history, age and condition;
  - c. Legal and economic attributes, if any;
  - d. Easements, covenants, leases, reservations, contracts, declarations, special assessments, exemptions or legal restrictions;
6. Identify the preceding year's average price and lease operating expenses;
7. Calculate the starting rates and price and apply them to the decline curve; and
8. Review the appraisal results to determine value.

Generally, these types of properties will be valued on an income approach basis, using the Comptroller's and statutory guidelines as to price and discount rate.

# Tab 13

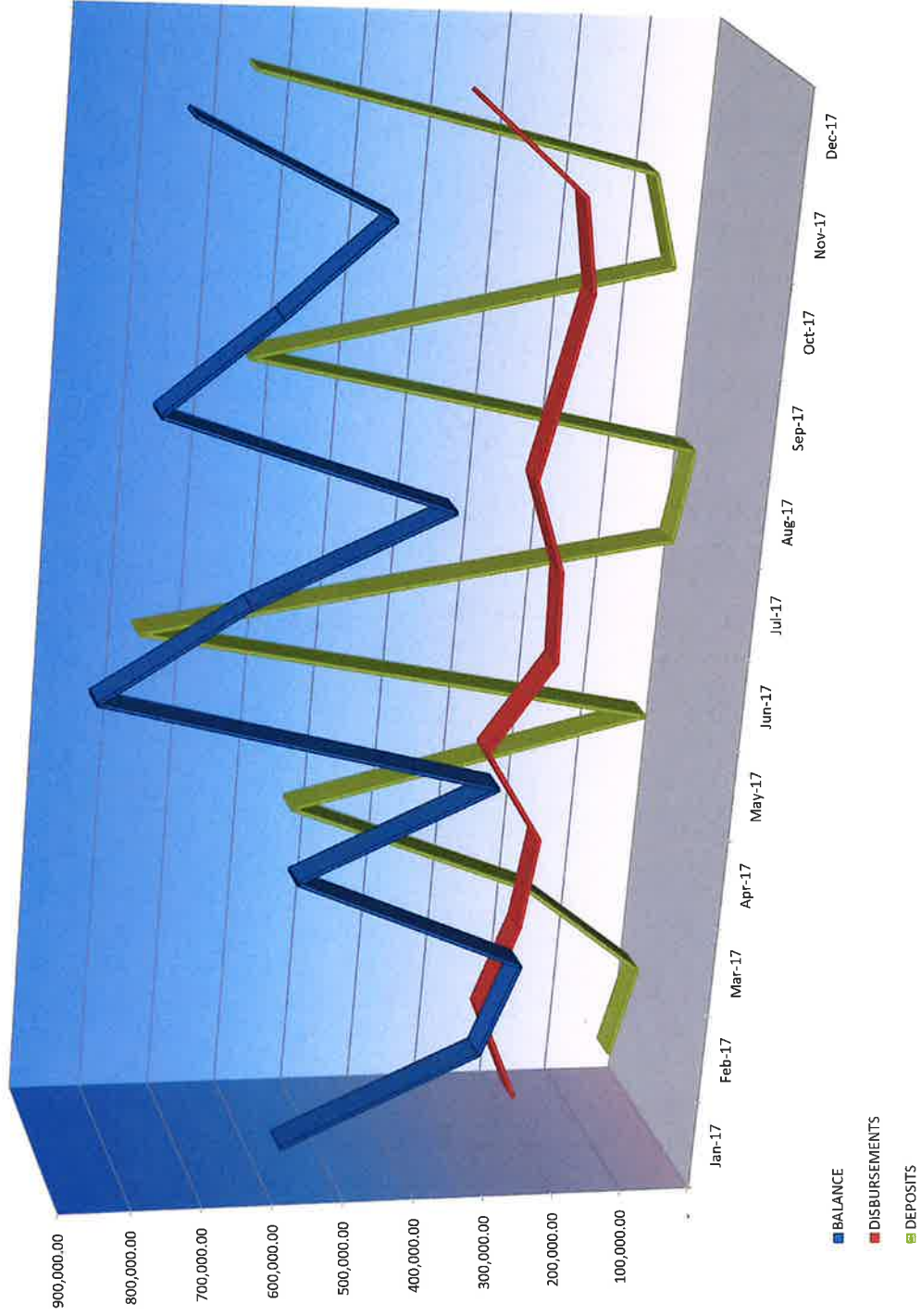
**Five Year Plan**

<b>Year</b>	<b>Recommended Action</b>	<b>Estimated Cost</b>
2019	• Replace two air conditioning units	\$11,000
	• Continue scanning of Personal Property and Real Property files	\$1,000
	• Begin phasing out old computers and scanners	\$10,000
	• Replace wide format plotter at Cleveland office	\$10,000
	• Repair, replace and paint fascia boards on exterior of building	\$15,000
	• Add additional Ipads and replace outdated Ipads for field work	\$4,000
	• Add canopy to rear main office exit door	\$500
	• Update camera and security system	\$5,000
	• Contribute to Contingency Fund (Legal, Computers, Building Maintenance)	\$25,000
2020	• Add additional Mapping employee	\$40,000
	• Update aerial photography and changefinder	\$90,000
	• Continue scanning of Personal Property and Real Property files	\$1,000
	• Continue phasing out old computers and scanners	\$10,000
	• Add additional Ipads and replace outdated Ipads for field work	\$4,000
	• Repaint the interior of the building	\$12,000
	• Contribute to Contingency Fund (Legal, Computers, Building Maintenance)	\$25,000
	• Evaluate feasibility of acquiring additional land east or south of main office for parking/exp	\$50,000
2021	• Add Real Property Appraiser	\$70,000
	• Complete scanning of Personal Property and Real Property files	\$1,000
	• Continue phasing out old computers and scanners	\$10,000
	• Add one Personal Property Appraiser	\$70,000
	• Add additional Ipads and replace outdated Ipads for field work	\$4,000
	• Replace lighting with LED's	\$10,000
	• Contribute to Contingency Fund (Legal, Computers, Building Maintenance)	\$25,000
	• Replace wide format plotter at Liberty office	\$10,000
2022	• Update aerial photography and changefinder	\$90,000
	• Continue scanning of Personal Property and Real Property files	\$1,000
	• Continue phasing out old computers and scanners	\$10,000
	• Add Real Property Appraiser	\$70,000
	• Replace two air conditioning units	\$11,000
	• Replace server	\$75,000
	• Contribute to Contingency Fund (Legal, Computers, Building Maintenance)	\$25,000
	• Replace clerical furniture	\$15,000
2023	• Replace carpet in office	\$25,000
	• Replace phone system	\$30,000
	• Continue phasing out old computers	\$10,000
	• Add real property appraiser to Cleveland office	\$70,000
	• Add additional Ipads and replace outdated Ipads for field work	\$4,000
	• Replace boardroom furniture and lobby furniture	\$15,000
	• Contribute to Contingency Fund (Legal, Computers, Building Maintenance)	\$25,000

# Tab 14

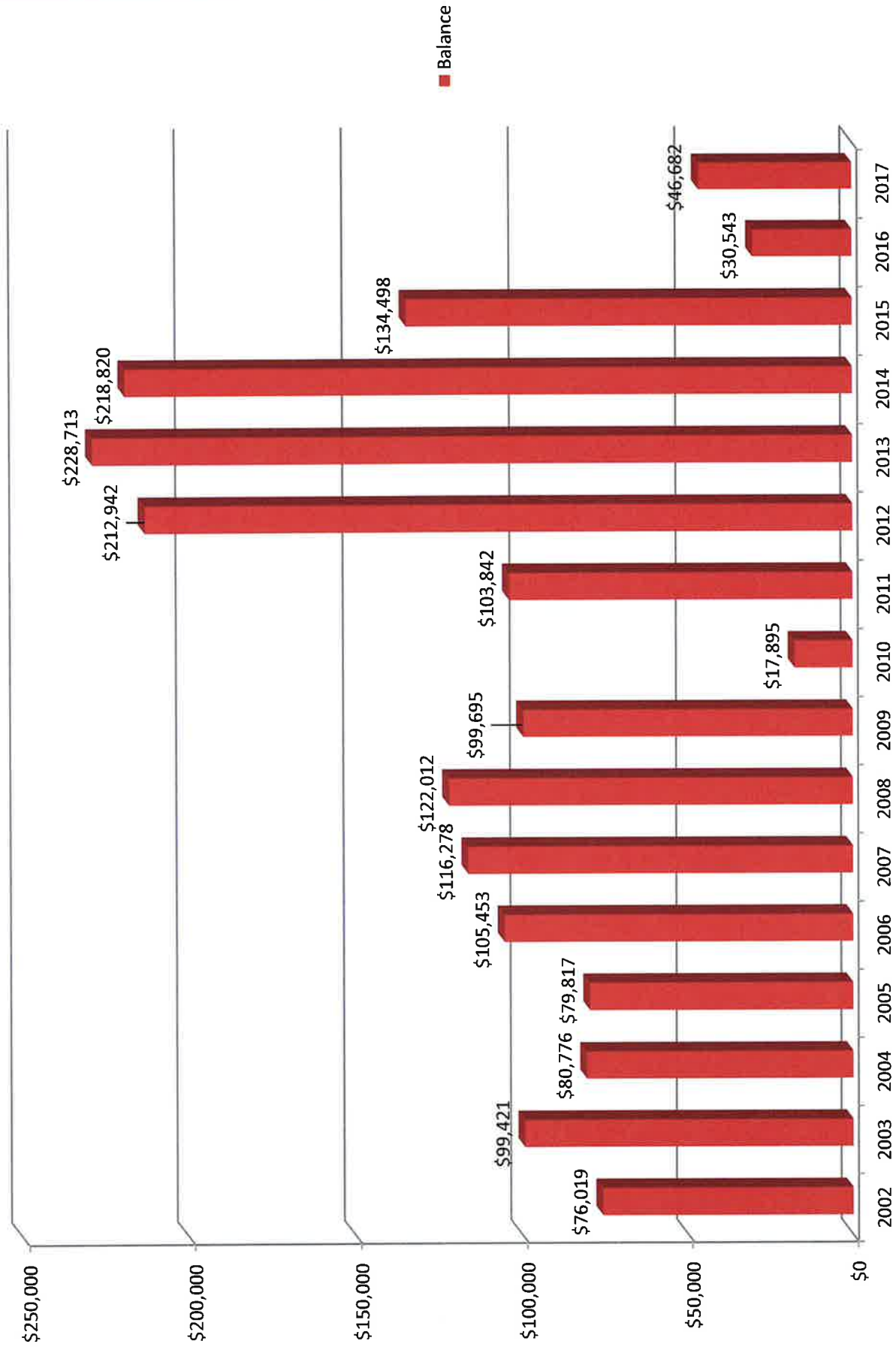


# LIBERTY COUNTY CAD CASH FLOW ANALYSIS



# Tab 15

# Liberty County CAD Fund Balance History



# Tab 16



DISTRICT	2018 # OF PARCELS	2018 # OF EMPLOYEES	COUNTY SIZE IN ACRES	Health Insurance	Dental Insurance	Life Insurance	AD&D	Retirement	Certification Stipend	Longevity	Employment Contract
CHAMBERS	40,000	10	415,002	yes	yes	yes	yes	yes	no	no	no
WALLER	48,000	15	331,123	yes	yes	yes	yes	yes	no	no	no
ORANGE	80,000	18	239,658	yes	yes	yes	yes	yes	yes	yes	no
LIBERTY	116,365	31.5	739,391	yes	yes	yes	yes	yes	no	yes	no
JEFFERSON	150,772	39	632,496	yes	yes	yes	yes	yes	yes	yes	yes
GALVESTON	188,331	46	254,978	yes	yes	yes	yes	yes	no	no	no
BRAZORIA	218,505	59	905,383	yes	yes	yes	yes	yes	yes	yes	no
MONTGOMERY	297,396	84	692,292	yes	yes	yes	yes	yes	yes	yes	yes
AVERAGE SALARY											
MEDIAN											

