



Property Tax Assistance Division
2023 Report

Review of
Appraisal
District
Appraisal
Standards,
Procedures and
Methodology

TARGETED APPRAISAL REVIEW PROGRAM

BANDERA COUNTY APPRAISAL DISTRICT



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2023 TARGETED APPRAISAL REVIEW

BANDERA COUNTY APPRAISAL DISTRICT

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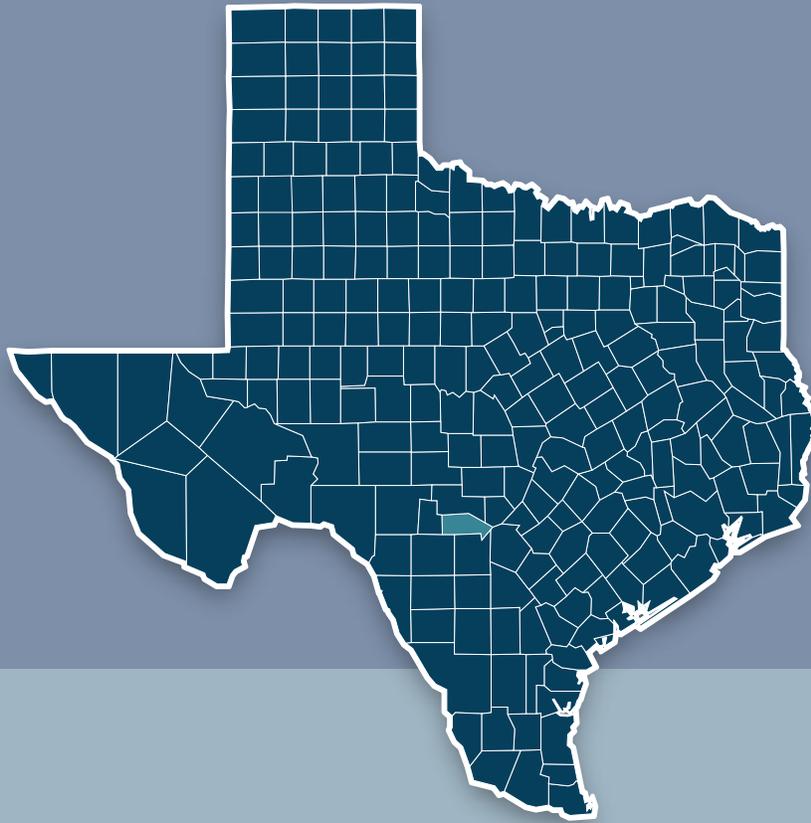




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Executive Summary

In September 2023, the Texas Comptroller of Public Accounts identified Bandera Independent School District (Bandera ISD) and Medina Independent School District (Medina ISD), located in Bandera County, as two of 46 school districts meeting the criteria that initiates a Targeted Appraisal Review (TARP) of the appraisal district in which the school district is located. In 2023, the Property Tax Assistance Division (PTAD) conducted the review of the Bandera Central Appraisal District (Bandera).

TARGETED APPRAISAL REVIEW PROGRAM OVERVIEW

If a school district receives invalid School District Property Value Study (SDPVS) findings for three consecutive years, Government Code Section 403.302 (k-1) requires PTAD to conduct a review of the appraisal district to determine why a school district’s values are statistically invalid and provide recommendations to the appraisal district regarding appraisal standards, procedures and methodologies.

PTAD reviewers used the [Targeted Appraisal Review Program Guidelines](#) to perform this review. This report contains the findings of the 2023 TARP review of Bandera. Over the next year, TARP reviewers will work with Bandera to address and resolve recommendations outlined in this report. **Exhibit 1** provides a timeline for the TARP cycle.

Upon substantial compliance with all recommendations, PTAD will issue a formal letter of compliance to Bandera and its board of directors.

If the appraisal district fails to comply with recommendations provided in the report and PTAD finds the appraisal district board of directors failed to take remedial action reasonably designed to ensure substantial compliance with each recommendation before the first anniversary of the date the recommendations were made, PTAD will notify the Texas Department of Licensing and Regulation (TDLR), which takes action necessary to ensure the recommendations are implemented as soon as practicable.

EXHIBIT 1

TARP Process Timeline

NOTIFICATION

- PTAD sends TARP notification letters and preliminary data requests to affected appraisal districts.

REVIEWS

- Preliminary data is due to PTAD.
- TARP reviewers complete onsite visits.

RECOMMENDATIONS

- PTAD releases initial TARP reports.
- Appraisal districts have one year to work with their TARP reviewers to substantially comply with TARP report recommendations. PTAD mails formal compliance letters when appraisal districts have substantially implemented all recommendations.

REMAINING RECOMMENDATIONS

- PTAD notifies TDLR of remaining recommendations one year after the initial TARP report is released.
- Appraisal districts have one year to work with TDLR, who determines substantial compliance and reports to the chief appraiser and appraisal district board of directors.



