

Appraisal District Directors Manual

District Policy Manual

Through its policies, the Board determines the Appraisal District's goals and operates as the decision-making body on Appraisal District operations. It is responsible for developing written reappraisal plans and evaluating the effectiveness of the Chief Appraiser in appraising property and administering the appraisal office according to constitutional and statutory requirements.

The Code and other laws require written policies covering some specific areas. While not required by the Code, a written operating policy covering all operational aspects of appraisal district operations should be developed as well.

There are some good reasons to have Appraisal District operation policies. Written procedures and policies are good management tools. They permit the District's operations to continue uninterrupted if key employees leave. A policy manual explains the law, establishes policies to meet local needs, answers questions the law leaves to interpretation and brings together the requirements of the Texas Constitution, the Code, Comptroller rules and other operational matters. A policy manual allows the board to make important decisions carefully in advance, rather than in response to crisis situations. A policy manual also helps educate the public and others about Appraisal District operations.

Eligibility Requirements for the Board

To be eligible to serve on the Board, a person must have resided in the Appraisal District for at least two years immediately preceding the date of taking office.

Persons who meet the basic residence test may still be disqualified from serving. These reasons for disqualification ensure Directors are not exposed to conflicts of interest. For example, an employee of a taxing unit that participates in the Appraisal District may not serve. However, an elected official or member of the governing body of a participating taxing unit may serve.

Statutory Requirements

Chapter 6 of the Texas Property Tax code contains most requirements for the Board of Directors to follow. Some specific Code section that affect board responsibilities include:

- An appraisal office in the county in which the district is located shall be established.

- The Board may purchase or lease real property or construct improvements necessary to establish an appraisal office if approved by three-fourths of the voting taxing units. Section 6.051 (a)
- The board may convey real property owned by the district if approved by three-fourths of the voting taxing units and the proceeds are apportioned to the units according to the taxing unit's budget allocation. Section 6.051 (c)
- The Board is responsible for notifying all taxing units of a vacancy on the board and for selecting a replacement from nominees submitted. Section 6.03 (l)
- The board may change the number of directors or method of selecting directors, or both if all voting units agree. Section 6.031(a)
- The board elects from its members a chair and secretary at its first meeting of the calendar year. Section 6.04 (a)
- The Board may contract with another appraisal office or taxing unit in the district to perform the appraisal district's duties. Section 6.05 (b)
- The Board shall appoint the Chief Appraiser. Section 6.05 (c)
- The Board shall develop a biennial appraisal plan, hold a public hearing and approve the appraisal plan by September 15 of each even-numbered year, and distribute copies of the plan to the district's taxing units. Section 6.05 (i)
- In Appraisal Districts located in counties having populations of more than 125,000; a taxpayer liaison officer is appointed by the Board. Section 6.052 (a)
- The Board is required to adopt an annual budget before September 15, after holding a public hearing and meeting all requirements of the code. Section 6.06 (b)
- The Board shall give public notice of the budget and budget hearing by publishing a budget summary in a newspaper of general circulation in the appraisal district at least 10 days before the public hearing on the budget. Section 6.062 (a)
- The Board may amend the approved operating budget after giving notice to taxing units. Section 6.06 (c)

