



Freestone Central Appraisal District

2016 Annual Report

Introduction

The Freestone Central Appraisal District is a political subdivision of the state. The Constitution of the State of Texas, the Texas Property Tax Code, and the Rules of the Texas Comptroller's Property Tax Assistance Division govern the operations of the appraisal district.

Mission

The mission of Freestone Central Appraisal District is to discover, list and appraise property as accurately, ethically and impartially as possible in order to estimate the market value of all property within the boundaries of the district for ad valorem tax purposes. The district must make sure that each taxpayer is given the same consideration, information and assistance as the next. This will be done by administering the laws under the property tax system and operating under the standards of:

- The Property Tax Assistance Division of the Texas State Comptroller's Office (PTAD),
- The International Association of Assessing Officers (IAAO), and
- The Uniform Standards of Professional Appraisal Practice (USPAP).

Governance

The appraisal district is governed by a **Board of Directors** whose primary responsibilities are to:

- Establish the district's office,
- Adopt its operating budget,
- Contract for necessary services,
- Hire the Chief Appraiser,
- Appoint the Appraisal Review Board
- Provide advice and consent to the Chief Appraiser concerning the appointment of an Agricultural Advisory Board,
- Approve contracts with appraisal firms selected by the chief appraiser to perform appraisal services for the district,
- Make general policies on the appraisal district's operations, and
- Biennially develop a written plan for the periodic reappraisal of all property within the district's boundaries.

To be eligible to serve on the board of directors, a person must have resided within the boundaries of the county for at least two years prior to their appointment. Their terms are not staggered. There are no legal limits to the number of terms a board member can serve.

The Chief Appraiser is the chief administrator of the appraisal district and is appointed by the board of directors. The chief appraiser must be licensed (or actively working toward licensing) as a Registered Professional Appraiser (RPA) through the Texas Department of Licensing.

Members to the **Appraisal Review Board** are appointed by the Board of Directors. ARB members serve two year staggered terms. They are limited by law to serving three consecutive 2 year terms. They must

be certified by the Texas Comptroller. Their responsibility is to settle value disputes between the taxpayer and the chief appraiser. Their decisions regarding value are binding to the chief appraiser for the tax years protested.

The Ag Advisory Board is appointed by the Board of Directors at the recommendation of the chief appraiser to aid him in determining typical practices and standards for agricultural activities in the district. They serve at the will of the Board of Directors.

Taxing Jurisdictions

The Freestone Central Appraisal District is responsible for appraising all properties for each of the taxing jurisdictions that have territory located within the 873 square miles of Freestone County. Following are those taxing jurisdictions with territory located in the district:

- Freestone County,
- City of Fairfield,
- City of Teague,
- City of Wortham,
- City of Streetman (split with Navarro County),
- Buffalo ISD (split with Leon County),
- Corsicana ISD (split with Navarro County)
- Dew ISD,
- Fairfield ISD (split with Navarro County),
- Mexia ISD (split with Limestone County),
- Oakwood ISD (split with Leon County),
- Teague ISD,
- Wortham ISD (Split with Limestone and Navarro Counties),
- Fairfield Hospital District (split with Navarro County), and
- Teague Hospital District.

Property Types Appraised

The district is comprised of some 243,889 parcels, A significant reduction in parcel count (and taxable value) is directly attributable to decreased gas production in the county, even though natural gas and lignite mining contribute most of the economic wealth to the county. Luminant Big Brown and NRG Texas both continue to operate lignite-fired electrical generating plants in the area and two lignite mines provide the fuel to these plants along with coal railed in to the plants from the Powder River Basin. Freestone Power Generation also operates a gas fired electrical generating plant in the northeast part of the county. Several gas production companies operate gas compressor stations and gas processing plants throughout the county. With decreased gas production in the area, many “oil-field” related industries have moved their businesses out of Freestone County.

The majority of the land not associated with these industries is rural with agricultural production the main use, making farming/ranching a notable occupation in the county.