INVALID SCHOOL DISTRICT PROPERTY VALUATION

PTAD identified Bandera ISD and Medina ISD in Bandera as having invalid SDPVS findings for three consecutive years.

Exhibit 2 highlights the impacted school districts and categories with local values that fell outside the SDPVS statistical confidence interval in the applicable three-year period. PTAD determines the confidence interval using a 5 percent or greater margin of error around PTAD’s determined market value. PTAD considers local values valid, or statistically acceptable, when they are within the confidence interval. Values outside this confidence interval are statistically invalid.

EXHIBIT 2

Bandera SDPVS Results 2020-2022

SDPVS Year	County	School District	Findings	Category*	Ratio
2020	Bandera	Bandera ISD	Invalid	A	0.7953
2020	Bandera	Bandera ISD	Invalid	E	0.7900
2021	Bandera	Bandera ISD	Invalid	A	0.9214
2021	Bandera	Bandera ISD	Invalid	C1	0.9027
2021	Bandera	Bandera ISD	Invalid	D1	1.0512
2021	Bandera	Bandera ISD	Invalid	E	0.9056
2021	Bandera	Bandera ISD	Invalid	F1	0.9345
2022	Bandera	Bandera ISD	Invalid	A	0.8670
2022	Bandera	Bandera ISD	Invalid	C1	0.6224
2022	Bandera	Bandera ISD	Invalid	E	0.8948
2022	Bandera	Bandera ISD	Invalid	F1	0.7749
2020	Bandera	Medina ISD	Invalid	A	0.9317
2020	Bandera	Medina ISD	Invalid	E	0.8207
2021	Bandera	Medina ISD	Invalid	E	0.8291
2022	Bandera	Medina ISD	Invalid	A	1.1205
2022	Bandera	Medina ISD	Invalid	E	0.8504

*Categories are defined in the [Texas Property Tax Assistance Property Classification Guide](#).

Source: Texas Comptroller of Public Accounts, [School District Property Value Study](#)

RECOMMENDATIONS

Based on our findings in the TARP review of Bandera, PTAD makes the following recommendations, which are discussed in greater detail throughout this report:

- Conduct a salary survey to establish competitive salaries for the local job market.
- Categorize property correctly according to the *Texas Property Tax Assistance Property Classification Guide*.
- Use Bandera’s local ratio study results to make reappraisal decisions necessary to produce accurate values.
- Update commercial cost schedules.

Section 1 – Overview of County Appraisal District

1.1 COUNTY HISTORY AND DEMOGRAPHICS

According to *The Handbook of Texas Online*, the Texas State Legislature created Bandera County in 1856 from portions of Bexar County. The county is located in the Texas Hill Country and covers 792 square miles. Bandera County is bounded on the north by Kendall and Kerr Counties, on the west by Real County, on the south by Uvalde and Medina Counties and to the east by Bexar and Medina Counties.

The county includes the Bandera, Medina, Northside and Utopia Independent School Districts.

The county population in 2020, according to the United States Census Bureau, was 20,851. Major population centers include the city of Bandera with 829 residents. Other notable areas in the county include Lakehills, which is a census-designated place (CDP) with 5,020 residents.

Based on the 2020 census population, PTAD classifies Bandera as Tier 2 for comparison with appraisal districts of similar population size. **Exhibit 3** shows the population brackets for each tier.

1.2 APPRAISAL DISTRICT ORGANIZATION AND STAFFING

Bandera became active in January 1980. As of July 2024, it has 11 full-time staff positions and no part-time positions, of which five positions are supervisory and seven positions are full-time appraisers. Bandera contracts with a vendor for professional appraisal services. **Exhibit 4** presents Bandera’s general organizational structure.

1.3 TAXING UNITS

Local taxing units, including the school districts, counties, cities, junior colleges and special districts, decide how much money they require to effectively provide public services. They adopt property tax rates based upon taxing unit financial needs (budget). Some taxing units have access to other revenue sources, such as a local sales tax. School districts must rely on the local property tax, in addition to state and federal funds.