- The Board is required to adopt a new budget within 30 days after its budget is disapproved by the taxing units. Section 6.06(b)
- The Board may authorize the Chief Appraiser to disburse Appraisal District funds. Section 6.06 (f)
- The Chief Appraiser is required to credit excess funds to the taxing units' payments for the following year if the payments made or due to be made by the units exceeded the amount actually spent or obligated to be spent by the Appraisal District during the fiscal year for which the payments were made. If a taxing unit that participated in the Appraisal District in the prior year is not participating in the District in the year a surplus is to be allocated, the Chief Appraiser is required to refund the proportionate surplus amount to the taxing unit within 150 days after the end of the fiscal year. Section 6.06 (j)
- The Board may change its fiscal year if three-fourths of the taxing units agree. Section 6.06 (i)
- The Board may change the Appraisal District's method of financing with the consent of all taxing units. Section 6.061 (a)
- The Board designates the District's depository at least once every two years. The board and the depository may agree to extend a depository contract for one additional two-year period. Section 6.09 (c)
- The Board receives taxing units' resolutions disapproving board actions. Section 6.10
- The Board is required to adhere to the same requirements as cities concerning competitive bidding procedures for purchases and contracts requiring expenditure of more than \$50,000. Section 6.11 (a)
- Through the Interlocal Cooperation Act, the governing body of a taxing unit may contract with the Board to assess or collect taxes. Section 6.24 (a)
- The Board of Directors shall appoint Appraisal Review Board members and has the power to change the number of Appraisal Review Board members. Section 6.41 (b)
- The Board approves contracts with private appraisal firms selected by the Chief Appraiser to perform appraisal services. Section 25.01 (b)

- The Board shall have prepared an annual financial audit conducted by an independent certified public accountant and deliver a copy of the audit to each voting taxing unit. Section 6.063
- The Board may, by resolution prescribe that particular actions of the Chief Appraiser concerning Appraisal District finances or administration actions are subject to Board approval. Section 6.06 (f)
- The Appraisal District (i.e., board of directors) may be sued by the taxing units to compel the District to comply with the provisions of the Property Tax Code, Comptroller rules or other applicable law. Section 43.01

Required Written Policies

State law requires the Board to have some specific written policies. The Board may include these policies in the policy manual.

In accordance with Section 6.05 (i) of the Code, the board must develop a biennial written reappraisal plan and hold a public hearing to consider the plan. No later than September 15 of each even-numbered year, the Appraisal District Board must approve the reappraisal plan and distribute copies to the taxing units and the Comptroller within 60 days of Board approval.

The plan is required to comply with the provisions of Section 25.18 (b) of the Code. Certain activities are required to be conducted in the reappraisal of all real and personal property located in the Appraisal District a least once every three years. In summary, those activities are:

- Identifying properties by physical inspection or other reliable means of identification (such as deeds, photographs, surveys, maps, and sketches);
- Identifying property characteristics;
- Defining market areas;
- Identifying property characteristics affecting value in market areas (such as location, physical attributes of property, legal and economic factors, and legal restrictions);
- Developing an appraisal model that reflect property characterizes and market areas;
- Applying the conclusions from the model to the characteristics of individual properties; and
- Reviewing the appraisal results to determine value.

These statutory requirements are consistent with the requirement of Section 23.01 of the Code that mandates compliance with the Uniform Standards of Professional

Appraisal Practice. They are required to be included in the reappraisal plan approved by the Board of Directors.

An Appraisal District Board must develop a written plan describing how non-English speaking and disabled persons have access to the appraisal district's programs. At a minimum, such a plan should show how the district will obtain foreign language and sign language interpreters, provide access to those in wheelchairs and give telephone services to the deaf.

The Board must have a written policy showing citizens how to make complaints and how the Board resolves complaints. The board also must prepare and make available to the public, written information explaining the Board's functions and protest procedures. The Board must include in the complaint policy provisions the process for keeping files on all complaints and for notifying the complainant at least quarterly of the status of the complaint unit resolved. The district's taxpayer liaison officer is required to implement these policies.

Finally, the Board must have a policy providing the public an opportunity to appear and speak at Board meetings on any subject under the Board's jurisdiction. The policy must provide reasonable time for the public to speak about Appraisal District and Appraisal Review Board procedures and for a report from the Taxpayer Liaison, if one is appointed, about complaints. The Liaison Officer is responsible for carrying out these procedures.

Conflicts Disclosure Statement

In addition to the laws related to conflict of interest, Chapter 176 of the Local Government Code requires local government officers or members of governing bodies of local governmental entities, such as Appraisal Districts, and administrators, such as the Chief Appraiser, to file conflicts disclosure statements under certain circumstances.

