

# **BOSQUE CENTRAL APPRAISAL DISTRICT**



# **2023-2024**

# **REAPPRAISAL PLAN**

Adopted April 21, 2022

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## EXECUTIVE SUMMARY

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

The Bosque Central Appraisal District is a political subdivision of the State of Texas created January 1, 1980. The provisions of the Texas Property Tax Code govern the legal, statutory, and administrative requirements of the appraisal district. A Board of Directors, appointed by the taxing units within the boundaries of the Bosque Central Appraisal District, constitutes the district's governing body. The chief appraiser, appointed by the Board of Directors, is the chief administrator of the appraisal district.

The appraisal district is responsible for local property tax appraisal and exemption administration for twenty-two jurisdictions or taxing units in the county. Each taxing unit sets its own tax rate to generate revenue to pay for police and fire protection, public schools, road and street maintenance, courts, water and sewer systems, and other public services. Property appraisals by the appraisal district allocate the year's tax burden on the basis of each taxable property's market value. The District also determines eligibility for various types of property tax exemptions such as those for homeowners, the elderly, disabled veterans, charitable or religious organizations and agricultural productivity valuation.

In this executive summary, please find the legal requirement of a reappraisal plan passed by the Texas Legislature in the 2005 regular session and our response to these requirements immediately below the law. Intricate details of how the plan will be implemented are discussed in the body of this document.

## GENERAL OVERVIEW

S. B. 1652 enacted in 2005 by the Texas Legislature, amended the Tax Code to require a written biennial reappraisal plan. The following details the changes the Tax Code:

### THE WRITTEN PLAN

Section 6.05, Tax Code, is amended by adding Subsection (i) to read as follows:

To ensure adherence with generally accepted appraisal practices, the board of directors of an appraisal district shall develop biennially a written plan for the periodic reappraisal of all property within the boundaries of the district according to the requirements of Section 25.18 and shall hold a public hearing to consider the proposed plan. Not later than the 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.

## PLAN FOR PERIODIC REAPPRAISAL

Subsections (a) and (b), Section 25.18, Tax Code, are amended to read as follows:

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

## REAPPRAISAL ACTIVITIES

### PERFORMANCE ANALYSIS

The primary tool used to measure mass appraisal performance is the ratio study. Each market area within the appraisal district boundaries is reviewed annually by utilizing the sales ratio analysis process. Each year, ratio studies are conducted on properties within the district to judge the two primary aspects of mass appraisal accuracy— level and uniformity of value.

Only verified arms-length sales are included in the ratio studies. If necessary, the sales have been adjusted for financing, inclusion of personal property, time of sale, etc. Outliers are identified and researched and either adjusted or excluded from each ratio study according to IAAO standards.

The first set of ratio studies is produced upon the certification of the previous year's appraisal records. This analysis is used to develop the starting point for establishing the level and accuracy of appraisal performance and to also indicate the uniformity or equity of the existing appraisals. The mean, median, and weighted mean ratios are calculated for properties in each category and market area to measure the level of appraisal (appraisal accuracy). The coefficient of dispersion

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(COD) is calculated in each category and market area to measure appraisal uniformity. The standard deviation and coefficient of variation are also calculated.

During the review of this first set of studies, areas of possible concern are noted. Additional research or field reviews are conducted to verify and/or correct property characteristic data. Upon completion of the additional review, the ratio studies are run again. The second set of studies is used to calibrate the cost schedules, land schedules, and depreciation tables and to apply market area factors. This analysis requires that many of the ratio studies be re-run several times to determine effects of the adjustments.

Upon completion of the analysis, a set of ratio studies is also produced prior to the generation of appraisal notices. A final set of ratio studies is produced after appraisal review board hearings are completed. This final set of studies is compared to the set produced prior to the generation of appraisal notices. This comparison provides the district with information concerning low and high protest areas or property types and the effects of value changes made by the Appraisal Review Board. This set of ratio studies also serves as the first ratio study for the upcoming year and assists in the district's planning and effective reappraisal decisions for the upcoming year.

### MARKET AREAS

BCAD's identified market areas are as follows: rural areas, rural subdivisions, school districts, cities, and subdivisions on or near Lake Whitney. The school districts are Clifton, Cranfills Gap, Iredell, Kopperl, Meridian, Morgan, Valley Mills, and Walnut Springs. There are three overlapping school districts, China Springs, Jonesboro and Hico. The cities are Clifton, Valley Mills, Meridian, Iredell, Cranfills Gap, Walnut Springs, and Morgan. There are three identified neighborhoods in the City of Clifton. The appraiser upon review of the properties within these areas may further subdivide some of these areas into neighborhoods or subdivisions sharing physical or geographical boundaries, or legal restrictions in order to be as equal and uniform as possible.