# Tab 17

DISTRICT	CHIEF APPRAISER'S		DEPUTY CHIEF		APPRAISER	
	2017 CAR ALLOWANCE	2018 CAR ALLOWANCE	2017 CAR ALLOWANCE	2018 CAR ALLOWANCE	2017 CAR ALLOWANCE	2018 CAR ALLOWANCE
	<u>ANNUAL</u>	<u>ANNUAL</u>	<u>ANNUAL</u>	<u>ANNUAL</u>	<u>ANNUAL</u>	<u>ANNUAL</u>
CHAMBERS	\$ 11,400	\$ 11,400	\$ 7,500	\$ 7,500	\$ 11,400	\$ 11,400
WALLER	\$ 3,600	\$ 3,600	n/a	n/a	\$ 7,800	\$ 7,800
ORANGE	district vehicle	\$ 6,000	district vehicle	\$ 6,000	district vehicle	district vehicle
LIBERTY	\$ 12,000	\$ 12,000	\$ 9,000	\$ 9,000	\$1,200 + .545 per mile	\$1,500 + .545 mile
JEFFERSON	\$ 7,800	\$ 7,800	\$ 7,620	\$ 7,620	\$ 7,620	\$ 7,620
GALVESTON	.585 PER MILE	.585 PER MILE	.585 PER MILE	.585 PER MILE	.585 PER MILE	.585 PER MILE
BRAZORIA	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200
MONTGOMERY	\$ 10,000	\$ 10,000	\$ 8,500	\$ 8,500	\$ 9,000	\$ 9,000



# Tab 18

**LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT**  
**2019 LONGEVITY PAY**  
**\$8.00 PER MONTH OF EMPLOYMENT**

<b>EMPLOYEE</b>	<b>ESTIMATED 2018 AMOUNT</b>	<b>DATE OF FULL-TIME EMPLOYMENT</b>	<b>2018 EARNED</b>	<b>2019 EARNED</b>	<b>NUMBER OF MONTHS EARNED</b>	<b>PROJECTED 2019 AMOUNT</b>
Fisher, Becky	\$ 1,240	2/1/2006	155	12	167	\$ 1,336
Fletcher, Sarah	\$ 1,272	10/1/2005	159	12	171	\$ 1,368
Flores, Ramona	\$ 1,176	10/1/2006	147	12	159	\$ 1,272
Ford, Angela	\$ 2,872	1/17/1989	359	12	371	\$ 2,968
Goebel, Stella	\$ 1,984	4/16/1998	248	12	260	\$ 2,080
Harbers, Sharon	\$ 2,160	6/17/1996	270	12	282	\$ 2,256
Headrick, Nan	\$ 1,248	12/6/2005	156	12	168	\$ 1,344
Keller, Karl	\$ 1,248	1/1/2006	156	12	168	\$ 1,344
Key, Kimberly	\$ 1,840	11/1/1999	230	12	242	\$ 1,936
Key, Sue	\$ 544	4/16/2013	68	12	80	\$ 640
Kranavek, Karen	\$ 352	4/16/2015	44	12	56	\$ 448
Lambright, Jeff	\$ 1,248	1/1/2006	156	12	168	\$ 1,344
Lehan, Connie	\$ 1,240	2/1/2006	155	12	167	\$ 1,336
McCarty, Lana	\$ 1,136	3/1/2007	142	12	154	\$ 1,232
Neal, Leigh	\$ 1,728	1/1/2001	216	12	228	\$ 1,824
Norris, Angela	\$ 512	9/1/2013	64	12	76	\$ 608
Ramirez, Laurie	\$ 640	5/1/2012	80	12	92	\$ 736
Sellers, Joli	\$ 560	3/1/2013	70	12	82	\$ 656
Strickland, Jason	\$ 1,128	3/19/2007	141	12	153	\$ 1,224
Toler, Brittany	\$ 184	2/1/2017	23	12	35	\$ 280
Trevizo, Jennifer	\$ 680	12/1/2011	85	12	97	\$ 776
Vaughn, Kyrie	\$ 1,024	5/2/2008	128	12	140	\$ 1,120
Pickett, Scarlett	\$ 256	4/26/2016	32	12	44	\$ 352
Sousa, Kathleen	\$ 248	5/31/2016	31	12	43	\$ 344
Muskwinsky, Joyce	\$ 256	4/28/2016	32	12	44	\$ 352
Holloway, Kylee	\$ 80	2/1/2018	10	12	22	\$ 176
Jannise, Ruby	\$ 80	2/1/2018	10	12	22	\$ 176
Gutierrez, Samantha	\$ 112	10/2/2017	14	12	26	\$ 208
Robinson, Hunter	\$ 112	10/16/2017	14	12	26	\$ 208
Nugent, Stormi	\$ 80	2/1/2018	10	12	22	\$ 176
Arnold, Destiny	\$ 112	10/16/2017	14	12	26	\$ 208
Berryhill, Jane	\$ 80	2/1/2018	10	12	22	\$ 176
<b>TOTAL</b>	<b>\$ 27,432</b>		<b>3429</b>	<b>384</b>	<b>3813</b>	<b>\$ 30,504</b>

# Tab 19

# LIBERTY COUNTY APPRAISAL DISTRICT TEXAS DEPARTMENT OF LICENSING AND REGULATION (TDLR) APPRAISER EDUCATION AND CERTIFICATION

RPA CERTIFICATION		*REQUIRED EVERY TWO YEARS																		
APPRaiser NAME	TPE #	REG. DATE	COURSE #1	COURSE #2	INCOME #3	PERSONAL #4	LAW #7	ETHICS #30	MASS #5	LEVEL 3 DEADLINE	LEVEL 3 EXAM	DEMO APP COURSE #10	LEVEL 4 DEADLINE	LEVEL 4 EXAM	USPAP #32	USPAP REVIEW	2-HOUR ETHICS	STATE LAWS AND RULES	CHIEF APPRAISER ETHICS	
S. GOEBEL, RPA	69287	05/26/98	10/02/98	01/15/99	09/10/99	09/30/99	09/05/02	11/16/10	10/30/98	05/26/01	10/23/00	12/04/02	05/26/03	04/24/03	11/10/09	10/24/17	10/24/17	10/24/17	10/24/17	10/24/17
A. NORRIS, RPA	69432	11/19/98	10/02/98	01/15/99	09/10/99	09/30/99	09/05/02	11/16/10	12/02/99	11/19/01	10/08/01	12/04/02	11/18/03	04/24/03	02/16/10	10/24/17	10/24/17	10/24/17	10/24/17	10/24/17
K. KEY, RPA	70094	01/19/01	03/31/00	11/17/00	12/13/02	02/01/02	02/23/05	02/13/07	10/08/04	01/19/04	08/11/03	03/10/05	01/18/06	08/12/05	11/10/09	10/24/17	10/24/17	10/24/17	10/24/17	10/24/17
L. MCCARTY, RPA	71131	03/12/07	01/16/03	11/22/02	10/31/03	10/22/04	01/05/04	04/03/07	08/28/07	07/02/06	04/21/05	12/14/07	07/02/08	02/08/08	11/10/09	10/24/17	10/24/17	10/24/17	10/24/17	10/24/17
S.FLETCHER, RPA	71718	02/28/06	11/03/06	11/10/06	11/02/07	02/08/07	11/15/06	11/16/10	08/28/07	02/28/09	10/24/08	08/15/09	02/28/11	10/06/10	11/10/09	10/24/17	10/24/17	10/24/17	10/24/17	10/24/17
J.LAMBRIGHT, RPA	71720	02/28/06	11/03/06	11/10/06	11/02/07	02/08/07	11/15/06	11/16/10	10/30/09	06/01/09	04/30/09	08/15/09	02/28/11	09/15/10	11/10/09	10/24/17	10/24/17	10/24/17	10/24/17	10/24/17
N. HEADRICK, RPA	71801	06/01/06	03/24/06	11/10/06	11/02/07	01/25/07	11/15/06	11/16/10	08/28/07	02/28/09	10/24/08	08/15/09	02/28/11	09/15/10	11/10/09	10/24/17	10/24/17	10/24/17	10/24/17	10/24/17
R.FLORES, RPA	72051	01/17/07	04/27/07	11/02/07	10/31/08	01/25/07	11/18/09	02/13/07	10/30/09	01/17/10	04/30/09	03/11/10	01/17/12	10/19/10	11/10/09	10/24/17	10/24/17	10/24/17	10/24/17	10/24/17
J. SELLERS RPA	72104	02/21/07	04/27/07	11/02/07	10/31/08	02/08/07	11/18/09	02/12/07	10/30/09	02/21/10	04/30/09	03/11/10	02/21/12	10/19/10	11/10/09	10/24/17	10/24/17	10/24/17	10/24/17	10/24/17
K. SOUSA	75152	07/08/16	09/16/16	10/07/16	09/14/17	10/13/17		10/18/17		07/08/20			07/08/22		09/29/17		09/28/16	10/25/17	09/28/16	10/24/17
J.STRICKLAND, RPA	72150	03/27/07	04/27/07	11/02/07	10/31/08	10/10/08	11/18/09	04/03/07	10/30/09	03/27/10	04/30/09	03/11/10	03/27/12	09/01/10	11/10/09	10/24/17	10/24/17	10/24/17	10/24/17	10/24/17
K. KRNAVEK, RPA	71905	09/06/06	11/03/06	11/10/06	11/02/07	01/22/07	11/18/09	11/28/06	10/30/09	09/06/09	10/24/08	03/11/10	09/06/11	10/19/10	11/10/09	10/24/17	10/24/17	10/24/17	10/24/17	10/24/17
K. VAUGHN, RPA	73730	01/25/12	11/05/10	12/03/10	10/19/12	09/01/12	10/22/15	01/24/12	12/05/14	01/25/15	09/19/14	03/06/15	01/25/17	11/18/15	11/06/13	10/24/17	10/24/17	10/24/17	10/24/17	10/24/17
K. KELLER	71719	02/28/06	11/03/06	11/02/06	11/02/07	02/09/07	11/13/06	11/28/06		10/29/18			10/29/18		11/02/16			10/25/17		
J. MUSKOWINSKY	75362	01/26/17	09/16/16	10/07/16	09/14/17	10/13/17		10/18/17		01/26/20			01/26/22					10/25/17		
J. TREWIZO	75363	01/26/17	09/26/12					09/07/12		01/26/20			01/26/22			10/24/17		10/24/17		10/24/17
H. ROBINSON	75605	11/16/17	11/17/17					01/30/18		11/16/20			11/16/22					10/24/17		10/24/17
B. TOLER	75624	11/17/17	11/17/17					01/30/18		11/17/20			11/17/22							

RTA CERTIFICATION		OTHER TRAINING							
ASSESSOR NAME	TPE #	REG. DATE	RTA COURSE #8 A & C	RTA COURSE #9 ADV A & C	LEVEL 3 EXAM	RTA COURSE #28 TNT	LEVEL 4 EXAM	Public Funds Investment Act	Chief Appraiser's Institute
J. LAMBRIGHT	71720	05/10/13	10/23/14		NA	05/17/17	05/12/14	N/A	11/21/2013
L. MCCARTY RTA	71131	05/10/12	10/10/13	01/23/14	NA	07/17/13	05/12/14	09/10/17	11/15/2012
K. KRNAVEK	71905								10/24/2014
J. STRICKLAND	72150	09/22/16		09/14/16		05/17/17		N/A	11/6/2015