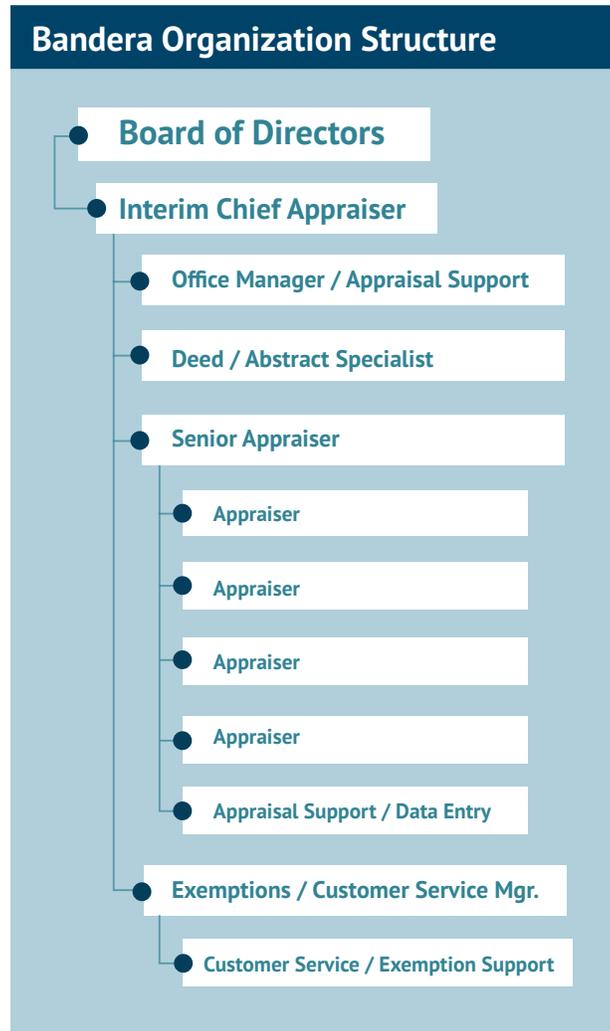
Bandera provides appraisal services for 9 taxing units, as shown in **Exhibit 5**.

EXHIBIT 3

County Population by Tier	
Tier	Total Population Range
1	120,000 +
2	Less than 120,000 to 20,000
3	Less than 20,000

Source: Texas Comptroller of Public Accounts

EXHIBIT 4



Source: Bandera County Appraisal District



EXHIBIT 5

Bandera Taxing Units and Collections

Name of Taxing Unit	Appraisal District Collects Property Taxes
Bandera County	No
Bandera County River Authority & Groundwater District	No
Bandera Independent School District	No
City of Bandera	No
Flying "L" Ranch Public Utility District	No
Medina Independent School District	No
Northside Independent School District	No
Utopia Independent School District	No
Utopia/Vanderpool Area FSD#1	No

Source: Texas Comptroller of Public Accounts

1.4 APPRAISAL DISTRICT BUDGET INFORMATION

Taxing units fund the appraisal district through an annual budgeting process. Tax Code Section 6.06 requires the chief appraiser to develop the budget and the board of directors to hold a public hearing to consider the budget. Each participating taxing unit in the appraisal district must contribute a portion of the budget amount equal to the proportional amount of taxes levied in the taxing unit.

Chapter 5 of the International Association of Assessing Officer's (IAAO's) *Assessment Administration* explains that the budget is the crucial link in an appraisal district's ability to make set rational priorities. A budget typically details how resources will be used to accomplish the appraisal district's goals and objectives. IAAO's *Standard on Property Tax Policy* states that to accomplish its responsibilities in a fair and professional manner, the appraisal district should have a budget that provides for a well-organized staff, sufficient computing resources and necessary data.

Exhibit 6 provides a comparison between Bandera's 2022 budget versus the Tier 2 average 2022 budget (excluding collections) to show how Bandera's budget aligns with the tier average.

EXHIBIT 6

Bandera 2022 Budget vs. Tier 2 Average

Bandera County Appraisal District Budget (2022)	Tier 2 Average Budget (2022)
\$1,124,997	\$1,541,215

Source: Texas Comptroller of Public Accounts, *Appraisal District Operation Survey*

In 2022, Bandera operated with a budget of \$1,124,997, which is lower than the 2022 Tier 2 average budget of \$1,541,215. This budget comparison highlights the lower financial resources, as reported by Bandera in the 2022 Appraisal District Operation Survey. A four-year budget history and tier average comparison is available in **Appendix 1**.



1.5 APPRAISAL DISTRICT STAFF INFORMATION

The geographic size of the appraisal district and number of parcels to be appraised directly reflect the number of staff necessary to perform the appraisal district’s responsibilities. The complexity of the appraisals and the experience and expertise of the staff also impact appraisal district needs.

Exhibit 7 provides a comparison between Bandera’s 2022 staffing and the Tier 2 average (excluding collections) to determine how Bandera staffing and salaries compare with the tier average.

EXHIBIT 7

	2022	2022 Tier 2 Average
Full Time Staff	11	13
Part Time Staff	0	N/A
Full Time Appraisers	8	7
Lowest Appraiser Salary	\$36,187	\$40,040
Highest Appraiser Salary	\$51,040	\$59,181

Source: Texas Comptroller of Public Accounts, *Appraisal District Operation Survey*

From 2019 to 2022, Bandera has maintained a full-time staff of 11 to 12 employees, slightly below the 2022 Tier 2 average of 13. There have been no part-time staff members during this period. From 2019 to 2022, in the appraisal division, the appraisal district employed between seven to ten full-time appraisers each year, similar to the 2022 Tier 2 average. The lowest appraiser salary varied from \$36,187 in 2019, to \$59,178 in 2020, to \$61,893 in 2021, to \$36,187 in 2022, which is below the 2022 Tier 2 average of \$40,040. The highest appraiser salary rose from \$46,185 in 2019 to \$51,040 in 2022, which is well below the 2022 Tier 2 average of \$59,181. A four-year staff and salary history and Tier 2 average comparison is available in **Appendix 2**.