### INSPECTION SCHEDULE OF MARKET AREAS INCLUDED IN BOSQUE COUNTY:

- 2023 - Kopperl ISD, Morgan ISD, Walnut Springs ISD, China Spring ISD, all rural areas within these school districts, all rural subdivisions within these school districts, all lake subdivisions within these school districts, the City of Morgan, and the City of Walnut Springs.
- 2024 - Meridian ISD, Iredell ISD, Cranfills Gap ISD, Hico ISD, Jonesboro ISD, all rural areas within these districts, all rural subdivisions and lake subdivisions within these districts, the City of Meridian, the City of Cranfills Gap, and the City of Iredell.
- 2025 - Clifton ISD, Valley Mills ISD, all rural areas within the school districts, all rural subdivisions within these school districts, and lake subdivisions within these school districts, the City of Clifton and the neighborhoods contained there, and the City of Valley Mills.

### REVALUATION DECISION

The district will, through the inspection process or through other reliable means, update the relevant characteristics of each property in the year's appraisal plan and list new property each year.\* Each year the Reappraisal Plan includes approximately one third of the district and will be worked utilizing a detailed inspection process. District staff and Western Valuation Services

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will complete a detailed inspection of the properties in the reappraisal plan. As well as any new improvements or properties whose characteristics have changed in the entire county. All improvements in the Reappraisal plan will be reclassified based on new cost models. Properties with first time agricultural evaluation will receive an onsite appraisal to check for agricultural use. The district appraisers and Western will also inspect other areas of the county each year by driving the roads or using other means to identify and list new improvements or new businesses or to identify a change or removal of an improvement or business.

*\* Note: Contiguous properties, belonging to the same owner and located in more than one school district with a planned inspection in a different year, will be appraised with the school district in which the majority of the property lies.*

### ANALYSIS OF AVAILABLE RESOURCES

Staffing and budget requirements for each tax year are detailed in the district's budget adopted by the Board of Directors in accordance with Section 6.06 of the Property Tax Code. Staffing will impact the cycle of real property and business personal property detailed inspections.

Existing appraisal practices, which are continued from year to year, will be reviewed and kept current. Capitalization rates and current market rents will be reviewed to update income models.

Computer generated forms will be reviewed for revisions based on year and reappraisal status. Legislative changes will be scheduled for timely completion and testing. Existing map and data requirements will be specified and updates put in production as needed.

### PLANNING AND ORGANIZATION

Preparation for the upcoming appraisal year begins immediately after certification of the current year's appraisal roll. The first set of ratio studies is produced and used to develop the starting point for establishing the level and accuracy of appraisal performance and to also indicate the uniformity or equity of the existing appraisals. During the review of this first set of studies, areas of possible concern are noted in the areas targeted for the reappraisal of that year. The end of July will start this process.

Additional research or field reviews are conducted to verify and/or correct property characteristic data. Detailed inspection of approximately one third of the district begins.

New properties are also identified by a 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, building permits, utility hookups, septic tank permits, Comptroller sales tax list, phone book, subdivision maps, city building permits, automobile registration list, FAA Aircraft List, business personal property renditions, etc.

Upon completion of field inspections, additional review, and data entry, the ratio studies are run again. This set of studies is used to calibrate the cost schedules, land schedules, and depreciation tables and to apply market area factors. This analysis requires that many of the ratio studies be re-run several times to determine effects of the adjustments.

The District will set target dates each year to complete the appraisal process. Field inspection will be targeted for completion by April 15th each year. Staff will have a target date for completion

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of data entry work related to residential homestead valuations and all other real property valuations by April 25th of each year. The target date for completion of business personal property data entry is April 15th of each year. However, due to extensions or the filing late renditions, some accounts may not be completed until after the May 15th extension date.

It is the district's goal to deliver appraisal notices by the dates specified in the Tax Code Section 25 .19 (By April 1 or as soon thereafter as practicable if the property is a single-family residence that qualifies for an exemption under Sec. 11.13, or by May 1 or as soon thereafter as practicable in connection with any other property). Once the notices are delivered, the appraisal roll is submitted to the Appraisal Review Board for the equalization period. Appraisers begin informal appeals process, with formal hearings beginning at least thirty days after the notice mail date. It is also the goal of the district to obtain approval of the appraisal records by the Appraisal Review Board on or before July 20th and to certify each taxing unit's appraisal roll on or before July 25th of each year.