UPDATED 3/16/2018

**Tab 20**

# Liberty County Appraisal District

## Market Value/New Value Change By Year

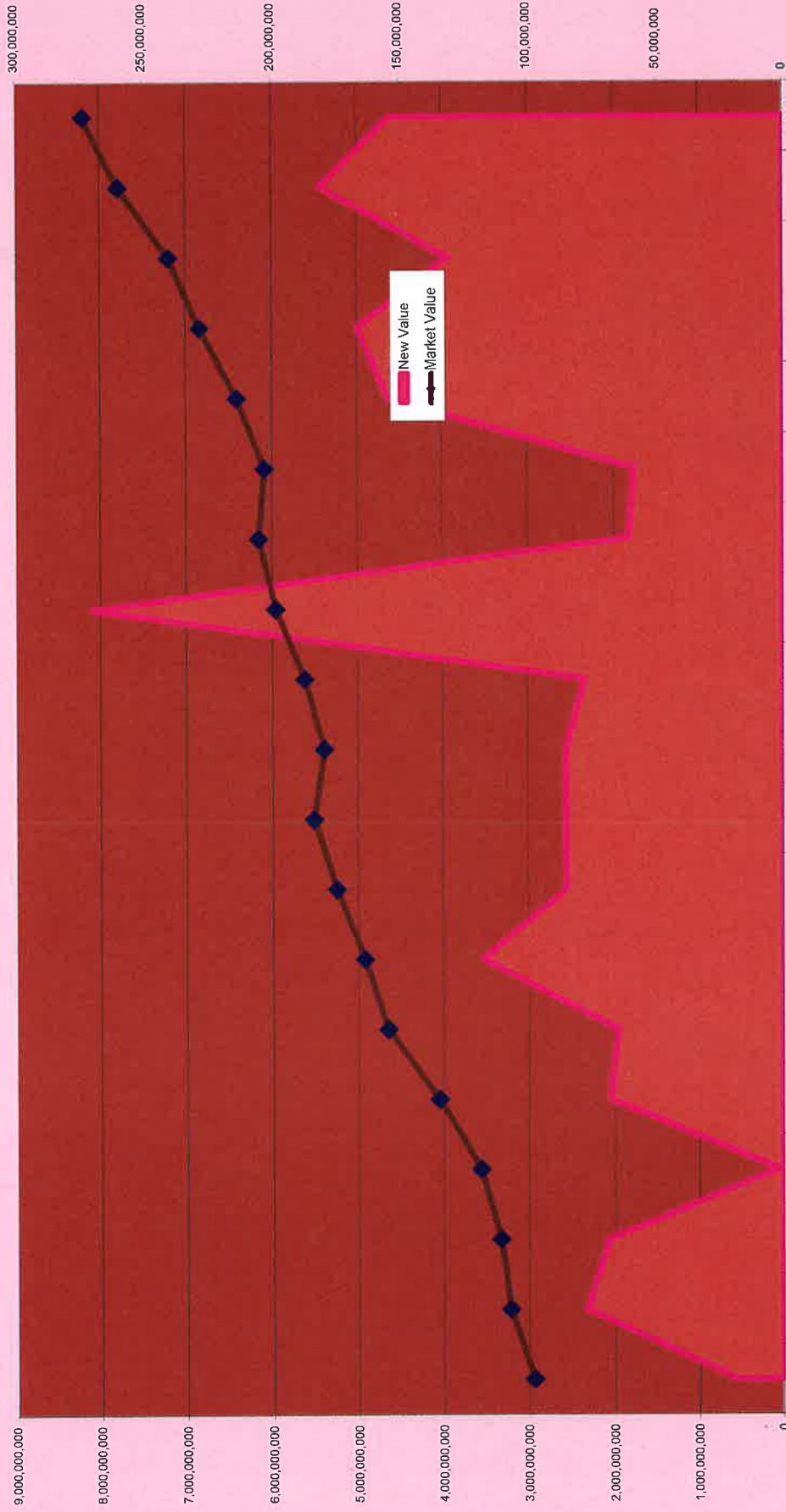
Entity: Liberty County

Year	Market Value	% Change	New Value	New Value As % of MV
2000	2,933,434,870	#REF!	18,553,410	0.63%
2001	3,210,794,513	9.46%	77,253,128	2.41%
2002	3,322,238,654	3.47%	68,785,490	2.07%
2003	3,554,597,676	6.99%	1,616,560	0.05%
2004	4,038,295,744	13.61%	68,226,261	1.69%
2005	4,644,069,140	15.00%	65,145,249	1.40%
2006	4,916,177,489	5.86%	117,496,483	2.39%
2007	5,247,168,314	6.73%	85,070,021	1.62%
2008	5,511,602,935	5.04%	85,198,404	1.55%
2009	5,391,183,802	-2.18%	85,281,060	1.58%
2010	5,616,921,541	4.19%	78,124,502	1.40%
2011	5,956,026,122	6.04%	269,985,634	4.53%
2012	6,152,530,931	3.30%	60,850,791	0.99%
2013	6,085,435,766	-1.09%	58,563,249	0.96%
2014	6,405,155,791	5.25%	154,147,829	2.41%
2015	6,835,574,730	6.72%	166,374,377	2.43%
2016	7,198,673,043	5.31%	130,639,019	1.81%
2017	7,785,714,537	8.15%	181,098,932	2.33%
*2018	8,197,060,182	5.28%	153,559,889	1.87%

\*Preliminary Estimated Value as of 4/13/2018

**Tab 21**

# Market/New Value Change by Year



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	*2018
New Value	18,553,410	77,253,128	68,795,490	1,616,560	66,226,251	65,145,249	1,17,496,48	85,070,021	85,198,404	85,281,060	76,124,502	269,985,63	60,850,791	58,563,249	154,147,82	166,374,37	130,639,01	181,098,93	153,559,88
Market Value	2,933,434	3,210,794	3,322,238	3,554,597	4,038,295	4,644,069	4,916,177	5,247,168	5,511,602	5,391,183	5,616,821	5,956,026	6,152,530	6,085,435	6,405,155	6,835,574	7,198,673	7,785,714	8,197,080



**Tab 22**

**LIBERTY COUNTY CAD  
MARKET VALUE COMPARISON  
2017 Certified**

CODE	CATEGORY	1985			2016			2017			DIFFERENCE		DIFFERENCE		% CHANGE	
		# OF ACCOUNTS	MARKET VALUE	% CHANGE	# OF ACCOUNTS	MARKET VALUE	% CHANGE	# OF ACCOUNTS	MARKET VALUE	% CHANGE	1985 TO 2017 MARKET VALUE	2016 TO 2017 MARKET VALUE	1985 TO 2017 % CHANGE	2016 TO 2017 MARKET VALUE	2016 TO 2017 % CHANGE	
A	SINGLE FAMILY	17228	\$425,974,686	10.07%	26505	\$2,110,190,687	10.07%	27260	\$2,322,587,662	10.07%	\$1,696,612,976	\$212,393,995	445.24%	\$212,393,995	10.07%	
B	MULTI-FAMILY	115	\$20,384,190	15.87%	159	\$46,690,839	15.87%	164	\$54,101,829	15.87%	\$33,717,639	\$7,410,990	185.41%	\$7,410,990	15.87%	
C	LOTS	28735	\$80,574,827	13.12%	35683	\$404,552,443	13.12%	36141	\$457,643,735	13.12%	\$377,068,908	\$53,091,292	467.97%	\$53,091,292	13.12%	
D	OPEN SPACE ACREAGE & IMPS	9996	\$566,381,861	15.60%	14536	\$1,114,975,085	15.60%	13463	\$1,288,870,109	15.60%	\$702,488,248	\$173,895,024	119.80%	\$173,895,024	15.60%	
E	RURAL LAND & IMPS	2899	\$44,629,551	15.23%	8968	\$455,761,003	15.23%	8784	\$525,179,767	15.23%	\$480,550,216	\$69,418,764	1076.75%	\$69,418,764	15.23%	
F	COMMERCIAL/INDUSTRIAL	1564	\$122,761,290	2.81%	2226	\$628,429,568	2.81%	2238	\$644,651,037	2.81%	\$522,089,747	\$16,421,469	425.29%	\$16,421,469	2.81%	
G	MINERALS	12536	\$273,143,415	23.87%	6615	\$65,362,350	23.87%	8365	\$80,990,941	23.87%	-\$192,152,474	\$15,608,591	-70.35%	\$15,608,591	23.87%	
J	UTILITIES	765	\$205,039,740	10.40%	1014	\$515,485,090	10.40%	1080	\$569,084,470	10.40%	\$364,044,730	\$53,589,380	177.55%	\$53,589,380	10.40%	
L	PERSONAL	2432	\$163,305,900	3.37%	2854	\$927,731,960	3.37%	2743	\$959,012,580	3.37%	\$795,706,680	\$31,280,620	487.25%	\$31,280,620	3.37%	
M	OTHER PERSONAL	3619	\$22,320,710	8.56%	5652	\$156,273,580	8.56%	6111	\$169,651,788	8.56%	\$147,331,078	\$13,378,208	660.06%	\$13,378,208	8.56%	
O	RESIDENTIAL INVENTORY	0	\$0	-64.88%	308	\$7,056,560	-64.88%	67	\$2,479,020	-64.88%	\$2,479,020	-\$4,579,560		-\$4,579,560	-64.88%	
S	SPECIAL INVENTORY	0	\$0	-2.62%	37	\$14,818,550	-2.62%	37	\$14,430,670	-2.62%	\$14,430,670	-\$387,880		-\$387,880	-2.62%	
<b>TOTAL</b>			<b>\$1,944,516,170</b>		<b>\$6,447,359,715</b>		<b>\$7,683,329,535</b>		<b>\$5,144,367,438</b>		<b>\$641,523,893</b>		<b>264.56%</b>	<b>\$641,523,893</b>	<b>9.95%</b>	

# Tab 23

**LIBERTY COUNTY CAD  
TAXABLE VALUE COMPARISON**

ENTITY	1985		2016		2017		DIFFERENCE		% CHANGE		DIFFERENCE		% CHANGE	
	# OF ACCTS.	TAXABLE VALUE	# OF ACCTS.	TAXABLE VALUE	# OF ACCTS.	TAXABLE VALUE	1985 TO 2017 VALUE	1985 TO 2017 VALUE	1985 TO 2017 VALUE	1985 TO 2017 VALUE	2016 TO 2017 VALUE	2016 TO 2017 VALUE	2016 TO 2017 VALUE	2016 TO 2017 VALUE
	LIBERTY COUNTY	83706	\$1,496,824,485	115321	\$5,163,461,698	116315	\$5,653,825,808	\$4,157,001,323	277.72%	\$460,364,110	9.50%			
CLEVELAND ISD	11886	\$253,798,550	23331	\$980,333,197	24192	\$1,099,407,331	\$845,608,781	333.18%	\$119,074,134	12.15%				
DAYTON ISD	17078	\$301,098,712	25113	\$1,659,149,877	25267	\$1,841,680,668	\$1,540,581,856	511.65%	\$182,530,691	11.00%				
DEVERS ISD	3104	\$127,514,410	5572	\$171,714,041	5643	\$165,231,637	\$37,717,227	29.58%	-\$6,482,404	-3.78%				
HARDIN ISD	15670	\$129,553,852	16597	\$405,737,371	16423	\$452,897,110	\$323,343,258	249.58%	\$47,159,739	11.62%				
HULL-DAISETTA ISD	7691	\$171,899,970	9859	\$234,655,818	9912	\$245,843,668	\$73,943,698	43.02%	\$11,187,850	4.77%				
LIBERTY ISD	15375	\$366,320,229	19464	\$942,759,938	19510	\$977,005,607	\$610,685,378	166.71%	\$34,245,669	3.63%				
TARKINGTON ISD	14272	\$164,251,270	15561	\$500,448,607	15542	\$565,501,572	\$401,250,302	244.29%	\$65,052,965	13.00%				

