

CHAPTER 2

ADMINISTRATION AND ORGANIZATION

Act 160 of the Alabama Legislature created the statewide reappraisal program and specified that all property be appraised at fair and reasonable market value. The mission of the reappraisal and mapping program in each county is to discover, list, and value all property at its fair and reasonable market value using mass appraisal methods. Chapter 2 focuses on the effective organization and management principals that can be applied to the reappraisal program in each county to achieve this legislative mandate.

The organizational structure of the appraisal department should be based on the specific tasks that must be performed in meeting the goals of property equalization. The following have been identified as necessary task in each appraisal office.

Annual Tasks:	Appraise New Construction Appraise Land Splits Incremental Field Review 25% of Parcels Maintain a Sales File Perform Sales Ratio Analysis by Neighborhood Field Check Building Permits and Septic Tank Permits Mail Sales Questionnaires Define and Maintain Neighborhoods Collect Income Expense Data for Income Properties Appraise Manufactured Homes Prepare Value Notices Update Computer Records Attend Board of Equalization Hearings
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Reappraisal Tasks:	Perform Index Study Perform Land Study Develop Income Valuation Models Correlate and Proof Values
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Mass appraisal procedures must employ a consistent methodology, be based on dependably accurate data, and be calculated through the use of standard statistical testing methods, in order to ensure adherence to the fair market value standard.

The establishment of effective procedures for collecting and maintaining adequate data cannot be over emphasized. Property data constitutes the foundation of a mass appraisal system, for accurate current data are essential to the uniform valuation of property. Sales data files are extremely important and should be constantly maintained. Sales data are required in all applications of the sales comparison approach; in the development of market based depreciation schedules in the cost approach; and in the derivation of overall rates, income multipliers, discount rates, equity yield rates, and equity dividend rates in the income approach. Income and expense data should be collected for all income producing property, since these data are needed in using the income approach to value method. The analysis of data will show

the appraiser where their current and potential problem areas exist and help to determine what actions must be taken to correct them.

The analysis of ratio study data can suggest groups of like properties in need of physical review. In general, trending factors can be highly effective in maintaining equity when appraisals are uniform within like groups of properties. Physical reviews and individual reappraisals are required to correct lack of uniformity within like properties.

Trending can be effective for short periods, but properties should be physically reviewed and individually reappraised at least every four years. This can be accomplished by any of several ways: (1) reappraising all properties periodically (every four years); (2) reappraising all properties on an incremental basis (one-fourth each year); and (3) reappraising on a priority basis as indicated by ratio studies or other considerations, while still ensuring that all properties are physically reviewed at least every four years.

The complexity of an organizational framework must vary with the volume of work to be done and the size and capability of its staff. The needs of rural and urban counties vary greatly. In the larger urban office, there is a need for specialization; while in the small office, one person must be capable of performing several operations.

An organization within an assessment office will either be geographical, functional, or a combination of the two. In a geographical division of effort, all staff members will have identical duties and responsibilities, but in separate areas. In order for this type of organization to function with any degree of success, it is necessary for each staff member must again be capable of performing multiple duties.

The functional organization is one in which several staff members do exactly the same type of work without regard to geographical limitations within the county. That is to say, one employee will work constantly on assessment maps, another employee on the appraisal of land, another on appraisal of buildings, and still another on the appraisal of personal property, while varied clerical duties will be handled by persons employed for clerical tasks.

Many large counties may find a combination of functional and geographical organization will produce the most efficient and effective operation. For example, a person may be assigned the task of appraising and maintaining land values in a given area. We now have functional organization (performing a particular job) and geographical organization (assignment to a given area). This plan normally works successfully as long as it maintains strong functional characteristics.

The accompanying illustration, Exhibit 2-1, is a simplified version of a hypothetical functional organization chart showing possible departmental divisions and delineating lines of responsibility (often referred to as a line of authority) between taxing official and department heads. Listed under each position are principal responsibilities of the position or department.

This particular organizational chart is more suited to an office containing a minimum of 20 employees. The same chart can be adapted to small offices by combining certain departments or by assigning two or more departments to a single employee. The larger offices may find it necessary to expand the plan by including additional positions or the further division of departments.

All work phases within the assessment office are normally classified as "operating" and "auxiliary". The operating divisions are those that are directly engaged in the functions of inventorying and listing all property within the county and the equitable evaluation of it. The auxiliary divisions are only indirectly engaged in the performance of these functions and are primarily to assist the operating divisions by assuming responsibility of such matters as employment of personnel, bookkeeping, public relations, purchasing, typing, filing, and others. When and wherever possible, department divisions should be entirely operating or entirely auxiliary. This would create homogeneous operating units, resulting in consolidation of similar functions and the separation of unlike functions.