A Director may be required to file a statement when certain persons or the persons' agent contract or seek to contract for the sale or purchase of property, goods, or services with the District. The statement must be filed if these persons have (1) an employment or business relationship with Directors or family members of the Director that results in their receiving taxable income; or (2) given a gift with a value of more than \$250 in a 12-month period preceding the date of contract execution or consideration. The family member is a person within the first degree of consanguinity or affinity.

The statement, prescribed by the Texas Ethic Commission, must be filed with the Chief Appraiser within 7 business days of Directors becoming aware of the relationships and contract. A violation of this requirement is a Class C misdemeanor.

Disapproval of Board Actions

Although Board members may have been elected by specific voting taxing units, each Director serves all taxing units in the Appraisal District. At times, the Board may take an action with which the majority of voting taxing units may disagree.

A majority of voting taxing units may veto any action by the Board of Directors. In addition, a majority of voting taxing units may veto the Board's budget.

To veto a Board action, the governing bodies of a majority of voting taxing units must adopt resolutions disapproving the action. The voting taxing units must file the resolutions with the Board's Secretary within 15 days after the action is taken. The Board action is revoked effective the day after the day on which the required number of resolution are timely filed.

To veto the Board's budget, the governing bodies of a majority of voting taxing units must adopt resolution disapproving the budget. The voting units must file the resolutions with the Board Secretary 30 days of the budget adoption. The budget then does not take effect. The Directors have 30 days after the disapproval date to adopt a new budget.

Appraisal District Financial Affairs

Participating taxing units pay for all Appraisal District operations. The Appraisal District Directors' financial responsibilities include adopting an annual operating budget, selecting a district depository, engaging in competitive bidding procedures, contracting, purchasing, setting accounting methods and auditing.

Annual Operating Budget

Before June 15 of each year, the Chief Appraiser submits to the Board a proposed budget for the upcoming fiscal year. The District's fiscal year is the calendar year, unless another fiscal period is designated according to the Code. The proposed budget must provide the following information:

- Each proposed employee position to include:
 - The proposed salary of each position;
 - All benefits for each position;
- Each proposed capital expenditure; and
- An estimate of the amount of the budget to be allocated to each taxing unit.

Other items commonly included in the budget are:

- Contract payments for services;

- Reimbursement for reasonable and necessary Appraisal District Director expenses;
- Per diem or actual expense reimbursement for Appraisal Review Board Members;
- Compensation for attorneys hired for the Appraisal District, Appraisal Review Board or both;
- Reimbursement of Appraisal Office staff for reasonable and necessary expense;
- Payment of tuition and fees incurred for courses or educational programs;
- Funds for Appraisal Review Board proceedings and operation; and
- Other items necessary for Appraisal District operations.

Public Hearing and Publication of Budget

The Board of Directors must hold a public hearing, subject to the requirements of the Open Meetings Act, to consider the budget. This hearing gives taxing units and the public an opportunity to observe and comment on how funds are being spent.

The law does not require the Board to hold the hearing on a specific date, but the budget must be finally approved before September 15. The September 15 date permits taxing units participating in the District to include their share of Appraisal District cost in their own budgets.

If the fiscal year has been changed, the chief appraiser must prepare a proposed budget before the 15th day of the seventh month preceding the first day of the fiscal year established by the change. The Board of Directors must adopt a budget for the fiscal year before the 15th day of the fourth month preceding the first day of the fiscal year established by the change.

Before the Board holds the budget hearing the Board's Secretary must deliver to the presiding officer of the governing body of each taxing unit in the District written notice of the date, time and place of the hearing. The Secretary must deliver this notice no later than the 10th day before the date of the budget hearing.