The following represents a summary of property types appraised by the district for 2016:

PTAD Classification	Property Type	Parcel Count	Market Value
A	Single Family Homes	5,394	393,397,810
B	Multi Family Homes	30	3,852,045
C	Vacant Land (typically <5 acres)	2,853	18,630,532
D1/D2	Qualified Open Space Land & Improvements	11,999	1,117,813,776
E	Rural Land& Improvements	8,591	405,018,856

PTAD Classification	Property Type	Parcel Count	Market Value
F1	Commercial Real Property	646	70,056,811
F2	Industrial Real Property	101	580,633,712
G	Oil/Gas/Minerals	179,458	303,519,250
J	Utilities	1,054	640,091,468
L1	Commercial Personal Property	1,421	43,069,631
L2	Industrial Personal Property	536	231,506,141
M1	Mobile Homes	1,382	30,364,929
O	Residential Inventory	127	1,558,779
S	Dealer's Special Inventory	15	4,254,080
X	Exempt Property	30,279	192,787,403
TOTAL		243,889	2986660,156

Appraisal Operation Summary

Appraisers utilized the district's GIS mapping software and the 2015 NAIP Imagery to properly estimate acreage for ground coverings and soil classifications according to the NRCS Soil Survey.

District appraisers continued to make on-site inspections of improvements according to its Reappraisal Plan, adopted by the board of directors on September 10, 2014. This task was completed by its target date of March 1, 2016.

Cost tables for all improvements were reviewed and compared to the January 1 tables contained in the Marshall Swift Valuation Service tables and the district's cost tables were updated and modified where needed.

The district conducted an internal ratio study to validate the accuracy of its mass appraisal system with the following overall statistical results:

Based upon the Mass Appraisal Standards adopted by the International Association of Assessing Officers, the above statistics indicate that the district's mass appraisal system is accurately and uniformly appraising property. A complete description of these statistics is contained in the district's *2015 Internal Ratio Study Report*.

		95% Confidence Interval	
		Lower	Upper
Mean	0.99	0.94	1.02
Median	0.97	0.95	1.00
Weighted Mean	0.97		
Coefficient of Dispersion - Average	21.00		
Price-related Differential	1.02		
Absolute Deviation	63.32		
Standard Deviation	0.28		
Number of Sales	313		
Overall Ratio taken from PA PC Ratio Recap Report			
All Classes of Property, current ratio between .2 & 2.0			
Confidence intervals are calculated			

Property Discovery

The district aggressively seeks to discover all newly constructed or added property each year through examination of:

- City building permits,
- Filed Material/Mechanic's Liens,
- Mobile home installation reports,
- Septic tank permits,
- Electric connection reports,
- Advertisements,
- Railroad Commission Reports (oil/gas)
- Field discovery, and
- Public "word of mouth".

Exemption Data

Property owners may qualify for a variety of exemptions as provided by the Texas Constitution. Some of the most commonly occurring exemptions are described below. Other less commonly occurring exemptions are available and described in the Texas Property Tax Code, Chapter 11.

Residential Homestead

The following chart represents the total exemption amounts available to homeowners who qualify for this exemption on homesites with a maximum of 20 acres:

Jurisdiction	General	Over 65	Disability	100% Disabled Veteran	Over 55 Surviving Spouse
Freestone County	1% (min 5,000)	60,000	60,000	100%	60,000
City of Fairfield		5,000	5,000	100%	5,000
City of Streetman				100%	
City of Teague		5,000	5,000	100%	5,000
City of Wortham				100%	
Buffalo ISD	25,000 plus 1% (min 5,000)	10,000	10,000	100%	10,000
Corsicana ISD	25,000	10,000	10,000	100%	10,000
Dew ISD	25,000	10,000	10,000	100%	10,000
Fairfield ISD	25,000	16,000	16,000	100%	16,000
Mexia ISD	25,000	10,000	10,000	100%	10,000
Oakwood ISD	25,000	10,000	10,000	100%	10,000
Teague ISD	25,000	10,000	10,000	100%	10,000
Wortham ISD	25,000	10,000	10,000	100%	10,000
Fairfield Hospital	1% (min 5,000)	5,000	5,000	100%	5,000
Teague Hospital				100%	

For school tax purposes, the over 65, disability, surviving spouse, and 100% disabled veteran residential homestead exemptions create a tax ceiling prohibiting increased taxes on the homestead on *existing buildings*. (Any new areas added to the homesite will cause the ceiling to be readjusted and set in the subsequent tax year.)

Although Texas law allows it, none of the other taxing jurisdictions have adopted tax ceilings for over 65 or disabled homeowners.

All homeowners who qualify for the residential homestead exemption are subject to the placement of a **homestead cap** on their qualifying property which prohibits the increase of taxable value on the homestead

property to ten percent per year. However, the market value may still be reflective of the local real estate market.