**Tab 24**

**LIBERTY COUNTY  
TOP 50 TAXPAYERS  
2017**

<b>Rank</b>	<b>Taxpayer Name</b>	<b>Taxable Value</b>
1	TRANSCANADA KEYSTONE PIPELINE LP	\$115,905,770
2	BOOMERANG TUBE, LLC	\$106,673,900
3	ENTERGY TEXAS INC	\$66,745,790
4	EXXON MOBIL CORPORATION	\$63,484,830
5	MOSS BLUFF HUB PARTNERS LP	\$61,577,740
6	EXXON CHEMICAL AMERICAS	\$61,402,360
7	KINDER MORGAN TEXAS PIPELINE	\$50,967,050
8	LONE STAR NGL PIPELINE	\$41,628,620
9	TOTAL PETROCHEMICALS USA	\$39,008,150
10	PRAXAIR INC	\$34,955,300
11	BNSF RAILWAY CO	\$33,336,850
12	SEAWAY CRUDE PIPELINE LC	\$32,369,250
13	EQUISTAR CHEMICALS LP	\$28,269,440
14	UNION PACIFIC RAILROAD CO	\$25,795,830
15	KEYERA ENERGY INC	\$22,963,230
16	TRT LEASECO LLC	\$18,984,300
17	POLY-AMERICA LP	\$18,931,090
18	ENTERPRISE TE PRODUCTS PIPELINE CO LP	\$18,364,510
19	UNION PACIFIC RAILROAD CO	\$18,036,260
20	GLOBAL TUBING	\$17,731,770
21	OXY VINYLs LP	\$17,724,680
22	BALLARD EXPLORATION CO INC	\$16,358,120
23	NIPSCO	\$15,805,970
24	WESTLAKE POLYMERS LP	\$14,856,300
25	HUNTSMAN PETROCHEMICAL CORP	\$14,281,410
26	SUNOCO PIPELINE LP	\$14,280,793
27	INSTEEL WIRE PRODUCTS CO	\$14,176,250
28	SOUTHWESTERN BELL TELEPHONE LP	\$13,462,660
29	J ARON & COMPANY	\$13,313,630
30	COLONIAL PIPELINE CO	\$12,921,350
31	NATURAL GAS PIPELINE CO OF AMERICA	\$12,460,020
32	ONEOK STERLING III PIPELINE LLC	\$11,836,260
33	AIR PRODUCTS AND CHEMICALS	\$11,136,520
34	WALMART REAL ESTATE BUSINESS TRUST	\$10,755,100
35	CATERPILLAR FINANCIAL SERVICES CORP	\$10,729,520
36	ONEOK ARBUCKLE PIPELINE LLC	\$10,326,810
37	NATIONAL OILWELL VARCO LP	\$10,100,270
38	HARRIS REBAR NUFAB LLC	\$9,925,430
39	LIBERTY FORGE, INC	\$9,861,860
40	UNION TANK CAR CO	\$9,809,060
41	CIT GROUP/CAPITAL FINANCE	\$9,700,000
42	WESTERN FORGE & FLANGE	\$9,655,350
43	COLONY RIDGE DEVELOPMENT LLC	\$9,454,210
44	DRAGON PRODUCTS LTD	\$9,143,660
45	SAM'S EAST INC	\$8,895,040
46	GAITHER PETROLEUM CORPORATION	\$8,721,673
47	WESTLAKE PETROCHEMICALS LLC	\$8,337,390
48	AIR LIQUIDE LARGE INDUSTRIES US LP	\$8,098,780
49	COLONY RIDGE DEVELOPMENT LLC	\$7,909,940
50	SMART JOHN TRUCKING	\$7,559,550

**Tab 25**

**LIBERTY COUNTY CAD  
AVERAGE MARKET VALUE PER ACRE  
AGRICULTURAL & TIMBER LAND**

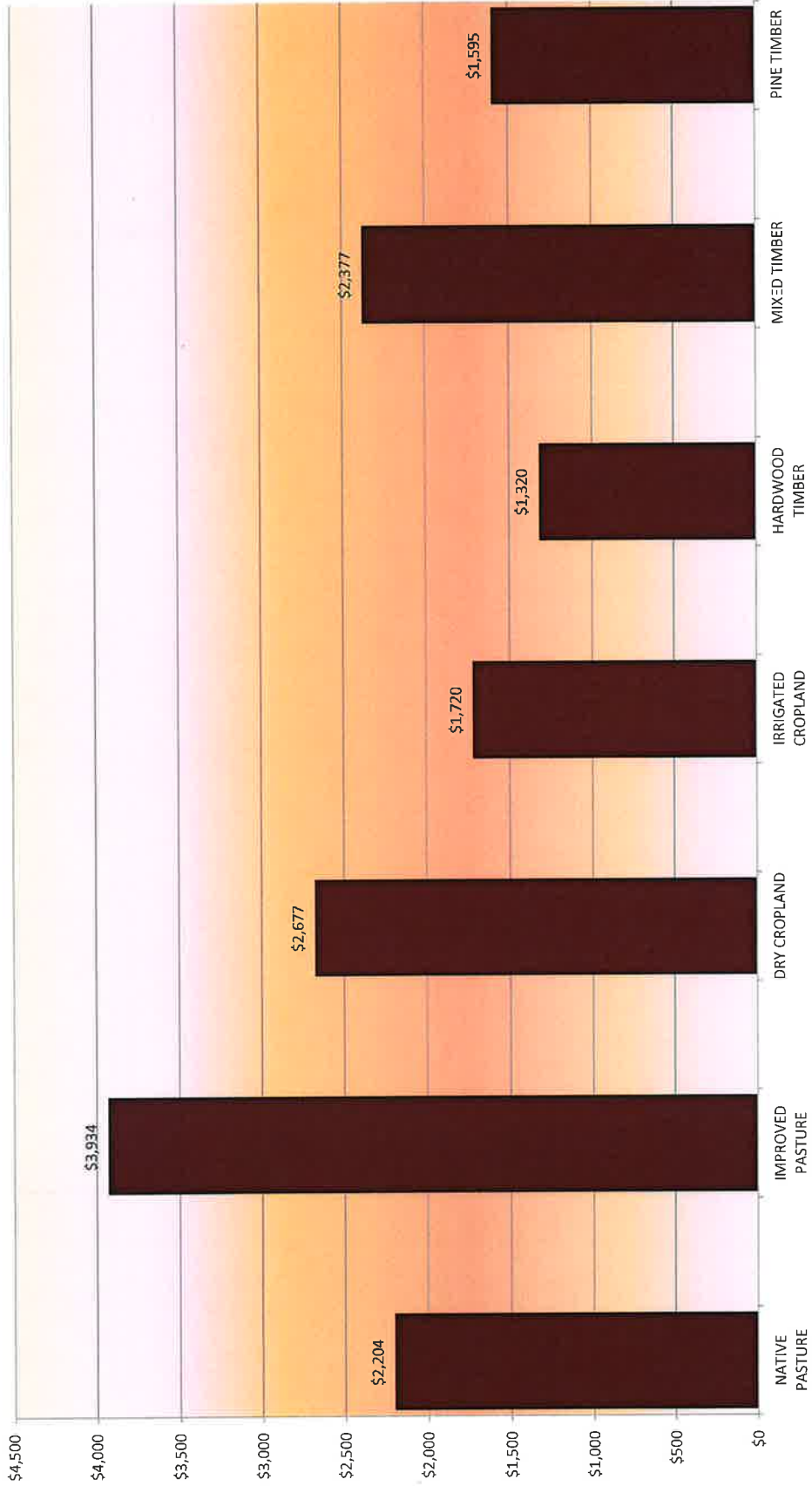
LAND USE	# OF ACRES	2017 MARKET VALUE	2012 MARKET VALUE PER ACRE	2013 MARKET VALUE PER ACRE	2014 MARKET VALUE PER ACRE	2015 MARKET VALUE PER ACRE	2016 MARKET VALUE PER ACRE	2017 MARKET VALUE PER ACRE
NATIVE PASTURE	118,535	\$261,247,830	\$1,561	\$1,578	\$1,532	\$1,580	\$1,927	\$2,204
IMPROVED PASTURE	90,355	\$355,415,760	\$2,461	\$2,546	\$2,510	\$2,709	\$3,321	\$3,934
DRY CROPLAND	33,571	\$89,869,260	\$1,951	\$1,982	\$1,911	\$2,333	\$3,725	\$2,677
IRRIGATED CROPLAND	14,166	\$24,366,100	\$1,708	\$1,724	\$1,713	\$1,713	\$1,973	\$1,720
<b>AVERAGE AG VALUE/AC</b>	<b>256,627</b>	<b>\$730,898,950</b>	<b>\$1,950</b>	<b>\$1,993</b>	<b>\$1,958</b>	<b>\$2,098</b>	<b>\$2,696</b>	<b>\$2,848</b>
HARDWOOD TIMBER	68580	90,499,890	\$989	\$984	\$901	\$998	\$1,168	\$1,320
MIXED TIMBER	106879	254,028,620	\$1,605	\$1,649	\$1,731	\$1,601	\$2,078	\$2,377
PINE TIMBER	110592	176,423,530	\$1,186	\$1,203	\$1,181	\$1,075	\$1,403	\$1,595
<b>AVERAGE TIMBER VALUE/AC</b>	<b>286,051</b>	<b>\$520,952,040</b>	<b>\$1,287</b>	<b>\$1,305</b>	<b>\$1,323</b>	<b>\$1,248</b>	<b>\$1,583</b>	<b>\$1,821</b>
<b>AVERAGE TIMBER&amp;AG LAND/AC</b>	<b>542,678</b>	<b>\$1,251,850,990</b>	<b>\$1,588</b>	<b>\$1,611</b>	<b>\$1,635</b>	<b>\$1,644</b>	<b>\$2,076</b>	<b>\$2,307</b>

\* as of March 20, 2018



# Tab 26

# 2017 MARKET VALUE PER ACRE



**Tab 27**

# ANNUAL SALES RATIO COMPARISON 2017 to 2018

2017

COUNTY WIDE SALES WITH TIME ADJUSTMENT .5% PER MONTH					
IMPROVEMENT TYPE	NUMBER OF SALES	WEIGHTED MEAN	MEDIAN	COD	
IMPROVED PROPERTY	638	1.00	1.02	13.83	
VACANT LAND	350	1.03	1.00	15.02	

RESIDENTIAL RATIO BY SCHOOL DISTRICT WITH TIME ADJUSTMENT					
SCHOOL DISTRICT	NUMBER OF SALES	WEIGHTED MEAN	MEDIAN	COD	
DAYTON ISD	240	1.01	1.02	12.02	
LIBERTY ISD	94	1.03	1.04	11.84	
CLEVELAND ISD	141	0.98	0.99	16.08	
DEVERS ISD	5	0.68	0.76	18.80	* LIMITED SALES
HARDIN ISD	58	1.05	1.07	15.23	
HULL-DAISETTA ISD	13	0.92	0.87	25.68	* LIMITED SALES
TARKINGTON ISD	90	1.03	1.03	15.10	

LAND RATIO BY SCHOOL DISTRICT WITH TIME ADJUSTMENT					
SCHOOL DISTRICT	NUMBER OF SALES	WEIGHTED MEAN	MEDIAN	COD	
DAYTON ISD	120	1.04	0.99	16.70	
LIBERTY ISD	12	1.08	1.06	11.96	
CLEVELAND ISD	124	0.99	0.96	11.82	
DEVERS ISD	3	1.07	0.97	9.92	* LIMITED SALES
HARDIN ISD	30	1.04	1.01	16.30	
HULL-DAISETTA ISD	6	0.62	0.77	46.21	* LIMITED SALES
TARKINGTON ISD	54	1.05	1.05	12.85	
TARKINGTON ISD	41	1.11	1.15	13.68	* EXCLUDES CYPRESS LAKES