The importance of a sound and workable organization plan cannot be over-emphasized. However, the best of plans have nominal value unless each person understands his part of the overall picture and duties and responsibilities are clearly defined. To avoid misunderstanding that could disrupt an otherwise smooth flow of work, a copy of the duties and responsibilities of each position should be provided in writing to each employee. He/she not only knows what is expected of him/her but will also have knowledge of duties and responsibilities of other staff members as well.

There exists no one ideal or standard organizational plan that could or should be adopted for all county assessment offices in Alabama. As can be seen, the complexity of an organizational framework must vary with the volume of work to be done and the size and capabilities of the staff.

PLANNING

To help us reach our goal of equity, we must establish a plan. Planning is the most important part of any project including property valuation. The appraisal department must identify the project or goal's completion date and performance objective and it must develop a specific action plan with a completion schedule. The plan should include provisions for training and data analysis.

The appraisal staff must be qualified to perform their respective duties. A continuing training program along with experience is imperative to all progressive appraisal programs to ensure more accurate and consistent property appraisals. Without an active training program, the appraisal department's effectiveness will eventually stagnate and decline into ineffectiveness.

RECORDS AND PROCEDURES

The administration and organization of the taxing official's office are directed toward one end; the preparation of a tax roll of high quality. There are records and procedures requisite to the accomplishment of this goal. There are also desirable (if not essential) records and procedures that can be timesaving and greatly facilitate the work in the office.

Requisites to the preparation of a tax roll of high quality are property records and a method of writing and printing the tax roll. Some type of property record is a basic requirement. Property tax administration computer software is the most efficient and practical method for maintaining and managing property records and the resulting tax roll. Office automation is essential in today's environment for the taxing official to properly maintain the accuracy and accessibility of records that the taxpayer demands. Computerization inherently provides timely access to every facet of the taxpayers' records as well as an increased accuracy of appraised values, assessed amounts and tax calculations.

REAL PROPERTY RECORD FORM

The real property record form is an essential part of every modern assessment office. It is the "back-bone" of a good assessment structure. Its primary purpose is to provide a compact form for use in preparing a physical inventory of all parcels of real estate in the county. Through the use of these forms, the taxing official is able to systematically list pertinent data required in making value estimates of buildings; record both land and building assessments; and facilitate comparisons or properties of the same class. A computer assisted mass appraisal program can produce this form on demand.

Printed property record forms have other functions. If the form is completed in detail, labor required in checking or listing data is reduced to a minimum. Structural and other elements printed on the form serve as instant reminders to those making field inspections to check off these items before leaving the property. They provide permanent records, enabling the taxing official to keep track of alterations, additions, or other property changes. Forms contain an area for a perimeter sketch of each improvement located on any one property and the recording of the dimensions of all improvements. An Alabama Property Record Card is incorporated in this section of the manual. This card is designed to facilitate field inventory. Several illustrations of its use will be found in chapters 8 and 9. The Alabama Property Record Card is provided as an adjunct to moving toward statewide standardization of forms.

PROPERTY RECORD CARD

PROPERTY RECORD CARD

COMPUTER ASSISTED MASS APPRAISAL (CAMA)

In today's complicated process of assessing property, much physical and economic data must be collected, studied and analyzed if the taxing official is to achieve the degree of accuracy that is expected and demanded by the taxpayer. Computer equipment can be used to accomplish many of these tasks in a fraction of the time normally required by other methods.

Data should be available for access by the Property Tax Division in a standardized field structure as follows.

1. Parcel Numbers

<u>NAME</u>	<u>WIDTH</u>	<u>DESCRIPTION</u>
CO	2	County Number
TS	2	Township Number
AR	2	Area Number
SC	2	Section Number
QT	1	Quarter Section
BLK	3	Map Block
PARCEL	7	Parcel Number

2. Property Code Number

<u>NAME</u>	<u>WIDTH</u>	<u>DESCRIPTION</u>
CODE	4	Property Use Code

3. Neighborhood Code

<u>NAME</u>	<u>WIDTH</u>	<u>DESCRIPTION</u>
NBHD	8	Geographic Neighborhood

4. Property Address

<u>NAME</u>	<u>WIDTH</u>	<u>DESCRIPTION</u>
ADDR	5	Address Number
D	1	Direction
STREET	20	Street Name
STYPE	2	Street Type
SU	2	Street Suffix