### BREAK DOWN OF TIME LINE FOR THE APPRAISAL PROCESS FOR BCAD:

After protest hearings of the previous year, at the end of July or first part of August, the appraisers run lists of properties in the first targeted market area of the year's reappraisal plan, print appraisal cards, and pull the folders. Properties requiring access letters are determined and the letters mailed. Appraisers start field inspections by the middle of August in the first school district of that year 's plan. All real property appraisers will work in the same school district until it is completed before moving to the next school district, where the process above is repeated until all the targeted market areas have been reappraised.

Market areas where an appraisal is necessary close to January 1st, due to high activity, are done as close to the first of the year as possible. Appraisers may have to delay appraisal of a school district to achieve these inspections.

Around the middle of January all new owners of land that was previously appraised as agricultural, new owners who have requested a homestead, existing owners that the appraisal district is requesting an agricultural update from, existing owners that the appraisal district is requesting a homestead update from, and existing owners that the appraisal district is requesting more information from, are sent forms to complete. If the mailing and situs addresses match the property owner will be sent a letter explaining that they qualify for a homestead exemption and an application.

Income surveys will be sent in January to commercial properties where the income approach should be considered as an appropriate appraisal method. If they are not turned in, we will use general market income data.

Properties coded for an inspection or permits outside of the current year appraisal plan, are worked after the targeted market areas are completed.

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Agricultural accounts under wildlife are to complete an annual report every year. If they do not send one in, we will notify them that they have not. All wildlife accounts will be reviewed to ensure that the Wildlife guidelines set by the Agriculture Review Board are being honored.

An onsite inspection of all new agricultural applicants is completed and documented in April. All field work is to be completed on all properties by the middle of April. Property owners who do not respond to access letters or allow access will be assigned a value by the chief appraiser. Data entry on real property should be completed a week after inspections are finished.

BPP data entry should be completed by May 1st with the exception of properties requesting an extension and properties appraised by any outside contracted appraisal firm.

By April 1 or as soon thereafter as practicable if the property is a single-family residence that qualifies for an exemption under Section 11.13, or by May 1 or by May 1 or as soon thereafter as practicable in connection with any other property, the chief appraiser shall deliver a clear and understandable written notice to a property owner of the appraised value of the property owner's property if:

1. The appraised value of the property increased \$1,000 or more;
2. The property owner rendered a value;
3. The property was not on the appraisal roll in the preceding year;
4. Property owner changes from January 1st of the previous year;
5. The property was reappraised

The property owners have 30 days to protest from the date of the notice.

The appraisal roll is submitted to the Appraisal Review Board the first hearing. The Appraisal Review Board certifies the appraisal roll by July 25th.

## SYSTEM DEVELOPMENT

In 2010, the district began utilizing the Mass Appraisal Records/Computer Assisted Mass Appraisal (MARS/CAMA) system developed by Beyond Appraisal, Inc. (now known as Thomson Reuters). Thomson Reuters provides updates to the software through the maintenance and support agreement including, but not limited to, legislative requirements, administrative assistance, forms updates, etc.

The district will contract for the Marshall and Swift appraisal manuals and other such manuals. The district will use sales data, income data, cost data and ratio studies to calibrate schedules and update market areas within the district. Revisions to cost models, income models, and market models will be specified, updated, and tested each year. Replacement cost new tables as well as depreciation tables will be tested for accuracy and uniformity through ratio studies and with reference to cost data from Marshall & Swift.

The district contracts with independent appraisal companies to furnish the joint appraisal of real property and appraisal of mineral related properties, industrial properties, and utility properties. The district requires the company to comply with the Uniform Standards of Professional Appraisal Practice and to use only approved appraisal techniques required by state law.



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Appraisal notices will be reviewed for legal sufficiency and correctness. Enclosures will be updated as needed to comply with legal requirement.

Protest hearing scheduling procedures for informal and formal appraisal review board hearings will be reviewed and updated as required. Standards of documentation will be reviewed and amended as required.

### PILOT STUDY

The district will use the ratio study to monitor for accurate and reliable values, calibrate/update cost and land schedules, and review for possible modifications in procedures. Each market area within the appraisal district boundaries is reviewed annually by utilizing the sales ratio analysis process. Each year, ratio studies are conducted on properties within the district to judge the two primary aspects of mass appraisal accuracy--- level and uniformity of value. Only verified arms-length sales are included in the ratio studies. If necessary, the sales have been adjusted for financing, inclusion of personal property, time of sale, etc. Outliers are identified and researched and either adjusted or excluded from each ratio study according to IAAO standards.