2018

COUNTY WIDE SALES WITH TIME ADJUSTMENT .5% PER MONTH					
IMPROVEMENT TYPE	NUMBER OF SALES	WEIGHTED MEAN	MEDIAN	COD	
IMPROVED PROPERTY	581	0.92	0.93	15.92	
VACANT LAND	282	0.98	0.97	14.45	

RESIDENTIAL RATIO BY SCHOOL DISTRICT WITH TIME ADJUSTMENT					
SCHOOL DISTRICT	NUMBER OF SALES	WEIGHTED MEAN	MEDIAN	COD	
DAYTON ISD	225	0.94	0.93	13.27	
LIBERTY ISD	88	0.96	0.97	19.96	
CLEVELAND ISD	110	0.88	0.89	15.21	
DEVERS ISD	5	0.86	0.96	16.87	* LIMITED SALES
HARDIN ISD	57	0.92	0.93	14.77	
HULL-DAISETTA ISD	6	0.77	0.90	12.12	* LIMITED SALES
TARKINGTON ISD	90	0.89	0.87	18.99	

LAND RATIO BY SCHOOL DISTRICT WITH TIME ADJUSTMENT					
SCHOOL DISTRICT	NUMBER OF SALES	WEIGHTED MEAN	MEDIAN	COD	
DAYTON ISD	103	0.95	0.94	12.77	
LIBERTY ISD	15	1.02	0.99	14.61	
CLEVELAND ISD	74	0.96	0.95	13.11	
DEVERS ISD	6	0.82	0.82	12.44	* LIMITED SALES
HARDIN ISD	33	1.03	1.04	17.40	
HULL-DAISETTA ISD	6	0.95	0.89	29.00	* LIMITED SALES
TARKINGTON ISD	45	1.02	1.02	13.01	
TARKINGTON ISD	45	1.02	1.02	13.01	* EXCLUDES CYPRESS LAKES

**Tab 28**

**LIBERTY COUNTY CAD**  
**2017 PERMITS FOR 2019 TAX YEAR BUDGET**  
**2016 VS 2017 COMPARISON**

SCHOOL DISTRICT	PERMITS THRU DEC 2017				CHANGE		
	2016		2017				
	# CITY PERMITS	# COUNTY PERMITS	# CITY PERMITS	# COUNTY PERMITS			
	PERMITS	TOTAL	PERMITS	TOTAL			
CLEVELAND ISD	479	1688	2167	260	2261	2521	354
DAYTON ISD	552	470	1022	97	671	768	(254)
DEVERS ISD		23	23	0	26	26	3
HARDIN ISD	9	120	129	0	102	102	(27)
HULL DAISSETTA ISD		48	48	0	74	74	26
LIBERTY ISD	187	85	272	110	123	233	(39)
TARKINGTON ISD		214	214	0	149	149	(65)
<b>COUNTY TOTAL</b>			<b>3,875</b>			<b>3,873</b>	<b>(2)</b>

# Tab 29

**LIBERTY COUNTY CAD**  
**BUILDING PERMITS 2008 THRU 2017**

TOTAL COUNTY & CITY PERMITS

SCHOOL DISTRICT	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
CLEVELAND ISD	205	187	344	258	622	786	823	2167	2167	2521
DAYTON ISD	733	729	816	728	723	744	786	1022	1022	768
DEVERS ISD	13	22	7	16	15	13	12	23	23	26
HARDIN ISD	115	140	101	95	92	123	104	129	129	102
HULL DAISSETTA ISD	43	39	23	47	42	30	56	48	48	74
LIBERTY ISD	153	152	136	133	137	163	177	272	272	233
TARKINGTON ISD	<u>121</u>	<u>112</u>	<u>97</u>	<u>113</u>	<u>114</u>	<u>109</u>	<u>147</u>	214	214	149
<b>COUNTY TOTAL</b>	<b>1383</b>	<b>1381</b>	<b>1524</b>	<b>1390</b>	<b>1745</b>	<b>1,968</b>	<b>2105</b>	<b>3875</b>	<b>3875</b>	<b>3873</b>



**Tab 30**

**LIBERTY COUNTY CAD**  
**2017 DECEMBER ACTIVITY REPORT**  
**1/23/2018**

DESCRIPTION	2012	2013	2014	2015	2016	PREVIOUS YTD 2017	CURRENT YTD 2017	CHANGE
<b>Appraisal, Permits &amp; Check backs</b>	15,478	24,075	19,160	19,766	21,673	20552	22550	1,998
<b>Building Permits</b>	1,745	1,968	2,105	2,691	3,875	2879	3673	794
<b>Ownership Changes</b>	7,730	8,913	9,740	15,038	9,740	13346	14209	863
<b>Data Entry- Accounts Keyed</b>	17,281	25,286	29,058	33,249	24,131	17300	17944	644
<b>Address Changes</b>	8,496	9,632	11,427	13,013	10,602	11858	12737	879
<b>Homestead Applications</b>	1,223	1,210	1,381	1,402	1,401	1458	1496	38
<b>Ag/Timber Applications</b>	610	657	783	639	773	753	779	26
<b>Personal Property Inspections</b>	680	525	502	475	560	833	833	0
<b>Personal Property Renditions</b>								
Mailed	3,727	3,842	4,052	4,205	4,203	3975	3975	0
Received	1,490	1,630	1,627	1,632	1,534	1697	1697	0
Non-industrial	<u>1,228</u>	<u>1,192</u>	<u>1,476</u>	<u>1,562</u>	<u>1,653</u>	1452	1452	0
Industrial	2,718	2,822	3,103	3,194	3,187	3149	3149	0
Total Received	73%	73%	77%	76%	76%	79%	79%	
% Received								
<b>Dayton Office</b>								
Customers	273	420	565	620	497	611	611	0
Phone Calls	407	628	830	952	1,141	1034	1034	0
Total	680	1,048	1,395	1,572	1,638	1645	1645	0
<b>Cleveland Office</b>								
Customers	1,868	2,165	1,845	1,490	1,539	1570	1615	45
Phone Calls	<u>1,062</u>	<u>1,045</u>	<u>943</u>	<u>858</u>	<u>935</u>	1110	1128	18
Total	2,930	3,210	2,788	2,348	2,474	2680	2743	63

Web Site Activity	2,010	2,011	2012	2013	2014	2015	2016	Previous YTD 2017	Current YTD 2017	Change
Texas			60,579	70,931	82,703	122,721	221,529	230,178	242,269	12,091
Us			67,371	80,280	96,821	143,597	277,162	263,668	277,542	13,874
Worldwide			68,168	81,513	99,313	144,145	279,145	273,589	287,887	14,298
Inquires Open					0	3	1	0	0	0
Inquires Closed					627	1,088	1,229	1,979	1,979	0
Protest Filed	3,327	4,562	2,485	2,356	2,229	3,006	5,230	3,507	3,507	0
Protest Closed		4,544	2,485	2,341	2,284	2,993	5,230	3,490	3,490	0
Arb Hearing Held	318	549	285	279	305	243	446	370	370	0
Active Lawsuits	0	2	0	6	10	8	11	38	37	-1
Notices Of Appraised Value	54,243	66,408	35,844	43,744	32,813	41,331	57,527	51,169	51,169	0

2017 Notices of Appraised Value	Personal & Industrial			Improvement Only	Mineral	Total
	Real	Industrial	Personal			
HB 3630	641		5			646
E-protest	1,281		164			1,445
1st run	38,296	378	3,033	2,145		43,852
2nd run	2,020	1,240	166			3,426
3rd run	1,621		179			1,800
4th run	0	0	0	0		0
Late			0			0
Total	43,859	1,618	3,547	2,145		51,169

**Tab 31**

**LIBERTY CAD  
# OF NOTICES OF APPRAISED VALUE**

		LOCAL				TOTALS	
	REAL	E-PROTEST	PERSONAL & INDUSTRIAL	IMPROVEMENT ONLY	MINERAL	2017 TOTAL	
<b>2017</b>							
1ST RUN	38942	1445	378	3033	2145	45943	
2ND RUN	2020		1240	166		3426	
3RD RUN	1621		1240	179		3040	
LATE						0	
<b>TOTAL</b>	42583	1445	2858	3378	2145	52409	
<b>TOTALS</b>							
<b>2016</b>							
1ST RUN	22210	14813	1920	2455	5292	46690	
2ND RUN	1979		836	103		2918	
3RD RUN						0	
LATE						0	
<b>TOTAL</b>	24189	14813	2756	2558	5292	49608	
<b>TOTALS</b>							
<b>2015</b>							
1ST RUN	19619	10799	2859	2772	9483	45532	
2ND RUN	9238		858	236		10332	
3RD RUN			510			510	
LATE	348		805	3		1156	
<b>TOTAL</b>	29205	10799	5032	3011	9483	57530	
<b>TOTALS</b>							
<b>2014</b>							
1ST RUN	10990	5369	1773	3301	10568	32,001	
2ND RUN	3220		2859	186		6,265	
3RD RUN	659		1158	18		1,835	
LATE	912		318			1,230	
<b>TOTAL</b>	15,781	5,369	6,108	3,505	10,568	41,331	
<b>TOTALS</b>							
<b>2013</b>							
1ST RUN	10855	4848	3477	1660	10310	31,150	
2ND RUN	648		258	199		1,105	
3RD RUN			333			333	
LATE			225			225	
<b>TOTAL</b>	11,503	4,848	4,293	1,859	10,310	32,813	
<b>TOTALS</b>							

**Tab 32**

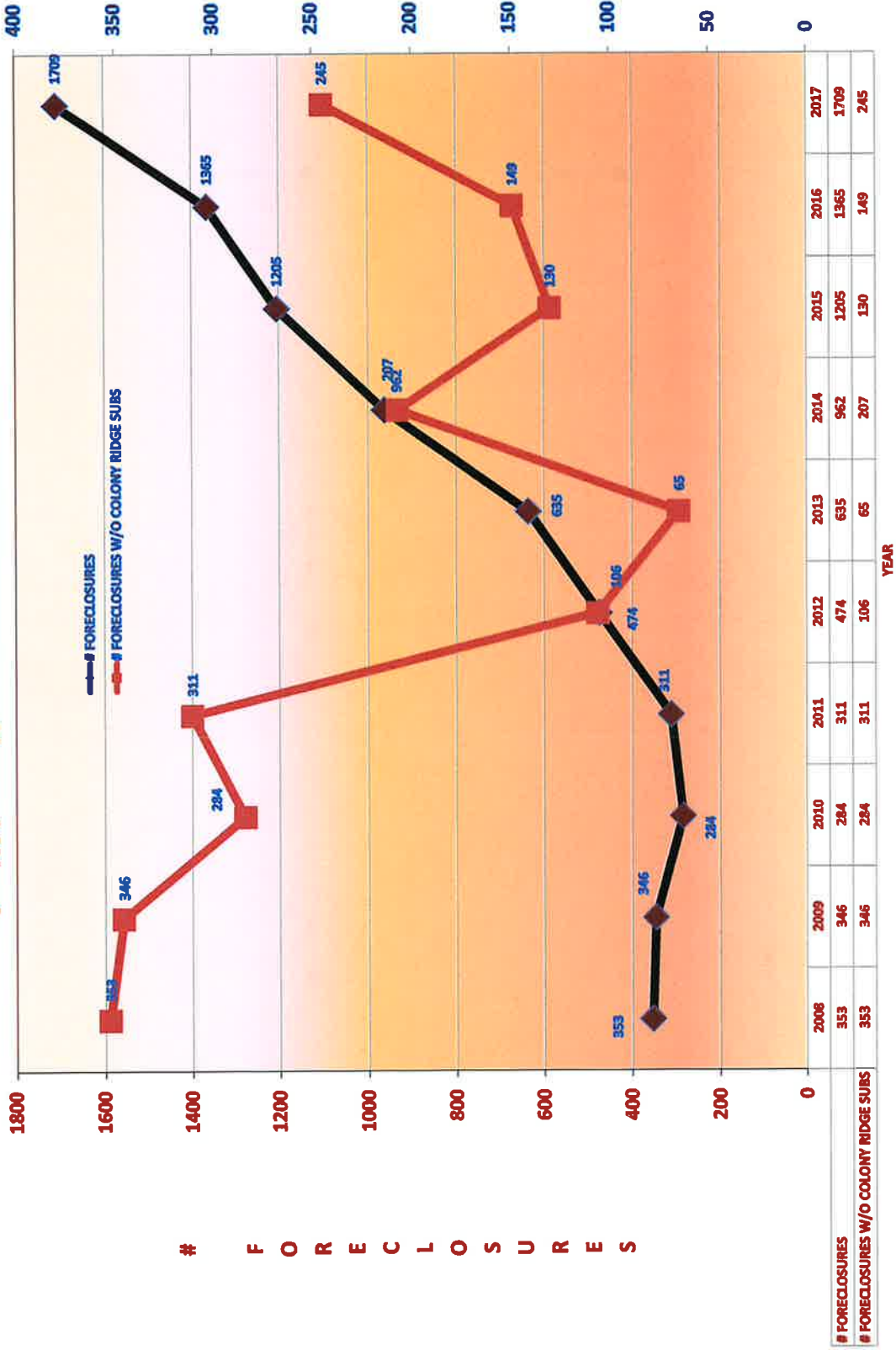
**LIBERTY COUNTY CAD FORECLOSURES  
2008 THRU 2017**