Disabled Veterans

In addition to the residential homestead exemption allowable to disabled veterans with a 100% service connected disability (as described above), disabled veterans are allowed a general exemption on any property they own based upon the percentage rating as determined by the Department of Veteran’s Affairs. Current exemptions amounts, as based upon these ratings, are:

Percentage Disability	Exemption Amount
10-29%	5,000
30-49%	7,500
50-69%	10,000
70-100%	12,000

Other Exemptions

Other commonly occurring exemptions are:

- Cemetery Exemptions,
- Religious Organizations,
- Primarily Charitable Organizations, and
- Veteran’s Organizations.

Other less frequently occurring exemptions are allowable and described in Chapter 11, Property Tax Code.

Appeal Information

State law required the district to mail Notices of Appraised Value to property owners where:

- New property has been included for the first time on the appraisal roll,
- There has been an ownership change,
- There has been a change in taxable value of \$1,000 or more,
- The property filed a rendition statement of the property, or
- The property has been annexed or de-annexed to a taxing jurisdiction.

In compliance with these laws, the district prepared and delivered required notices for:

- Real Estate Parcels
- Commercial Personal Property Parcels, and
- Mineral/Utility/Industrial Parcels

From those notices, 1,391 parcels were protested for the following reasons:

The final results of these protests were:

- Protest Withdrawn 242
- Protest Settled 3,455
- Dismissed (by ARB) for failure to appear 70

The ARB conducted hearings and issued orders on protests regarding 75 parcels with the following results:

• Market/Appraised Value Excessive	2
• Market/Appraised Value Not Excessive	74
• Market Value is Unequal	1
• Market Value is equal	74
• CAD failed to sent required notice	0
• CAD correctly notice	0
• Exemption should be denied, modified or cancelled	1
• Exemption should not be denied, modified or cancelled	0
• Change of land use incorrectly determined	0
• Change of land use correctly determined	0
• Special Use Valuation should be denied, modified, or cancelled	0
• Special Use Valuation should not be denied, modified, or cancelled	0
• Owner's name is incorrect	0
• Owner's name is correct	0
• Property should not be taxable by one or more jurisdictions	0
• Property should be taxable by one or more jurisdictions denied	57
• Other PTC Chapter 41 matter granted	0
• Other PTC Chapter 41 matters denied	65

Certified Values

The Chief Appraiser certified market and taxable values to each taxing jurisdiction on July 25, 2016, summarized as follows:

Entity	Total Market	Total Taxable
Freestone County	4,036,737,624	2,499,898,467
City of Fairfield	278,173,696	205,505,256
City of Streetman	7,001,584	6,438,432
City of Teague	131,737,532	107,064,737
City of Wortham	40,151,317	27,909,085
Buffalo I.S.D.	140,515,892	59,127,226
Fairfield I.S.D.	2,210,739,492	1,303,085,459
Oakwood I.S.D.	129,890,726	67,121,844
Corsicana I.S.D.	10,124,235	5,720,634
Dew I.S.D.	247,713,687	142,193,203
Teague I.S.D.	1,071,320,895	698,258,054
Wortham I.S.D.	223,763,997	116,556,994
Mexia I.S.D.	2,646,800	2,402,655
Fairfield Hospital District	2,210,739,492	1,431,838,657
Teague Hospital District	1,071,320,895	764,718,042

These values reflect an overall taxable value loss of \$452,886,043 (or 18%) compared to the values certified to the taxing jurisdictions in 2015. Overall, the taxable value of the real estate portion of the appraisal

roll decreased by \$4,011,893 and the mineral/utility/industrial portion was reduced by \$448,874,150. Reductions in value are again attributed to reductions in value for oil/gas interests.

Tax Rates

Using the taxable values as certified by the Chief Appraiser(s) and following the requirements of the Truth In Taxation Laws, the taxing jurisdictions adopted the following tax rates:

Freestone County	0.339000	Buffalo ISD	1.296570
City of Fairfield	0.348800	Corsicana ISD	1.370300
City of Streetman	0.574318	Dew ISD	1.269680
City of Teague	0.771846	Fairfield ISD	1.430047
City of Wortham	0.749626	Mexia ISD	1.203630
Fairfield Hospital District	0.100000	Oakwood ISD	1.244400
Teague Hospital District	0.050000	Teague ISD	1.550819
		Wortham ISD	1.318110