City limits and school district lines define many of the district market areas. Examples of other market areas include subdivisions on or near Lake Whitney; distressed economic areas, etc.

The district utilizes market adjustments in these areas when necessary.

### DATA COLLECTION

Appraisers generally drive out to and work all the properties in the year's reappraisal plan. The field appraiser determines the extent of the inspection needed. Most inspections are performed onsite, a drive-by inspection, or aerial photos when available. Properties with changes such as new improvements, additions, swimming pools, etc. are conducted by an on-site detailed review. The inspection may include confirming the dimensions of structures and/or completion of interior and exterior construction. Physical characteristics such as size, quality of construction, detail and property amenities are determined during these inspections.

Additionally, size may be confirmed through sources such as building permits, construction plans, realtor information, etc. Agricultural properties are checked for ag use during field inspections. All available and reliable resources are used in pursuit of accurate characteristic data for each property. If access to the property is denied, the Chief Appraiser will put a value on the property.

Sold properties with high variances from typical sales ratios are site inspected to ensure proper classification and accurate characteristic descriptions prior to being used in ratio studies or being used to develop market value adjustment factors. They are also checked for any enhancements made prior to the sale.

Property characteristic data is recorded for each property to be appraised. Resources for the discovery, describing, and listing of properties include, but are not limited to the following: field inspections by appraisal staff/western valuation, renditions, deed records, plat records, and assumed name certificates filed for record with the Bosque County Clerk's office, city building

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permits, local fee appraisers, builders and realtors, newspaper publications, maps, and other appraisal records of the District.

Construction costs are gathered from available sources including, but not limited to the Marshall and Swift Valuation Service and local builders and developers for use in the cost approach to value.

Information for the sales comparison approach is gathered for properties within the appraisal district through the mailing of questionnaires to new owners and other sources deemed reliable. Sales data is entered into the appraisal database making it available for use by the appraisal staff. Sales are checked for validity according to IAAO standards by the appraisal staff.

Rental rates, expenses and occupancy rates are gathered on hotels and apartment complexes for use in the income approach to value through questionnaire mailings, various publications and advertisements, owner filed property reports, and appraiser interviews.

The district will collect and record the data characteristics identified that affect property value in each market that *may* include all the following:

1. Location of the Property
2. Description of the Property
3. Construction or SIC type
4. Market Area of Property
5. Size of Property/Effective Acres
6. Age of Property
7. Condition of Property
8. Reservations
9. Contracts
10. Declarations
11. Special Assessments
12. Ordinances/Zoning
13. Building Attributes
14. State Property Codes
15. Legal Restrictions
16. Economic factors found
17. Quality of construction
18. Covenants/Easements
19. Leases
20. Land Type and other land info
21. Improvement Type, History, Attributes
22. Improvement Sketch
23. Dimensions
24. Other characteristics that affect value.

The district will appraise special appraisal properties according to the provisions of the Tax Code.

## PRODUCTION OF VALUE

**PRELIMINARY ANALYSIS:** A ratio analysis is performed for each category of property to determine the accuracy of schedules and to isolate properties that need visual inspection or reappraisal. During the review of this first set of studies, areas of possible concern are noted. Additional research or field reviews are conducted to verify and/or correct property characteristic data. Upon completion of the additional review, the ratio studies are run again. The second set of studies is used to calibrate the cost schedules, land schedules, and depreciation tables and to apply market area factors. This analysis requires that many of the ratio studies be re-run several times to determine effects of the adjustments.

**NEIGHBORHOOD/MARKET ANALYSIS:** Neighborhood/Market analysis examines how economic, social, physical, and governmental forces affect property values. The effects of these factors are used to identify, classify, and stratify comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. Analysis of comparable market sales forms the basis of estimating market activity affecting market prices for any given market area, neighborhood or district. Market sales indicate the effects of these market forces and are interpreted by the appraiser into an indication of market price ranges.

Properties whose values are influenced by the same economic, social, physical, and governmental forces are grouped as neighborhoods or market areas. Included in this analysis is the consideration of patterns of development and property use.

Once a neighborhood with similar characteristics has been identified, the next step is to define its boundaries. This process is known as "delineation." Some factors used in neighborhood delineation include location, sales price range, lot size, age of dwelling, quality of construction and condition of dwellings, square footage of living area, and story height. Delineation can involve the physical drawing of neighborhood boundary lines on a map, but usually it involves statistical separation or stratification based on attribute analysis.