FINDING

Bandera board of directors has not conducted a salary survey in the previous five years.

IAAO’s *Introduction to Assessment Administration*, Chapter 3, Organization for Assessment Administration, recommends that salary schedules be competitive with the market if the budget permits and that salaries should be equitable.

Appraisal districts can gather salary information through operations surveys and comparisons with other appraisal districts to establish competitive salaries.

As of December 2023, the board of directors has appointed a new chief appraiser. Although she has been with the appraisal district for many years, she is unaware of any salary surveys conducted in the last five years. A review of average appraiser salaries from the Operations Survey data for Tier 2 appraisal districts indicates that appraisal district salaries are lower than the average. Additionally, one of the senior appraisers will depart at the end of the year, necessitating a replacement.

RECOMMENDATION 1

Conduct a salary survey to establish competitive salaries for the local job market.



1.6 TRAINING

The IAAO’s *Standard on Professional Development* follows the principle that “assessment jurisdictions benefit when they have knowledgeable and adequately trained personnel to preserve the public’s trust; therefore, it is of the utmost importance.”

Exhibit 8 provides Bandera’s annual training budget and number of trainings attended for the past three years. Appraisal districts should maintain adequate training budgets to allow for certification and continued education of staff.

EXHIBIT 8

Bandera Training Budget and Number of Trainings

	2022	2021	2020
Training Budget	\$25,000	\$40,000	\$40,000
Number of Trainings Attended	17	35	16

Source: Bandera County Appraisal District

In 2022, Bandera’s training budget decreased from \$40,000 to \$25,000. The number of trainings attended by appraisal district staff ranged from 16 to 35 over the three-year review period.

1.7 CHIEF APPRAISER

The board of directors is responsible for hiring and periodically evaluating the chief appraiser, who coordinates and oversees appraisal district operations. In organizing and administering an appraisal district, the chief appraiser is responsible for hiring, firing and training personnel; for ensuring compliance with a wide range of legal requirements; and for maintaining policies and procedures for the effective operation of the appraisal district. **Exhibit 9** provides detailed information regarding Bandera’s chief appraiser.

EXHIBIT 9

Bandera Chief Appraiser Information

Chief Appraiser

Is the Chief Appraiser permanent, temporary or interim?	Interim
Does the Chief Appraiser perform appraisals?	Yes
2022 Base Salary	\$89,372
Chief Appraiser – Years at appraisal district	20
Chief Appraiser – Years as a Chief Appraiser	<1
Does the Chief Appraiser receive a car allowance?	No
What is the amount of the car allowance? (If applicable)	N/A
Does the Chief Appraiser receive retirement benefits?	Yes
Does the Chief Appraiser receive medical insurance benefits?	Yes

Source: Texas Comptroller of Public Accounts, *Appraisal District Operation Survey* and Bandera County Appraisal District



1.8 APPRAISAL DISTRICT CONTRACTS

PTAD reviews appraisal district contracts for compliance according to IAAO’s *Standard on Contracting for Assessment Services*.

Exhibit 10 lists Bandera’s contracts, which are discussed in more detail in throughout this report.

Project control is important for the stakeholders of both the government agency and the contractor. Having control can help the project manager/program manager compare actual performance against planned performance. The project manager can identify potential problems, evaluate alternative actions and plan for appropriate corrective action.

Project leaders typically create a project plan that includes the tasks to be performed, the project timeline, a budget and project resources. By monitoring the plan and the actual work performed, the project manager can measure both qualitative and quantitative progress.

If the project is deviating from the project timeline, corrective action may be necessary. Deviations can be caused by a number of issues such as change in the project scope or project resources or other setbacks. The corrective plan should be created with input from all project stakeholders.

An appraisal district is a political subdivision of the State of Texas and is subject to the same requirements and has the same purchasing and contracting authority as a municipality under Chapter 252, Local Government Code

EXHIBIT 10

Bandera Contracts

Type of Contract	Contract Dates	Years with Same Vendor	Does appraisal district actively monitor contract?
Appraisal of Minerals, Industrial and Utilities	2023	10 years	Yes
Software	2023	7 years	Yes
Mapping	2021-2023	2 years	Yes
GIS	2022-2023	1 year	Yes
Pictometry	2021-2023	2 year	Yes
Deed Processing	2023	1 year	Yes
Consulting	2021-2023	2 year	Yes
Agriculture Schedules	2023	1 year	Yes

Source: Bandera County Appraisal District



Section 2 – Appraisal Administration

2.1 APPRAISAL DISTRICT PARCEL DATA

PTAD collects appraisal district parcel data to determine the ratio of appraisers to parcel count and to compare it with the typical parcel per appraiser average in **Exhibit 11**.