SCHOOL DISTRICT	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	ARMS LENGTH TRANSFERS	ARMS LENGTH TRANSFERS	ARMS LENGTH TRANSFERS	ARMS LENGTH TRANSFERS	ARMS LENGTH TRANSFERS	ARMS LENGTH TRANSFERS	ARMS LENGTH TRANSFERS	ARMS LENGTH TRANSFERS	ARMS LENGTH TRANSFERS	ARMS LENGTH TRANSFERS
CLEVELAND ISD	602	545	462	793	801	3296	3123	5025	5851	5963
CLEVELAND ISD W/O COLONY RIDGE SUB	602	545	462	793	682	590	677	649	679	906
DEVERS ISD	54	27	35	38	42	54	60	58	61	92
DAYTON ISD	865	741	692	891	781	1016	1044	989	1089	1074
HARDIN ISD	465	481	306	411	315	465	412	419	431	602
HULL DABETTA ISD	126	123	89	89	89	115	133	160	148	156
LIBERTY ISD	397	313	276	306	267	365	339	328	399	414
TARKINGTON ISD	419	337	250	306	343	466	410	418	466	456
<b>TOTALS</b>	<b>3530</b>	<b>3112</b>	<b>2572</b>	<b>3627</b>	<b>3320</b>	<b>5777</b>	<b>5521</b>	<b>7397</b>	<b>8445</b>	<b>8757</b>
<b>TOTALS W/O COLONY RIDGE</b>	<b>2928</b>	<b>2567</b>	<b>2110</b>	<b>2834</b>	<b>2519</b>	<b>3071</b>	<b>3075</b>	<b>3021</b>	<b>3273</b>	<b>3700</b>
<b>% CHANGE IN FCLS</b>		<b>-1.98%</b>	<b>4.91%</b>	<b>-14.33%</b>	<b>-52.41%</b>	<b>33.97%</b>	<b>51.50%</b>	<b>25.26%</b>	<b>13.28%</b>	<b>25.20%</b>
<b>% CHANGE IN FCLS W/O COLONY RIDGE SUBS</b>	<b>15.51%</b>	<b>-6.01%</b>	<b>6.77%</b>	<b>-18.66%</b>	<b>22.51%</b>	<b>-30.04%</b>	<b>4.55%</b>	<b>-37.20%</b>	<b>14.62%</b>	<b>64.43%</b>

**Tab 33**



# LIBERTY COUNTY FORECLOSURES 2008 THRU 2017



# F O R E C L O S U R E S

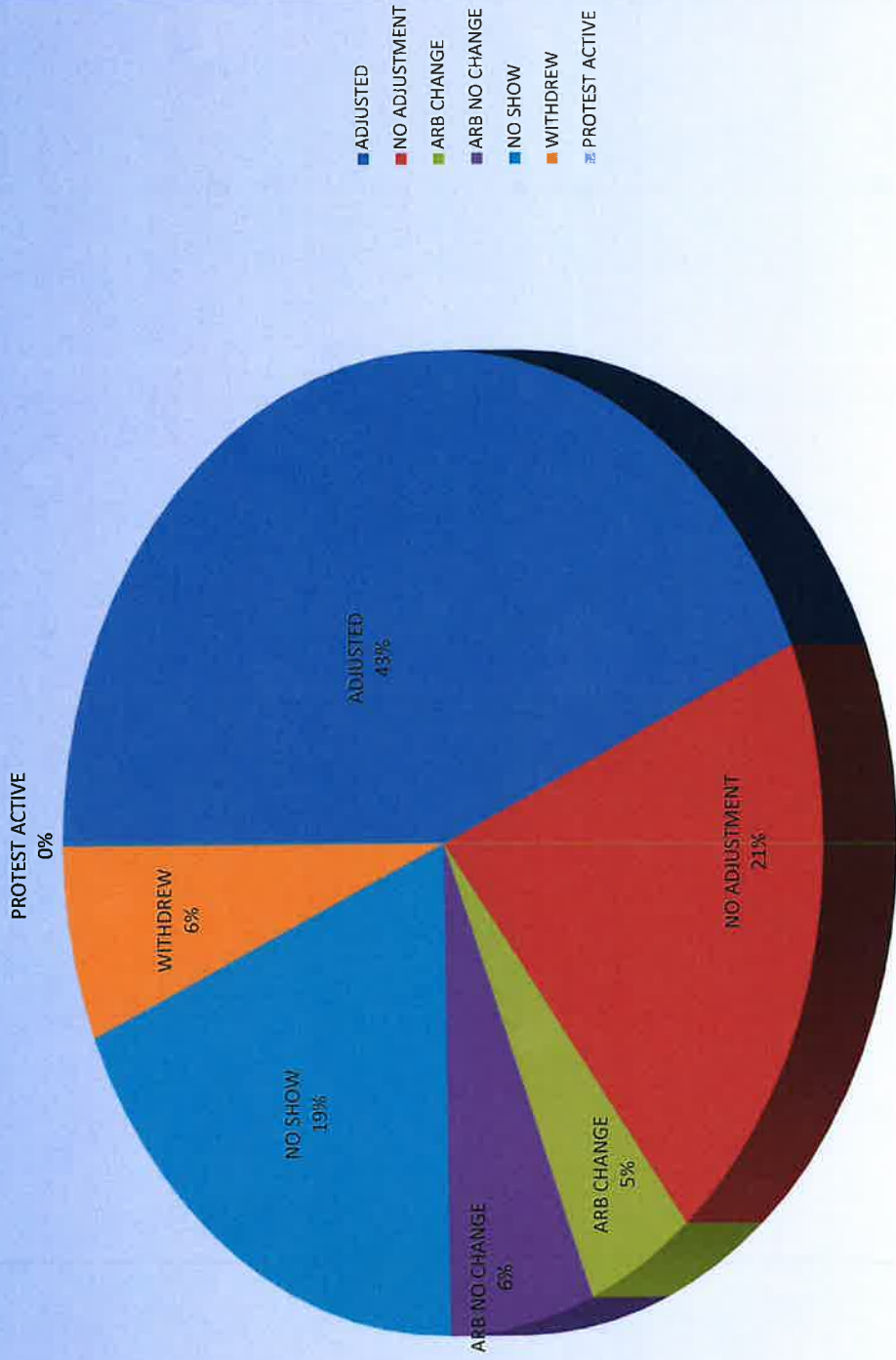
# FORECLOSURES	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
# FORECLOSURES W/O COLONY RIDGE SUBS	353	346	284	311	474	65	962	130	149	245