No later than 10 days before the public hearing date, the Chief Appraiser must publish a notice of the hearing in the newspaper. The one-quarter page notice must be published in a newspaper or tabloid of general circulation in the Appraisal District's county. The notice may not be published in the part of the paper in which legal notices and classified advertisements appear.

Comptroller Rule 9.3048 sets out the content of the notice. The notice must state where and when the public hearing will be held, the total amount of the proposed budget, the amount of the proposed budget is increased from the current year, the number of employees compensated under the current budget and the number to be compensated under the proposed budget. The notice must also state the name, address and telephone number of the Appraisal District and, at the Chief Appraiser's option, a statement

explaining any significant differences between the current and the proposed budgets. The notice must also state that the Appraisal District is supported solely by payments from taxing units in the Appraisal District. In addition, the notice must 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 district, 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.”

Voting taxing units may veto the approved budget. To veto, a majority of the voting taxing units must pass resolutions disapproving the adopted budget. These units must file resolutions with the Board’s Secretary within 30 days after the date the budget is adopted. If enough veto resolutions are filed, the budget does not take effect. The Board must adopt a new budget within 30 days of disapproval.

The Board of Directors may amend the approved budget if the Board’s Secretary delivers to the presiding officer of each taxing unit’s governing body a written copy of the amendment proposal. The secretary must deliver this notice at least 30 days before the date the board intends to act on the amendment.

Voting taxing units may disapprove a budget amendment under the general authority given to taxing units to disapprove a board action. Voting taxing units must file disapproval resolutions with the Board’s Secretary by majority of the voting taxing units with 15 days of the amendment’s adoption.

Each taxing unit must pay its share of the budget in four equal installments, due at the end of each calendar quarter (December 31, March 31, June 30 and September 30). The first payment is due before January 1 of the year in which the budget takes effect. A taxing unit’s governing body and the Chief Appraiser, however, may agree on a different method of payment.

If a taxing unit does not pay on time, the payment becomes delinquent and incurs a penalty of 5 percent of the payment amount. Interest accrues at an annual rate of 10 percent. The appraisal district has no authority to waive or rescind the penalty and interest imposed on a delinquent payment.

If the budget is amended, any change in the amount of a unit’s cost allocation is apportioned among the payments remaining.

Allocating an Appraisal District’s Costs

Each participating taxing unit pays a share of the Appraisal District budget. Section 6.06(d) of the Code specifies how to determine each unit’s share. The appraisal district’s cost for assessing or collecting taxes under contract with taxing unit(s) may

not be included in the District's budget for the appraisal operations. The formula for calculating a taxing unit's share of the budget is:

$$\frac{\text{Unit's Tax Levy}}{\text{Total Tax Levy of all Units}} = \text{Unit's Fractional Share}$$

The Chief Appraiser calculates the unit's share by dividing the current taxes levied by the unit on property in the Appraisal District by the current total taxes levied by all taxing units on the property in the district. The resulting fraction is multiplied by the total dollar amount of the budget. Only the taxes imposed by a unit on property in Appraisal District are used to calculate the unit's allocation in that district.

Changing the Allocation Method

Either the Board or the participating units may change the statutory allocation method. The Board of Directors may do so by passing a resolution making the change and delivering copies to the participating taxing units after June 15 and before August 15. The change takes effect if no taxing unit files a resolution opposing it. If any taxing unit that participates in the District adopts a resolution opposing the change and files the document with the Board prior to September 1, the change cannot take effect.

Voting taxing units may also change the method of allocating payment. To make the change, the governing bodies of three-fourths of the voting taxing units must adopt appropriate resolutions and file them with the Chief Appraiser after April 30 and before May 15.

A change in allocation method made by either the Directors or the voting taxing units remains in effect until changed or rescinded by resolution of a majority of the governing bodies of voting taxing units.