EXHIBIT 11

2022 Bandera Parcel Information vs. Typical Parcel Per Appraiser Average

Parcel Information	Bandera	Typical Parcel Per Appraiser (Rounded)
Parcel Count	37,373	10,001-70,000
Parcels per Appraisal Staff	4,529*	6,400**

Source: Texas Comptroller of Public Accounts, *Electronic Appraisal Roll Submission*

* Excludes parcels for contracted appraisal services:

** Includes all property categories

In 2022, Bandera managed 37,373 parcels placing it in the mid-range of appraisal districts with 10,001-70,000 parcels. Bandera contracts for appraisal services in Categories F2, G and J. Parcels in these categories are removed from the total parcel count to determine the parcels per appraiser of 4,529. This indicates that Bandera’s parcels per appraiser is lower than the typical parcel per appraiser average, which includes all property categories.

From 2019 to 2022, Bandera managed parcel counts ranging from 35,232 to 37,373 (including all property categories) and the parcels assigned per appraiser for properties appraised in house ranged from 3,564 to 5,139. The total market value of certified parcels increased from \$4,316,490,293 to \$5,857,659,843 between 2019 and 2022. **Appendix 3** provides the appraisal district’s parcel data over the four-year review period.

2.2 PROPERTY CLASSIFICATION

Appraisal districts should consider current property use to determine the appropriate property classification. Misclassified property leads to inaccurate taxable value estimates. Appraisal districts should review property classifications annually and make corrections within their systems prior to submitting their EARS to PTAD. PTAD publishes the [Texas Property Tax Assistance Property Classification Guide](#) that includes property categories and examples

FINDING

Bandera incorrectly categorizes property according to the *Texas Property Tax Assistance Property Classification Guide*.

The *Texas Property Tax Assistance Property Classification Guide* assists appraisal districts in classifying property for value analysis and use in the biennial SDPVS. EARS, a process of submitting appraisal roll data on electronic media, has improved reporting accuracy. Proper use of the classification guide also improves reporting accuracy.



In conducting the SDPVS and estimating value, PTAD analyzes property by category. Appraisal district reporting of misclassified local value – value reported in the wrong category – may lead to inaccurate taxable value estimates. The Texas Education Agency (TEA) uses the Comptroller’s taxable value estimates in determining state funding for school districts. Consequently, misclassification by appraisal districts impact school funding.

A review of a random sample for Bandera ISD and Medina ISD of 15 properties each from Categories A, C1, D1, E and F1 indicated Bandera is not in compliance with the *Texas Property Tax Assistance Property Classification Guide*.

EXHIBIT 12

Incorrectly Categorized Property		
Category	No. of Accounts	Misclassification
C	1	<ul style="list-style-type: none"> account 173300, land should be E
E	1	<ul style="list-style-type: none"> account 189720, improvements should be D2
F	3	<ul style="list-style-type: none"> account 157724, improvement coded A1 account 150913, land and improvement should be A1 account 162424, improvement coded A1

Source: Bandera County Appraisal District

 **RECOMMENDATION 2**

Categorize property correctly according to the *Texas Property Tax Assistance Property Classification Guide*.

2.3 CONTRACTED APPRAISAL SERVICES

From 2019 to 2022, appraisal district staff appraised 65 to 69 percent of the total appraised value within the appraisal district, specifically for Categories A, B, C, D, E, F1, L1, M, O and S. From 2019 to 2022, Bandera contracted for appraisal services for property Categories F2, G and J. Each year, these contracted firms appraised 31 to 35 percent of the total appraised value within the appraisal district. The cost of these services varied from \$11,750 to \$25,565 over four years. Additionally, the appraisal district uses a geographic information system (GIS) and aerial technology systems.

Bandera’s contracted appraisal services are listed in **Exhibit 13**.

EXHIBIT 13

Bandera’s Contracted Appraisal Services				
	2022	2021	2020	2019
Appraisal Services Contract	Yes	Yes	Yes	Yes
Contracted Property Categories	F2, G and J			
Percentage of total appraised value appraised by contracted appraisal firms	35.11%	32.71%	31.02%	31.89%
Appraisal Contract Cost	\$11,750	\$14,800	\$25,500	\$25,565

Source: Texas Comptroller of Public Accounts, *Appraisal District Operation Survey*



2.4 RATIO STUDIES

An appraisal district should perform ratio study analyses to evaluate appraisal performance. Per IAAO's *Standard on Ratio Studies*, there are several key uses of ratio studies including: measurement and evaluation of the level and uniformity of mass appraisal models, internal quality assurance and identification of appraisal priorities, determination of whether administrative or statutory standards have been met, determination of time trends and adjustment of appraised values between reappraisals. Ratio Study Uniformity Standards indicating acceptable general quality are presented in **Exhibit 14**.