**Tab 34**



**Tab 35**

# 2017 ARB PROTEST RESULTS



**Tab 36**

**2018 Current Lawsuits**

<u>Cause #</u>	<u>Court</u>	<u>Property</u>	<u>Years</u>	<u>Reason</u>	<u>Status</u>	<u>Date Filed</u>	<u>Owner</u>
CV1509501	253rd District Court	193530	2014	25,25d motion	ds	5/25/2015	SPRING KLEIN REAL ESTATE LLC
CV1003321	253rd	177259, 177260, 177261, 177262, 177264, 177265, 177266, 177267, 177268, 177269, 177270, 177271, 177272, 177273, 177274, 177275, 177276, 177277, 177278, 177279, 177280, 177281, 177282, 177283, 177284, 177285, 177286, 177287, 177288, 177289, 177290, 177291, 177292, 177293, 177294, 177295, 177296, 177297, 177298, 177299, 177300, 177301, 177302, 177303, 177304, 177305, 177306, 177307, 177308, 177309, 177310, 177311, 177312, 177313, 177314, 177315, 177316, 177317, 177318, 177319, 177320, 177321, 177322, 177323, 177324, 177325, 177326, 177327, 177328, 177329, 177330, 177331, 177332, 177333, 177334, 177335, 177336, 177337, 177338, 177339, 177340, 177341, 177342, 177343, 177344, 177345, 177346, 177347, 177348, 177349, 177350, 177351, 177352, 177353, 177354, 177355, 177356, 177357, 177358, 177359, 177360, 177361, 177362, 177363, 177364, 177365, 177366, 177367, 177368, 177369, 177370, 177371, 177372, 177373, 177374, 177375, 177376, 177377, 177378, 177379, 177380, 177381, 177382, 177383, 177384, 177385, 177386, 177387, 177388, 177389, 177390, 177391, 177392, 177393, 177394, 177395, 177396, 177397, 177398, 177399, 177400, 177401, 177402, 177403, 177404, 177405, 177406, 177407, 177408, 177409, 177410, 177411, 177412, 177413, 177414, 177415, 177416, 177417, 177418, 177419, 177420, 177421, 177422, 177423, 177424, 177425, 177426, 177427, 177428, 177429, 177430, 177431, 177432, 177433, 177434, 177435, 177436, 177437, 177438, 177439, 177440, 177441, 177442, 177443, 177444, 177445, 177446, 177447, 177448, 177449, 177450, 177451, 177452, 177453, 177454, 177455, 177456, 177457, 177458, 177459, 177460, 177461, 177462, 177463, 177464, 177465, 177466, 177467, 177468, 177469, 177470, 177471, 177472, 177473, 177474, 177475, 177476, 177477, 177478, 177479, 177480, 177481, 177482, 177483, 177484, 177485, 177486, 177487, 177488, 177489, 177490, 177491, 177492, 177493, 177494, 177495, 177496, 177497, 177498, 177499, 177500	2010	Ag rollback	sf	7/30/2010	LIMESTONE RESOURCES INC
CV1509855	253rd District Court	171723, 178647, 178663, 189185, 189187, 189190, 193352, 193354, 193355, 193356, 193357, 193358, 193359, 193360, 193361, 193362, 193363, 193364, 193365, 193366, 193367, 193368, 193369, 193370, 193371, 193372, 193373, 193374, 193375, 193376, 193377, 193378, 193379, 193380, 193381, 193382, 193383, 193384, 193385, 193386, 193387, 193388, 193389, 193390, 193391, 193392, 193393, 193394, 193395, 193396, 193397, 193398, 193399, 193400, 193401, 193402, 193403, 193404, 193405, 193406, 193407, 193408, 193409, 193410, 193411, 193412, 193413, 193414, 193415, 193416, 193417, 193418, 193419, 193420, 193421, 193422, 193423, 193424, 193425, 193426, 193427, 193428, 193429, 193430, 193431, 193432, 193433, 193434, 193435, 193436, 193437, 193438, 193439, 193440, 193441, 193442, 193443, 193444, 193445, 193446, 193447, 193448, 193449, 193450, 193451, 193452, 193453, 193454, 193455, 193456, 193457, 193458, 193459, 193460, 193461, 193462, 193463, 193464, 193465, 193466, 193467, 193468, 193469, 193470, 193471, 193472, 193473, 193474, 193475, 193476, 193477, 193478, 193479, 193480, 193481, 193482, 193483, 193484, 193485, 193486, 193487, 193488, 193489, 193490, 193491, 193492, 193493, 193494, 193495, 193496, 193497, 193498, 193499, 193500	2015	Compressors	sf	8/28/2015	EXLP LEASING LLC
CV1206170	75th District	188458	2012	Compressors	sf	10/2/2012	MIDCON COMPRESSION
CV1307292	75th District	176156, 178677, 178678, 178679	2013	Compressors	sf	11/20/2014	USAC LEASING LLC
CV1408848	75th District	178677, 178679	2014	Compressors	sf	8/25/2014	CDM RESOURCES
CV1408512	75th District	175594, 175595, 178627, 193291	2014	Compressors	sf	8/18/2014	EES LEASING, LLC
CV1408481	253rd District	171291, 175554, 178647, 178663, 189185, 189187, 189190, 193352, 193353, 193354, 193355, 193356, 193357, 193358, 193359, 193360, 193361, 193362, 193363, 193364, 193365, 193366, 193367, 193368, 193369, 193370, 193371, 193372, 193373, 193374, 193375, 193376, 193377, 193378, 193379, 193380, 193381, 193382, 193383, 193384, 193385, 193386, 193387, 193388, 193389, 193390, 193391, 193392, 193393, 193394, 193395, 193396, 193397, 193398, 193399, 193400	2015	Compressors	sf	8/17/2015	USAC LEASING LLC
CV1509807	253 District Court	178677, 178679	2015	Compressors	sf	8/20/2015	CDM RESOURCES
CV1509828	75th District	175594, 175595, 178627, 193291	2015	Compressors	sf	8/28/2017	USAC LEASING LLC
CV1712460	75TH JUDICIAL DISTRICT COURT	178679	2017	Compressors	sf	8/25/2017	ARCHROCK SERVICES LEASING LLC
CV1712459	253RD	171723, 189185, 189187, 193354, 218168, 218180, 218186, 218187, 218188, 218189, 218190, 218191, 218192, 218193, 218194, 218195, 218196, 218197, 218198, 218199, 218200, 218201, 218202, 218203, 218204, 218205, 218206, 218207, 218208, 218209, 218210, 218211, 218212, 218213, 218214, 218215, 218216, 218217, 218218, 218219, 218220, 218221, 218222, 218223, 218224, 218225, 218226, 218227, 218228, 218229, 218230, 218231, 218232, 218233, 218234, 218235, 218236, 218237, 218238, 218239, 218240, 218241, 218242, 218243, 218244, 218245, 218246, 218247, 218248, 218249, 218250, 218251, 218252, 218253, 218254, 218255, 218256, 218257, 218258, 218259, 218260, 218261, 218262, 218263, 218264, 218265, 218266, 218267, 218268, 218269, 218270, 218271, 218272, 218273, 218274, 218275, 218276, 218277, 218278, 218279, 218280, 218281, 218282, 218283, 218284, 218285, 218286, 218287, 218288, 218289, 218290, 218291, 218292, 218293, 218294, 218295, 218296, 218297, 218298, 218299, 218300	2012, 2013	Compressors	sf	8/25/2017	ARCHROCK SERVICES LEASING LLC
CV1206075	253RD	171274, 171279, 171285, 171291, 171723, 175554, 175556, 178647, 178648, 178649, 178650, 178651, 178652, 178653, 178654, 178655, 178656, 178657, 178658, 178659, 178660, 178661, 178662, 178663, 178664, 178665, 178666, 178667, 178668, 178669, 178670, 178671, 178672, 178673, 178674, 178675, 178676, 178677, 178678, 178679, 178680, 178681, 178682, 178683, 178684, 178685, 178686, 178687, 178688, 178689, 178690, 178691, 178692, 178693, 178694, 178695, 178696, 178697, 178698, 178699, 178700, 178701, 178702, 178703, 178704, 178705, 178706, 178707, 178708, 178709, 178710, 178711, 178712, 178713, 178714, 178715, 178716, 178717, 178718, 178719, 178720, 178721, 178722, 178723, 178724, 178725, 178726, 178727, 178728, 178729, 178730, 178731, 178732, 178733, 178734, 178735, 178736, 178737, 178738, 178739, 178740, 178741, 178742, 178743, 178744, 178745, 178746, 178747, 178748, 178749, 178750, 178751, 178752, 178753, 178754, 178755, 178756, 178757, 178758, 178759, 178760, 178761, 178762, 178763, 178764, 178765, 178766, 178767, 178768, 178769, 178770, 178771, 178772, 178773, 178774, 178775, 178776, 178777, 178778, 178779, 178780, 178781, 178782, 178783, 178784, 178785, 178786, 178787, 178788, 178789, 178790, 178791, 178792, 178793, 178794, 178795, 178796, 178797, 178798, 178799, 178800	2016	Compressors	sf	9/6/2016	ARCHROCK SERVICES LEASING LLC
CV1611138	75th	178677, 178679	2016	Compressors	sf	8/31/2016	USAC LEASING LLC
CV1611121	253RD	178647, 178663	2015	Compressors	sf	8/28/2015	EES LEASING, LLC
CV1509855	253RD	178789, 188368	2013	Compressors	sf	1/3/2014	MUSTANG GAS COMPRESSION LLC
CV1407666	75th District Court	176170, 176172, 178680, 178683, 178684, 178688, 182158	2013	Compressors	sa	8/27/2013	AXIP ENERGY SERVICES,LP
CV1307302	75th District Court	178680, 178683, 178684, 178688, 182158	2012	Compressors	sa	1/2/2012	AXIP ENERGY SERVICES,LP
CV1206231	253rd District	171723, 175570, 182053, 182139, 182143, 182145, 182146, 182153, 182154, 182155, 182156, 182157, 182158, 182159, 182160, 182161, 182162, 182163, 182164, 182165, 182166, 182167, 182168, 182169, 182170, 182171, 182172, 182173, 182174, 182175, 182176, 182177, 182178, 182179, 182180, 182181, 182182, 182183, 182184, 182185, 182186, 182187, 182188, 182189, 182190, 182191, 182192, 182193, 182194, 182195, 182196, 182197, 182198, 182199, 182200, 182201, 182202, 182203, 182204, 182205, 182206, 182207, 182208, 182209, 182210, 182211, 182212, 182213, 182214, 182215, 182216, 182217, 182218, 182219, 182220, 182221, 182222, 182223, 182224, 182225, 182226, 182227, 182228, 182229, 182230, 182231, 182232, 182233, 182234, 182235, 182236, 182237, 182238, 182239, 182240, 182241, 182242, 182243, 182244, 182245, 182246, 182247, 182248, 182249, 182250, 182251, 182252, 182253, 182254, 182255, 182256, 182257, 182258, 182259, 182260, 182261, 182262, 182263, 182264, 182265, 182266, 182267, 182268, 182269, 182270, 182271, 182272, 182273, 182274, 182275, 182276, 182277, 182278, 182279, 182280, 182281, 182282, 182283, 182284, 182285, 182286, 182287, 182288, 182289, 182290, 182291, 182292, 182293, 182294, 182295, 182296, 182297, 182298, 182299, 182300	2012, 2013	Compressors	sf	9/10/2012	EXLP LEASING LLC
CV1712455	253RD JUDICIAL DISTRICT COURT	181845, 188843, 190922, 197900	2017	Compressors	sf	8/25/2017	J-W POWER COMPANY
CV1611055	253RD	37056	2016	EXCEEDS MARKET VALUE	sf	8/15/2016	CLEVELAND PROFESSIONAL BLDG LP
CV1712355	253RD JUDICIAL DISTRICT COURT	176603, 182061	2017	EXCESSIVE AND UNEQUAL	sf	7/31/2017	DENERA INC
CV1712423	253RD JUDICIAL DISTRICT COURT	37727	2017	EXCESSIVE AND UNEQUAL	sf	8/21/2017	SPRING KLEIN REAL ESTATE LLC
CV1611147	253RD	37727	2016	EXCESSIVE AND UNEQUAL	sf	9/7/2016	SPRING KLEIN REAL ESTATE LLC
CV1611106	75TH	176603, 182061	2016	EXCESSIVE APPRAISAL	sf	8/29/2016	DENERA INC
CV1611137	253RD	14095	2016	EXCESSIVE APPRAISAL	sf	9/2/2016	SOMERVILLE PAUL G
CV1610910	75TH	73179	2016	EXCESSIVE APPRAISAL	sf	7/1/2016	POITEVENT JAMES E
CV1712431	253RD JUDICIAL DISTRICT COURT	114243	2017	EXCESSIVE MARKET	sf	8/22/2017	POLY-AMERICA LP
CV1712413	253RD JUDICIAL DISTRICT COURT	203018	2017	EXCESSIVE MARKET	sf	8/17/2017	CISH ACQUISITION LLC
CV1206077	253rd District	190398	2016	EXCESSIVE MARKET VALUE	sf	7/1/2016	JONES CAMI POITEVENT
CV1610911	253RD	24047	2016	EXCESSIVE MARKET VALUE	sf	9/10/2013	FRANKS KAY EDWARD
CV1509875	253rd District	153234	2015	Market & Equity	sf	8/31/2015	LIBERTY BYPASS LLC
CV1509829	75th District	32624	2015	Market & Equity	sf	8/20/2015	JONES TIM & KAREN
CV1610674	75th District	69343	2015, 2016	Market & Unequal	sf	4/19/2016	DAYTON DEV CO
CV1712424	75TH JUDICIAL DISTRICT COURT	153233	2017	MARKET AND UNEQUAL	sf	8/21/2017	2121 LIBERTY LLC
CV1307335	253rd District Court	16025	2013	Market Value	sa	9/9/2013	IZEN JOE A JR
CV1712389	253RD JUDICIAL DISTRICT COURT	147412, 147414, 147415, 153321, 153323, 153324, 153325, 153326, 153327, 153328, 153329, 153330, 153331, 153332, 153333, 153334, 153335, 153336, 153337, 153338, 153339, 153340, 153341, 153342, 153343, 153344, 153345, 153346, 153347, 153348, 153349, 153350, 153351, 153352, 153353, 153354, 153355, 153356, 153357, 153358, 153359, 153360, 153361, 153362, 153363, 153364, 153365, 153366, 153367, 153368, 153369, 153370, 153371, 153372, 153373, 153374, 153375, 153376, 153377, 153378, 153379, 153380, 153381, 153382, 153383, 153384, 153385, 153386, 153387, 153388, 153389, 153390, 153391, 153392, 153393, 153394, 153395, 153396, 153397, 153398, 153399, 153400	2017	UNEQUAL AND EXCESSIVE APPRAISAL	sf	8/11/2017	JILES PAMEZE DANIELS, JR REV LV TR

**Tab 37**



## Sec. 6.05 Appraisal Office

(a) Except as authorized by Subsection (b) of this section, each appraisal district shall establish an appraisal office. The appraisal office must be located in the county for which the district is established. An appraisal district may establish branch appraisal offices outside the county for which the district is established.