5. Parcel Information

<u>NAME</u>	<u>WIDTH</u>	<u>DESCRIPTION</u>
SALEPRICE	8	Sale Price
CL	2	Building Class
GD	3	Percent Good
STY	3	Story Height

GAR	3	Garage Decimal
BSMT	3	Basement Decimal
TAA	6	Total Adj. Area
BUILT	4	Year Built
GRANTOR	30	Grantor
GRANTEE	30	Grantee
BOOK	6	Deed Book
PAGE	6	Deed Page
SALE_DATE	8	Sale Date
LAND_AC	8	Land Acreage
LAREA	6	Living Area
JUR	3	Tax District
VAL_LAND	8	Land Value
VAL_IMPR	8	Improvement Value
APPR_VAL	8	Total Value of Property
BOE_VAL	8	Value Set by BOE
LOT	4	Subdivision Lot Number
BLOCK	4	Subdivision Block Number
SUBDIVISION	20	Subdivision Name
Q	1	Qualified Sale
APPR	3	Appraiser
FILEDATE	8	Date of Last Value Change
COMMENTS	60	Appraisal Comments

CAMA SPECIFICATIONS

The following **Minimum Specifications** for property tax software are excerpted from Addendum E of the *Property Tax Plan for Equalization*, October 1, 2000.

BASIC SYSTEM REQUIREMENTS

1. The system must operate in real time, on an on-line, interactive basis using a relational database that is user definable.
2. Values updated from data entry must be in real time and instantly displayed.
3. The property tax system must be table driven.
4. Tables must have the capability of being updated by the user without programmer support.
5. The system must employ Standard Query Language (SQL) and Open Database Connectivity (ODBC) so that all programs are free to talk to each other. The system must be capable of the following connections:
 - a. Real-time interface with GIS or Digital Mapping packages.
 - b. Interface with Imaging Systems.
 - c. Interface with Hand held field data collection computers.
 - d. Must be World Wide Web enabled to provide optional interface with the Internet.
6. The system must use standard SQL commands so that all stored data can be retrieved and downloaded to other media such as diskettes, spreadsheet applications, etc.
7. The system must have the capability of handling user definable multiple years (minimum of four, a complete reappraisal cycle is preferable) of data on-line simultaneously.
8. The system must have the capability of split screen comparisons of multi year data values and property record cards.
9. The system must be a Graphical User Interface (GUI) with point and click technology.
10. The system should provide an on-line user manual with context sensitive help. If it is not available, a published user manual must be provided to the appropriate county personnel and to the Department of Revenue, Property Tax Division prior to any installation of the property tax system.
11. The computer system provider must describe capabilities in the area of Alabama Property Tax experience, CAMA, Appraisal training, Programming staff, and Training staff.
12. Vendors must regularly schedule user group meetings at least annually.

13. The property tax system must have the capability of system security lockout by user, function, screen, or report.
14. Off site property tax system providers must have a Help Desk operation staffed by qualified personnel and accessible by a toll free telephone number for customer support.
15. The property tax system must produce all reports required by the Department of Revenue, the Department of Finance and the Examiners of Public Accounts. Reports must be able to be printed as well as written to electronic media such as diskettes, modem or e-mail.
16. The property tax system must have the capability of running an errata report for differences between appraised values and assessed values.
17. The property tax system must have the capability to audit or track changes made to the database/each parcel and print a report of all changes made and ID of person making change along with computer location of change.
18. The CAMA portion of the property tax system must have the capability to interface with assessment and collection programs if they are not provided with the package.
19. The system must provide a data backup system. The backup medium must meet the requirement of the Department of Archives and History and it must comply with appropriate industry standards. The backup system must have multiple backup options, including daily and weekly backups of database tables, and a quarterly backup of all system programs (operating system, application programs, etc.).

REAL PROPERTY APPRAISAL

Real property appraisal must be accomplished in accordance with the procedures specified by the Alabama Appraisal Manual. The program must provide appraisal by the Cost, Comparable Sales and Income methods and it must allow for the selection of the most appropriate of the three approaches to value as determined necessary by the user.

1. The CAMA system must have a drawing package with the ability to:
 - a. Be interactive with the database so that the sketch or any change made to the sketch is reflected in the database.
 - b. Produce graphical footprint sketches by mouse and keyboard.
 - c. Handle angles, circles, and curves in sketch and calculations.
 - d. Detect drawing closure errors and identify correction required to close or automatically close drawing.
 - e. Re-scale drawing for optimum view while sketching (auto re-scale preferred).
 - f. Allow user definable drawing area names.
 - g. Zoom in on drawing.
 - h. Copy drawings to speed data entry.