EXHIBIT 14

Ratio Study Uniformity Standards

Type of property - General	Type of property - Specific	COD Range*
Single-family residential (including residential condominiums)	Newer or more homogeneous areas	5.0 to 10.0
Single-family residential	Older or more heterogeneous areas	5.0 to 15.0
Other residential	Rural, seasonal, recreational, manufactured housing, 2-4 unit family housing	5.0 to 20.0
Income-producing properties	Larger areas represented by large samples	5.0 to 15.0
Income-producing properties	Smaller areas represented by smaller samples	5.0 to 20.0
Vacant land	N/A	5.0 to 25.0
Other real and personal property	N/A	Varies with local conditions

Source: IAAO's *Standard on Ratio Studies*

These types of property are provided for guidance only and may not represent jurisdictional requirements.

** Coefficient of Dispersion (CODs) lower than 5.0 may indicate sales chasing or non-representative samples.*

PTAD'S APPRAISAL DISTRICT RATIO STUDY (ADRS)

Tax Code Section 5.10 requires PTAD to conduct a ratio study to measure the performance of each appraisal district in Texas at least once every two years and to publish the results.

The purpose of the Appraisal District Ratio Study (ADRS) is to measure the uniformity and median level of appraisals performed by an appraisal district within each major category of property.

To conduct the ADRS, PTAD applies appropriate standard statistical analysis techniques to data collected through the SDPVS required by Government Code Section 403.302.

The published report provides ratio study results for each appraisal district studied that year and includes:

- the median levels of appraisal for each major property category.
- the coefficient of dispersion (COD) around the median level of appraisal for each major property category; and
- other appropriate statistical measures.

Exhibit 15 shows the data from PTAD's Appraisal District Ratio Study of Bandera in 2022.



EXHIBIT 15

PTAD's Appraisal District Ratio Study, Bandera 2022

Category	Number of Ratios**	2022 CAD Reported Appraisal Value	Median Level of Appraisal	Coefficient of Dispersion	% Ratios within (+/-) 10 % of Median	% Ratios within (+/-) 25 % of Median	Price - Related Differential
A. SINGLE-FAMILY RES	136	1,460,340,449	0.93	23.97	29.41	65.44	1.03
B. MULTI-FAMILY RES	0	5,709,088	*	*	*	*	*
C1. VACANT LOTS	59	171,223,130	*	*	*	*	*
C2. COLONIA LOTS	0	0	*	*	*	*	*
D2. FARM/RANCH IMP	0	13,663,194	*	*	*	*	*
E. RURAL-NON-QUAL	102	1,780,455,897	0.86	25.90	22.55	58.82	1.09
F1. COMMERCIAL REAL	42	209,117,243	*	*	*	*	*
F2. INDUSTRIAL REAL	0	1,729,430	*	*	*	*	*
G. OIL, GAS, MINERALS	0	220,672	*	*	*	*	*
J. UTILITIES	0	43,982,860	*	*	*	*	*
L1. COMMERCIAL PER	0	27,802,716	*	*	*	*	*
L2. INDUSTRIAL PER	0	661,330	*	*	*	*	*
M. OTHER PERSONAL	0	48,100,206	*	*	*	*	*
O. RESIDENTIAL INV	0	950,670	*	*	*	*	*
S. SPECIAL INVENTORY	0	339,370	*	*	*	*	*
OVERALL	339	3,764,296,255	0.84	27.79	23.30	56.64	1.04

Source: Texas Comptroller of Public Accounts, *Appraisal District Ratio Study 2022 Tax Year Findings*

* Category result not calculated. Calculation requires a minimum of five ratios from either of the following:

- Categories representing at least 25 percent of total appraisal district category value.
- Five school districts or half the school districts in the appraisal district, whichever is less.

** Statistical measures may not be reliable when the sample is small.

FINDING

Bandera is not appraising property uniformly or equitably.

Ratio Study standards provide a means of measuring whether appraisal efforts have met appropriate expectations. To determine reappraisal priorities, appraisal districts should use ratio studies to measure the level of appraisal and uniformity of appraisal for the overall jurisdiction, for individual mass appraisal neighborhoods or market areas, by types of properties, or any other significant segment that assists in that determination.

The median measures the accuracy of an appraisal district's appraisals in relation to the standard of 100 percent of market value. According to the IAAO, the median is the appropriate measure of central tendency for evaluating appraisal performance. The median level of appraisal standard is 0.95-1.05 to indicate accurate market value appraisals. **Exhibit 15** shows Bandera has an overall low median level of appraisal (0.84) and a low median level of appraisal in Category A (0.93) and E (0.86). These low ratios indicate that properties are appraised below market value.



The Coefficient of Dispersion (COD) is a measure of appraisal uniformity. **Exhibit 14** shows the IAAO suggested COD standards. **Exhibit 15** shows that Bandera has a high overall COD (27.79) and a high COD in Category A (23.97) and Category E (25.90), indicating uniformity issues across major property types. These figures indicate higher variability in appraisal ratios, suggesting inconsistencies in valuation. This level of dispersion suggests the average deviation of the ratios from the median is excessive, potentially affecting the reliability of the appraisal assessments.