(b) The board of directors of an appraisal district may contract with an appraisal office in another district or with a taxing unit in the district to perform the duties of the appraisal office for the district.

(c) The chief appraiser is the chief administrator of the appraisal office. The chief appraiser is appointed by and serves at the pleasure of the appraisal district board of directors. If a taxing unit performs the duties of the appraisal office pursuant to a contract, the assessor for the unit is the chief appraiser.

(d) The chief appraiser is entitled to compensation as provided by the budget adopted by the board of directors. The chief appraiser's compensation may not be directly or indirectly linked to an increase in the total market, appraised, or taxable value of property in the appraisal district. The chief appraiser may employ and compensate professional, clerical, and other personnel as provided by the budget.

(e) The chief appraiser may delegate authority to his employees.

(f) The chief appraiser may not employ any individual related to a member of the board of directors within the second degree by affinity or within the third degree by consanguinity, as determined under Chapter 573, Government Code. A person commits an offense if the person intentionally or knowingly violates this subsection. An offense under this subsection is a misdemeanor punishable by a fine of not less than \$100 or more \$1,000.

(g) The chief appraiser is an officer of the appraisal district for purposes of the nepotism law, Chapter 573, Government Code. An appraisal district may not employ or contract with an individual or the spouse of an individual who is related to the chief appraiser within the first degree by consanguinity or affinity, as determined under Chapter 573, Government Code.

(h) The board of directors of an appraisal district by resolution may prescribe that specified actions of the chief appraiser relating to the finances or administration of the appraisal district are subject to the approval of the board.

(i) To ensure adherence with generally accepted appraisal practices, the board of directors of an appraisal district shall develop biennially a written plan for the periodic reappraisal of all property within the boundaries of the district according to the requirements of Section 25.18 and shall hold a public hearing to consider the proposed plan. Not later than the 10th day before the date of the hearing, the secretary of the board shall deliver to the presiding officer of the governing body of each taxing unit participating in the district a written notice of the date, time, and place for the hearing. Not later than September 15 of each even-numbered year, the board shall complete its hearings, make any amendments, and by resolution finally approve the plan. Copies of the approved plan shall be distributed to the presiding officer of the governing body of each taxing unit participating in the district and to the comptroller within 60 days of the approval date.

Added by Acts 1979, 66th Leg., p. 2224, ch. 841, § 1, eff. Jan. 1, 1980. Amended by Acts 1987, 70th Leg., ch. 55, § 1, eff. Jan. 1, 1988; Acts 1989, 71st Leg., ch. 384, § 15, eff. Sept. 1, 1989; Acts 1989, 71st Leg., ch. 796, § 7, eff. Sept. 1, 1989; Acts 1990, 71st Leg., 6th C.S., ch. 12, § 2(29), eff. Sept. 6, 1990; Acts 1991, 72nd Leg., ch. 561, § 44, eff. Aug. 26, 1991; Acts 1995, 74th Leg., ch. 76, § 5.95(25), (27), eff. Sept. 1, 1995; Acts 2005, 79th Leg., ch. 412, § 5, eff. Sept. 1, 2005; amended by HB 35, 80th Leg., eff. September 1, 2007.

### Cross References

### Notes

## **Sec. 6.06 Appraisal District Budget and Financing**

(a) Each year the chief appraiser shall prepare a proposed budget for the operations of the district for the following tax year and shall submit copies to each taxing unit participating in the district and to the district board of directors before June 15. He shall include in the budget a list showing each proposed position, the proposed salary for the position, all benefits proposed for the position, each proposed capital expenditure, and an estimate of the amount of the budget that will be allocated to each taxing unit. Each taxing unit entitled to vote on the appointment of board members shall maintain a copy of the proposed budget for public inspection at its principal administrative office.

(b) The board of directors shall hold a public hearing to consider the budget. The secretary of the board shall deliver to the presiding officer of the governing body of each taxing unit participating in the district not later than the 10th day before the date of the hearing a written notice of the date, time, and place fixed for the hearing. The board shall complete its hearings, make any amendments to the proposed budget it desires, and finally approve a budget before September 15. If governing bodies of a majority of the taxing units entitled to vote on the appointment of board members adopt resolutions disapproving a budget and file them with the secretary of the board within 30 days after its adoption, the budget does not take effect, and the board shall adopt a new budget within 30 days of the disapproval.

(c) The board may amend the approved budget at any time, but the secretary of the board must deliver a written copy of a proposed amendment to the presiding officer of the governing body of each taxing unit participating in the district not later than the 30th day before the date the board acts on it.

(d) Each taxing unit participating in the district is allocated a portion of the amount of the budget equal to the proportion that the total dollar amount of property taxes imposed in the district by the unit for the tax year in which the budget proposal is prepared bears to the sum of the total dollar amount of property taxes imposed in the district by each participating unit for that year. If a taxing unit participates in two or more districts, only the taxes imposed in a district are used to calculate the unit's cost allocation in that district. If the number of real property parcels in a taxing unit is less than 5 percent of the total number of real property parcels in the district and the taxing unit imposes in excess of 25 percent of the total amount of the property taxes imposed in the district by all of the participating taxing units for a year, the unit's allocation may not exceed a percentage of the appraisal district's budget equal to three times the unit's percentage of the total number of real property parcels appraised by the district.

(e) Unless the governing body of a unit and the chief appraiser agree to a different method of payment, each taxing unit shall pay its allocation in four equal payments to be made at the end of each calendar quarter, and the first payment shall be made before January 1 of the year in which the budget takes effect. A payment is delinquent if not paid on the date it is due. A delinquent payment incurs a penalty of 5 percent of the amount of the payment and accrues interest at an annual rate of 10 percent. If the budget is amended, any change in the amount of a unit's allocation is apportioned among the payments remaining.

(f) Payments shall be made to a depository designated by the district board of directors. The district's funds may be disbursed only by a written check, draft, or order signed by the chairman and secretary of the board or, if authorized by resolution of the board, by the chief appraiser.

(g) If a taxing unit decides not to impose taxes for any tax year, the unit is not liable for any of the costs of operating the district in that year, and those costs are allocated among the other taxing units as if that unit had not imposed taxes in the year used to calculate allocations. However, if that unit has made any payments, it is not entitled to a refund.

(h) If a newly formed taxing unit or a taxing unit that did not impose taxes in the preceding year imposes taxes in any tax year, that unit is allocated a portion of the amount budgeted to operate the district as if it had imposed taxes in the preceding year, except that the amount of taxes the unit imposes in the current year is used to calculate its allocation. Before the amount of taxes to be imposed for the current year is known, the allocation may be based on an estimate to which the district board of directors and the governing body of the unit agree, and the payments made after that amount

## **Sec. 6.062 Publication of Budget**

(a) Not later than the 10th day before the date of the public hearing at which the board of directors considers the appraisal district budget, the chief appraiser shall give notice of the public hearing by publishing the notice in a newspaper having general circulation in the county for which the appraisal district is established. The notice may not be smaller than one-quarter page of a standard-size or tabloid-size newspaper and may not be published in the part of the paper in which legal notices and classified advertisements appear.

(b) The notice must set out the time, date, and place of the public hearing and must set out a summary of the proposed budget. The summary must set out as separate items:

- (1) the total amount of the proposed budget;
- (2) the amount of increase proposed from the budget adopted for the current year; and
- (3) the number of employees compensated under the current budget and the number of employees to be compensated under the proposed budget.

(c) The notice must state that the appraisal district is supported solely by payments from the local taxing units served by the appraisal district. The notice must also contain the following statement: "If approved by the appraisal district board of directors at the public hearing, this proposed budget will take effect automatically unless disapproved by the governing bodies of the county, school districts, cities, and towns served by the appraisal district. A copy of the proposed budget is available for public inspection in the office of each of those governing bodies."

Added by 1989 Tex. Laws, p. 3594, ch. 796, Sec. 10.

### **Cross References**

### **Notes**

is known shall be adjusted to reflect the amount imposed. The payments of a newly formed taxing unit that has no source of funds are postponed until the unit has received adequate tax or other revenues.

(i) The fiscal year of an appraisal district is the calendar year unless the governing bodies of three-fourths of the taxing units entitled to vote on the appointment of board members adopt resolutions proposing a different fiscal year and file them with the secretary of the board not more than 12 and not less than eight months before the first day of the fiscal year proposed by the resolutions. If the fiscal year of an appraisal district is changed under this subsection, the chief appraiser shall prepare a proposed budget for the fiscal year as provided by Subsection (a) of this section before the 15th day of the seventh month preceding the first day of the fiscal year established by the change, and the board of directors shall adopt a budget for the fiscal year as provided by Subsection (b) of this section before the 15th day of the fourth month preceding the first day of the fiscal year established by the change. Unless the appraisal district adopts a different method of allocation under Section 6.061 of this code, the allocation of the budget to each taxing unit shall be calculated as provided by Subsection (d) of this section using the amount of property taxes imposed by each participating taxing unit in the most recent tax year preceding the fiscal year established by the change for which the necessary information is available. Each taxing unit shall pay its allocation as provided by Subsection (e) of this section, except that the first payment shall be made before the first day of the fiscal year established by the change and subsequent payment shall be made quarterly. In the year in which a change in the fiscal year occurs, the budget that takes effect on January 1 of that year may be amended as necessary as provided by Subsection (c) of this section in order to accomplish the change in fiscal years.

(j) If the total amount of the payments made or due to be made by the taxing units participating in an appraisal district exceeds the amount actually spent or obligated to be spent during the fiscal year for which the payments were made, the chief appraiser shall credit the excess amount against each taxing unit's allocated payments for the following year in proportion to the amount of each unit's budget allocation for the fiscal year for which the payments were made. If a taxing unit that paid its allocated amount is not allocated a portion of the district's budget for the following fiscal year, the chief appraiser shall refund to the taxing unit its proportionate share of the excess funds not later than the 150th day after the end of the fiscal year for which the payments were made.

(k) For good cause shown, the board of directors may waive the penalty and interest on a delinquent payment under Subsection (e).

Amended by 1981 Tex. Laws (1st C.S.), p. 122, ch. 13, Secs. 17 & 18; Subsection (i) added by 1985 Tex. Laws, p. 2495, ch. 311, Sec. 1; amended by 1989 Tex. Laws, p. 3594, ch. 798, Sec. 9; amended by 1991 Tex. Laws, p. 412, ch. 20, Sec. 16; amended by 1993 Tex. Laws, p. 1526, ch. 347, Sec. 4.07; amended by SB 948, 80th Tex. Leg., eff. September 1, 2007.

#### Cross References

#### Notes

## Sec. 25.18 Periodic Reappraisals

(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.

(c) A taxing unit by resolution adopted by its governing body may require the appraisal office to appraise all property within the unit or to identify and appraise newly annexed territory and new improvements in the unit as of a date specified in the resolution. On or before the deadline requested by the taxing unit, which deadline may not be less than 30 days after the date the resolution is delivered to the appraisal office, the chief appraiser shall complete the appraisal and deliver to the unit an estimate of the total appraised value of property taxable by the unit as of the date specified in such resolution. The unit must pay the appraisal district for the cost of making the appraisal. The chief appraiser shall provide sufficient personnel to make the appraisals required by this subsection on or before the deadline requested by the taxing unit. An appraisal made pursuant to this subsection may not be used by a taxing unit as the basis for the imposition of taxes.

Acts 1979, 66th Leg., p. 2273, ch. 841, § 1, eff. Jan. 1, 1982. Amended by Acts 1981, 67th Leg., 1st C.S., p. 159, ch. 13, § 106, eff. Jan. 1, 1982; Acts 1989, 71st Leg., ch. 796, § 23, eff. Sept. 1, 1989; Acts 2005, 79th Leg., ch. 412, § 10, eff. Sept. 1, 2005.

### Cross References