Chief Appraiser's Duties and Responsibilities

The Chief Appraiser has statutory and administrative responsibilities. The primary statutory duty is to discover, list, review and appraise all taxable property in the Appraisal District using generally accepted appraisal techniques. These tasks include, but are not limited to:

- Appraising all taxable property at market value, except as otherwise provided by law;
- Determining eligibility for exemptions;
- Determining eligibility for special appraisal and establishing both a market and special value on qualified property;
- Studying property values and sales to determine prevailing market prices;
- Creating appraisal records, appraisal cards, tax maps, property identification system, list, forms, applications and other items;

- Sending notices of appraised value;
- Creating procedures for equitable and uniform taxation of inventory;
- Determining whether property qualified for agricultural or timber appraisal has undergone a change of use and sending a notice of change of use to the owner;
- Submitting complete appraisal records of all property to the Appraisal Review Board;
- Testifying before the Appraisal Review Board on proposed values or exemptions and other actions taken by the Chief Appraiser or designating a staff member to do so;
- Contracting, with the approval of the Board of Directors, with private appraisal firms, if appropriate;
- Presenting supplemental records and other items for Appraisal Review Board consideration;
- Correcting records as ordered by the Appraisal Review Board;
- Certifying an appraisal roll and other listings to each taxing unit participating in the Appraisal District;
- Calculating effective and rollback tax rates for taxing units, if required by contract;
- Acting as the District's Public Information Officer;
- Appointing an Agricultural Advisory Board, with the advice and consent of the Board of Directors;
- Serving as the Chief Administrator of the Appraisal Office with responsibility to employ and compensate professional, clerical and other personnel as provided by the budget;
- Perform other legal responsibilities or duties assigned by the Board of Directors.

The Chief Appraiser is prohibited from employing or contracting with an individual or the spouse of an individual who is related to him or her within the first degree of consanguinity or affinity.

Selecting a Depository

The Board is required to select a depository for Appraisal District funds at least once every two years and until its successor is designated and has qualified. Selection is by competitive bidding. The requirements for selecting a deposit are listed below:

- The depository must be a Texas or United States banking corporation with deposits insured by the Federal Saving and Loan Insurance Corporation.
- The Board must choose the financial institution(s) which offer the most favorable terms and conditions for handling the District's funds.

- The Board must solicit bids at least one in each two-year period. The Board and the depository may agree to extend a depository contract for one additional two-year period.
- To the extent that funds in the depository are not insured by the Federal Deposit Insurance Corporation, the depository must secure funds in the manner provided by law for the security of fund of counties.

Investing Public Funds

Government Code Chapter 2256, known as the Public Funds Investment Act, applies to local governments and addresses authorized investments. It also deals with public finance requirements generally. Each governing body of a police subdivision may purchase, sell or invest its funds as provided by this chapter.

Competitive, Bidding, Purchasing and Contract Authority

District Directors will consider a variety of contracts for supplies, equipment services and other work. Section 6.11 of the Code requires competitive bidding for purchases and contract requiring expenditures of \$50,000 or more. Specifically, the Board must follow the process set out for municipalities in Chapter 252 of the Local Government Code; the Public Property Finance Act found in Chapter 271, Local Government Code, should also be consulted concerning the lease or purchases of certain property.

Since the Texas Constitution prohibits political subdivision from incurring debt that extends into future fiscal years without a sinking fund, “funding out” clauses should be included in contracts that extend beyond the budget period. This clause gives the District the right to terminate the agreement if revenues do not actually become available in the future. In addition, ratification clauses should be included to permit future Boards of Directors to consider contracts that overlap with new Board terms of office.

Financial Audit

An annual financial audit of the Appraisal District is required pursuant to Section 6.063 of the Code. An independent certified public accountant (CPA) or a CPA firm must prepare the audit. The Board must deliver a copy of the report to the presiding officer of the governing body of each taxing unit eligible to vote on Director Appointments. Copies of the report should be made available at the appraisal office for public inspection.