The Price-Related Differential (PRD) is a measure of vertical equity, comparing the appraisal of higher valued properties to the appraisal of lower valued properties. The IAAO states that anything outside of the PRD range of 0.98- 1.03 indicates vertical inequity or treating higher and lower priced properties differently. **Exhibit 15** shows the PRD for Category A (1.03) to be within the appropriate range, suggesting that Bandera is treating higher and lower valued properties similarly. The overall PRD (1.04) and the PRD for Category E (1.09) are higher than the IAAO suggested PRD range, indicating regressivity and that Bandera is not treating higher and lower valued properties similarly.

Low median levels of appraisal, combined with high CODs and high PRDs indicates that a reappraisal of all property would be prudent. Because ADPRS only reviews certain property categories, Bandera should perform its own ratio studies at a micro-level to determine which neighborhoods would benefit from full reappraisal or if a trend factor could be applied.

 **RECOMMENDATION 3**

Use Bandera’s local ratio study results to make reappraisal decisions necessary to produce accurate values.

Section 3 – Categories of Valuation in the SDPVS

PTAD found Bandera ISD’s Categories A, C1, D1, E and F1 to be invalid in the years indicated in **Exhibit 16**. Because these property categories had invalid ratios in at least one of the three review years, these property categories are the basis of this TARP review.

PTAD found Categories B, F2, G, J and L1 in Bandera ISD to be valid and they are *not* included in the scope of this TARP review.

PTAD found Medina ISD’s Categories A and E to be invalid in the years indicated in **Exhibit 16**. Because these property categories had invalid ratios in at least one of the three review years, these property categories are the basis of this TARP review.

PTAD found Categories B, C1, D1, F1, F2, G, J and L1 in Medina ISD to be valid and they are *not* included in the scope of this TARP review

EXHIBIT 16

SDPVS Invalid Property Categories 2020-22

ISD	2020	2021	2022
Bandera	A and E	A, C1, D1. E and F1	A, C1, E and F1
Medina	A and E	E	A and E

Source: Texas Comptroller of Public Accounts, [School District Property Value Study Final Findings](#)



3.1 CATEGORY A – SINGLE-FAMILY RESIDENTIAL PROPERTY VALUATION

The Comptroller’s [*Texas Property Tax Assistance Property Classification Guide*](#) states Category A property includes single-family residential improvements and land on which the improvements are situated. They may or may not be within the city limits or in close proximity to a city.

Bandera’s Category A property values were statistically invalid in 2020 to 2022. Bandera undervalued appraisals during the rapidly appreciating market from 2020 to 2022, even though Bandera followed the steps outlined. A recommendation related to this category can be found earlier in this report under the Ratio Studies section.

3.2 CATEGORY C1 – VACANT LOTS AND TRACTS PROPERTY VALUATION

The Comptroller’s [*Texas Property Tax Assistance Property Classification Guide*](#) states Category C1 property is generally small vacant tracts of land that are typically most suited for use as a building site and do not have the potential to qualify for agricultural use. These properties may be idle tracts in some stage of development or awaiting construction, tracts planned for residential structures, recreational lots or commercial and industrial building sites. Because property use determines classification, there is no minimum or maximum size requirement for Category C1.

Bandera’s Category C1 property values were statistically invalid in 2021 to 2022. Bandera undervalued appraisals during the rapidly appreciating market from 2020 to 2022, even though Bandera followed the steps outlined. A recommendation related to this category can be found earlier in this report under the Ratio Studies section

3.3 CATEGORY (D) D1 – QUALIFIED OPEN-SPACE LAND PROPERTY VALUATION AND CATEGORY D2 – FARM AND RANCH IMPROVEMENTS SPECIAL USE VALUATION

The Comptroller’s [*Texas Property Tax Assistance Property Classification Guide*](#) states Category D1 includes all acreage qualified for productivity valuation under Texas Constitution, Article VIII, 1-d or 1-d-1 and Tax Code Chapter 23, Subchapters C, D, E and H.

It also states Category D2 includes improvements, other than residences, associated with land reported as Category D1. These improvements include all barns, sheds, silos, garages and other improvements associated with farming or ranching.

Bandera’s Category D1 property values for Bandera ISD were statistically invalid in 2021. Bandera overvalued Category D1 properties and attributes the invalid findings as a difference of opinion with PTAD. However, Bandera ISD did not protest Category D1 findings whereas other categories of properties were protested. Bandera’s D1 values were valid in Bandera ISD in 2020 and 2022 and valid in Medina ISD from 2020 to 2022.

3.4 CATEGORY E – RURAL LAND, NOT QUALIFIED FOR OPEN-SPACE APPRAISAL PROPERTY VALUATION

The Comptroller’s [*Texas Property Tax Assistance Property Classification Guide*](#) states Category E includes only rural land that is not qualified for productivity valuation and the improvements on that land, including residences. Appraisal districts may report any size tract in Category E.