- i. Handle multiple buildings per parcel and multiple drawings per building.
 - j. Handle drawings for detached buildings.
 - k. Handle site plan building placement.
 - l. Allow square footage to be entered in lieu of drawing for complicated improvements.
2. The real property system must provide a mapping interface for computer assisted mapping. In the absence of computer assisted mapping the real property system must have the following abilities:
 - a. Create a parcel number and assign ownership information and legal description.
 - b. Create mapping change forms.
 - c. Create a mapping deed register.
3. Land valuations must have the following capabilities.
 - a. Mass update by neighborhood.
 - b. Mass update by land use.
 - c. Mass update by size or area.
 - d. Mass update by front feet, square feet, lot or unit, and acres.
 - e. Mass update by user-definable adjustments, user-definable depth tables, and user-definable update tables.
4. The real property appraisal system must have the capability to display values calculated by all three approaches to value (when used) and it must allow the user to select the most appropriate value method.
5. Cost Approach to improvement valuations must have the following capabilities.
 - a. Mass update by neighborhood.
 - b. Mass update by class.
 - c. Mass update by size.
 - d. Mass update by user-definable depreciation.
 - e. Handle multiple depreciation tables related to user-definable elements.
 - f. Mass update by index or other user-definable elements.
 - g. Handle multiple square foot tables.
 - h. Mass update by use code.
 - i. Extra features should have the capability of being updated by extra features code, size or area, class or quality.
 - j. Handle additional user-definable tables as directed by the Department of Revenue.
6. The real property appraisal system must have the capability of valuing by the comparable sales approach and be able to perform the following:
 - a. Display all qualified comparable sales.
 - b. Automatically adjust comparable sales is desirable but not mandatory.
 - c. Accept user-definable parameters for sale searches.

7. The real property system must have the capability of valuing by the income approach (pro-forma statement method) and be able to perform the following.
 - a. Individual income (contract) approach to value.
 - b. Use multiple income records per parcel.
 - c. Generate reports from data entered to build typical market rents and other user-definable data elements according to use code or building type.
 - d. Value properties by gross rent multiplier and gross income multiplier.
 - e. Building residual and land residual techniques are desirable but not mandatory.
8. The real property system must have the capability of performing sales/ratio analysis reporting according to the following:
 - a. Standard appraisal statistics including but not limited to mean, weighted mean, median, coefficient of dispersion, standard deviation, and price related differential.
 - b. Stratification by Department of Revenue and user definable data elements.
 - c. Graphic analysis plot of sales ratio results is desirable but not mandatory.
9. The real property system must have the capability of producing comparable sales reports by:
 - a. Parcel number range
 - b. Neighborhood
 - c. Use code
 - d. Improvement type
 - e. Improvement size
 - f. Improvement class
 - g. Effective age and depreciation
 - h. Land use, size, and zoning
 - i. User-definable data elements
 - j. Value per square foot based on user-definable data elements.
10. The real property system should have the capability of preparing the following reports using the options stated in number 9 above:
 - a. Land analysis
 - b. Extra features
 - c. Building analysis
 - d. Parcel inventory analysis
 - e. Value and stability analysis
11. The real property system must have the capability of selecting data, records and property record cards according to the following formats.
 - a. Parcel number
 - b. Name
 - c. Property address

- d. Account number
 - e. User-definable data elements
12. The real property system must have the capability of property record printing based on selection criteria stated in number 9 and number 11 above.
 13. The real property system must have the capability of "WHAT IF" reporting based on the selection criteria stated in number 9 above.
 14. All real property reports and data must be available for WHAT IF analysis.
 15. The real property system must have Split screen capability to compare current and WHAT IF screens, tables and property record cards on-line.

RECORDS MANAGEMENT:

In order to assist local government officials with record management, the Alabama Legislature created the Local Government Records Commission in 1987 to replace the County Records Commission previously established in 1955. The Commission has the responsibility of determining the final disposition of all local government public records (Act 87-658). The Commission consists of the Director of the Department of Archives and History, the Chief Examiner of Public Accounts, the Attorney General, the Secretary of State, one probate judge, two city clerks, a taxing official, two chairmen of county commissions who are not probate judges, one historian from the University of Alabama, and one historian from Auburn University. The Records Management Division of the Alabama Department of Archives and History serves as the support staff of the Local Government and State Records Commissions.