Other Administrative Details

The Appraisal District Directors and Chief Appraiser handle other financial details that affect Appraisal District operations, such as reporting to the Internal Revenue Service, purchase of insurance, retirement programs participation, etc. Some of these aspects are briefly discussed below.

Workers' Compensation

Denton Central Appraisal District provides workers' compensation coverage for all its employees through the purchase of a workers' compensation insurance policy.

Liability Insurance

The Texas Tort Claims Act provides that governmental units are liable for property damage, personal injury and death caused by employees or officers operating automobiles or motor-driven equipment while working in their employment. A District could be liable for death or personal injury caused by the condition of or use of tangible personal or real property. Denton Central Appraisal District carries policies of liability insurance to protect against this risk.

Property Insurance

Denton Central Appraisal District has insurance for burglary, robbery of money and securities, forgery and other crimes. The District also carries insurance covering for office equipment, supplies, furniture and fixtures, valuable papers, coverage for maps, as well as all-risk coverage for computers, software, tapes and other items.

Group Hospitalization and Life Insurance

Denton Central Appraisal district provides hospitalization, life, accident and/or other health benefits for their employees. Before selecting any type of plan, the District will complete a comparative study of available policies.

Retirement Plans

Denton Central Appraisal District has a retirement program adopted through the Texas County and District Retirement System. Chapter 810, Government Code, allows Appraisal District to establish public retirement systems. Public retirement system means a continuing organized program or plan, including a plan qualified under Section 401(a) of the Internal Revenue Code of 1986, of service retirement, disability retirement or death benefits for officers or employees of a political entity.

Board of Directors Meetings

Public Comments

Philosophy The Board of Directors of the Denton Central Appraisal District encourages and solicits public opinion on all matter within its jurisdiction. Members of the public shall, in accordance with the provision of this policy, be given the opportunity at each Board meeting to address the Board on any matter within the jurisdiction of the Board.

Exclusions Because of privacy right of District employees, the Board will not hear or receive any grievances or complaints about individual employees or Board members during the Public Comment section of the agenda. Persons or Board members having grievances or complaints about individuals shall be advised to confer with the Chief Appraiser concerning the proper procedures.

The Board shall not be required to listen to scandalous or obscene comments, or comments which contain gratuitous personal insults, although speakers are free to express their opinions concerning actions taken by the District and/or its employees or Directors.

Time Limit The Chairman may either on his own accord or at the instance of a majority of the Board imposes a reasonable time limit for all persons offering a public comment. With the consent of the majority of the Board, the Chairman may waive time limits for individual speakers from whom the Board, desires to hear further. The Chairman may also with consent of the Board, shorten the time period for all speakers at any particular meeting if necessary because of the length of the agenda or because of the number of speakers. Time limits shall be reasonable and shall not be used to prevent or discourage public comment. The Chairman may terminate the comments of any person speaking on matters not within the jurisdiction of the Board, or whose comments violate any portion of this policy, and may order removal from the meeting any speaker who refuses to yield the floor after being directed to refrain from further comments.

Response If deemed advisable, the Board may request or give an opportunity to the Chief Appraiser or his staff to respond to a speaker's comments. However, the Board itself shall not under any circumstances be required to respond to a speaker, and the Appraisal District personnel, including the Chief Appraiser, shall not respond unless given permission to do so by the Board.

The Board may not vote or take action concerning any item discussed during the Public Comment section of the agenda, except to place such item on a future agenda for Board discussion and/or action. The forgoing shall not apply to items which are already on the Board's agenda for the meeting in which public comment is made.

Special Assistance

The Appraisal District will provide reasonable assistance and accommodations to any person who is handicapped or does not speak English or who have physical, mental or developmental disabilities and who wish to address the Board. Persons needing special help should contact the Appraisal District far enough in advance of the meeting to insure that the necessary arrangements can be made.

Rules

The Board may enact rules for the efficient and orderly enforcement of this policy.