As always, primary use is the determining factor in classifying property. If the land is used as residential inventory, commercial, industrial, or other purposes, classify the property by that use. Likewise, if the land qualifies as open-space land for productivity appraisal, the use determines its classification as Category D1. If the land does not fit in these other categories, report it in Category E.



Bandera’s Category E property values were statistically invalid in 2020 to 2022. Bandera undervalued appraisals during the rapidly appreciating market from 2020 to 2022, even though Bandera followed the steps outlined. A recommendation related to this category can be found earlier in this report under the Ratio Studies section.

3.5 CATEGORY F1 – COMMERCIAL REAL PROPERTY VALUATION

The Comptroller’s *Texas Property Tax Assistance Property Classification Guide* states Category F property includes land and improvements associated with businesses that sell goods or services to the public. Businesses considered commercial businesses include wholesale and retail stores, shopping centers, office buildings, restaurants, hotels and motels, gas stations, parking garages and lots, auto dealers, repair shops, finance companies, insurance companies, savings and loan associations, banks, credit unions, clinics, nursing homes, hospitals, marinas, bowling alleys, golf courses and mobile home parks.

FINDING

Bandera does not annually review and update commercial cost schedules.

IAAO’s *Standard on Mass Appraisal*, Section 4.2, The Cost Approach states the cost approach applies to virtually all improved parcels and, if used properly, can produce accurate valuations. The cost approach is more reliable for newer standard materials, design and workmanship structures. It produces an estimate of the value of the fee simple interest in a property.

Bandera has not updated commercial cost schedules annually. Although the appraisal district obtains commercial sales data for ratio studies, it has transitioned to using the income approach to value commercial property. While this is a positive development, updating cost schedules remains crucial.

Reliable cost data is imperative in any successful application of the cost approach. The data must be complete, typical and current. Current construction costs should be based on the cost of replacing a structure with one of equal utility, using current materials, design and building standards.

In addition to specific property types, cost models should include the cost of individual construction components and building items to adjust for features that differ from base specifications. The appraisal district should incorporate these costs into a construction cost manual and related computer software. The software can perform the valuation function. The appraisal district can use the manual when nonautomated calculations are required and provide additional documentation.

The appraisal district can develop construction cost schedules in-house based on a systematic study of local construction costs, obtained from firms specializing in such information, or custom-generated by a contractor. The appraisal district should verify the cost schedules for accuracy by applying them to recently constructed improvements of known cost. The appraisal district should also update construction costs before each assessment cycle.

RECOMMENDATION 4

Update commercial cost schedules.



APPENDICES

APPENDIX 1

Appraisal District Budget

	2022	2021	2020	2019	Tier 2 Average 2019-2022	Tier 2 Average 2022
Total Budget (Excluding Collections)	\$1,124,997	\$1,153,129	\$1,226,499	\$1,126,599	\$1,404,998	\$1,541,215
Total Property Taxes Levied (All Jurisdictions)	\$48,065,926	\$43,636,924	\$38,707,012	\$18,349,402	\$114,774,433	\$181,458,903
Does the appraisal district collect taxes?	No	No	No	No	N/A	N/A
Number of Taxing Units Appraisal District Collects For (If Applicable)	0	0	0	0	N/A	N/A

Source: Texas Comptroller of Public Accounts, *Appraisal District Operation Survey*

APPENDIX 2

Appraisal District Staffing

Appraisal District Staff

	2022	2021	2020	2019	Tier 2 Average 2019-2022	Tier 2 Average 2022
Full Time Staff	11	12	11	12	13	13
Part Time Staff	0	0	0	0	N/A	N/A

Appraisal Staff

	2022	2021	2020	2019	Tier 2 Average 2019-2022	Tier 2 Average 2022
Full Time Appraisers	8	7	9	10	7	7
Lowest Appraiser Salary	\$36,187	\$61,893	\$59,178	\$36,187	\$41,834	\$40,040
Highest Appraiser Salary	\$51,040	\$61,893	\$59,178	\$46,185	\$57,417	\$59,181

Source: Texas Comptroller of Public Accounts, *Appraisal District Operation Survey*



APPENDIX 3

Appraisal District Parcel Information

Bandera	2022	2021	2020	2019
Parcel Count*	37,373	35,482	35,232	35,235
Number Taxing Units	8	7	9	10
Parcels per Appraisal Staff**	4,529	5,139	3,978	3,564
Total Market Value Certified	\$5,857,659,843	\$5,171,076,149	\$4,393,445,088	\$4,316,490,293

Parcels per Appraisal Staff Averages

Parcels	Parcels/Appraiser
Under 10,000	5,300 parcels/appraiser
10,001 – 70,000	6,400 parcels/appraiser
70,001 – 200,000	6,700 parcels/appraiser
Over 200,000	7,100 parcels/appraiser

Source: Texas Comptroller of Public Accounts, *Appraisal District Operation Survey and Electronic Appraisal Roll Submission*

* Parcel count includes contracted appraisal services.

**Parcels per appraiser does not include contracted appraisal services.

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