**APPROACHES TO VALUE:** Bosque Central Appraisal District considers the three generally accepted approaches to value. The models used for each approach are as follows:

**INCOME APPROACH:**  $V = I - EXP/R$ , where V is value, I is income, EXP is expenses, and R is capitalization rate.

**COST APPROACH:**  $MV = LV + (RCN - D)$ , where MV is market value, LV is the land value, RCN is replacement cost of the improvement, and D is depreciation.

An extended model for the cost approach, utilizing market area adjustment factors is as follows:  $MV = [(RCN - D) \times MA] + LV$ , where MA is market area adjustment factor.

**SALES COMPARISON APPROACH:**  $MV = Sc + ADJc$ , where MV is market value, Sc is the sale price of a comparable property, and ADJc is the total dollar adjustment to the sale price of the comparable for differences between attributes of the comparable and the subject property.

Single-family and multi-family residential properties are appraised using a combined cost- market approach to value. Residential improved and vacant property, when qualified as an inventory, will be appraised in compliance with the Texas Property Tax Code, Section 23.12(a). Land is appraised by the sales comparison approach to value.

The appraisal of agricultural land is governed by Chapter 23 of the Property Tax Code. The appraised value of qualified open-space is determined on the basis of the category of land, using accepted income capitalization methods applied to average net to land.

All commercial properties including but not limited to retail properties, apartments, warehouses, office buildings etc. will be valued by the cost approach, the income approach, or the sales comparison approach as deemed most appropriate pursuant to Section 23.0101 of the Property Tax Code.

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The primary approach to the valuation of business personal property is the cost approach. This approach uses replacement cost new (RCN), which is developed from property owner reported historical cost or from existing valuation models provided by the Property Tax Assistance Division of the State Comptroller's Office. Costs are also researched for personal property using NADA Guides and other sources. Personal property is depreciated using the age-life method based on percent good factors which are consistent with the depreciation schedules provided by the Property Tax Assistance Division for each personal property component (i.e. furniture, fixtures, equipment etc.).

**HIGHEST AND BEST USE:** Highest and best use is the reasonable, probable, and legal use of vacant land or improved property, which when physically possible, financially feasible, and appropriately supported, results in the highest value for the property. For improved properties, the highest and best use determination of a site is made both as if the site is vacant and as improved. The highest and best use for residential property that has a homestead exemption is by law its current use even though its highest and best use may be commercial or industrial.

**DEPRECIATION:** Depreciation is the loss in value from replacement cost new of an improvement or personal property item due to physical deterioration, functional obsolescence and/or economic obsolescence. Each property, during the on-site review process, is assigned a depreciation factor based on the observed physical condition of the property. Additional adjustments may be made to the property for functional or economic obsolescence if conditions so warrant. Personal property is depreciated using the age-life method based on a typical economic life for each personal property component type.

## PREPARATION OF THE ASSESSMENT ROLL

The final values are listed and submitted to the Appraisal Review Board. Appraisal notices are mailed and the informal/formal review process begins. Upon approval of the appraisal records by the Appraisal Review Board, the appraisal roll is certified to each taxing unit.

## THE MASS APPRAISAL REPORT

Each tax year, the mass appraisal report is prepared and certified by the chief appraiser at the end of the appraisal phase. The mass appraisal report is completed in compliance with USPAP Standard Rule 6-8. The signed certification by the chief appraiser is compliant with USPAP Standard Rule 6-9.

## VALUE DEFENSE

The appraisal district, to meet its burden of proof for market value and equity in both informal and/or formal appraisal review board hearings, will rely on data in its possession or data obtained from other sources, as appropriate. Inspection and/or disclosure of evidence and related materials will comply with Section 41.461 of the Property Tax Code. Disclosure of such data will be compliant with statutory confidentiality requirements.

## CERTIFICATION STATEMENT

"I, Christopher Moser, Chief Appraiser for the Bosque Central Appraisal District, solemnly swear that I will make or caused to be made a diligent inquiry to ascertain all property in the district subject to appraisal by me, and that I will include in the records all property that I am aware of at an appraised value which, to the best of my knowledge and belief, is determined as required by law."

A handwritten signature in black ink that reads "Chris Moser". The signature is written in a cursive style and is positioned above a solid horizontal line.

Christopher Moser, RPA, CCA  
Chief Appraiser