



Property Tax Assistance Division
2023 Report

Review of
Appraisal
District
Appraisal
Standards,
Procedures and
Methodology

TARGETED APPRAISAL REVIEW PROGRAM

CASTRO COUNTY APPRAISAL DISTRICT



GLENN HEGAR
Texas Comptroller of Public Accounts

2023 TARGETED APPRAISAL REVIEW

CASTRO COUNTY APPRAISAL DISTRICT

Chief Appraiser: Steven Cole Pierce

Reviewer: Rosie Skiles

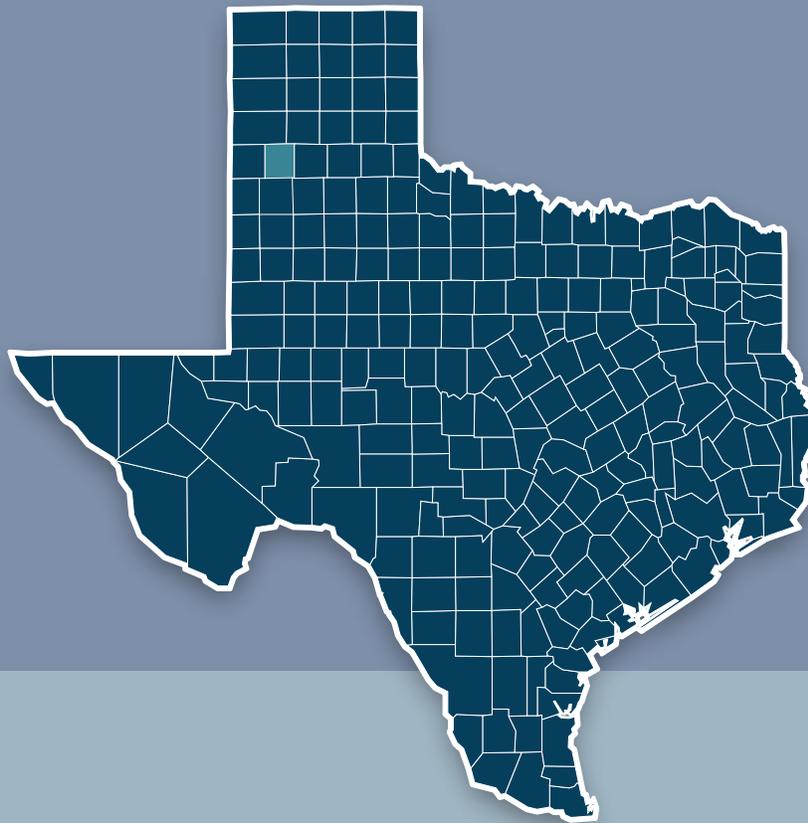




TABLE OF CONTENTS

- Executive Summary 2**
 - Targeted Appraisal Review Program Overview 2
 - Invalid School District Property Valuation 3
 - Recommendations 3
- Section 1 – Overview of County Appraisal District 4**
 - 1.1 County History and Demographics 4
 - 1.2 Appraisal District Organization and Staffing 4
 - 1.3 Taxing Units 4
 - 1.4 Appraisal District Budget Information 5
 - 1.5 Appraisal District Staff Information 6
 - 1.6 Training 6
 - 1.7 Chief Appraiser 7
 - 1.8 Appraisal District Contracts 7
- Section 2 – Appraisal Administration 8**
 - 2.1 Appraisal District Parcel Data 8
 - 2.2 Contracted Appraisal Services 9
 - 2.3 Computer Assisted Mass Appraisals (CAMA) 9
 - 2.4 Mapping and/or Aerial Photograph. 10
 - 2.5 Ratio Studies 12
 - 2.6 Reappraisal Plan. 16
- Section 3 – Categories of Valuation in the SDPVS 17**
 - 3.1 Category (D) D1 – Qualified Open-Space Land Property Valuation and Category D2 –
Farm and Ranch Improvements Special Use Valuation 18
 - 3.2 Category E – Rural Land, Not Qualified for Open-Space Appraisal Property Valuation . 18
 - 3.3 Category J – Real and Personal Property: Utilities Property Valuation 19
- APPENDICES 20**
 - APPENDIX 1 — Appraisal District Budget. 20
 - APPENDIX 2 — Appraisal District Staffing 20
 - APPENDIX 3 — Appraisal District Information. 21



Executive Summary

In September 2023, the Texas Comptroller of Public Accounts identified Springlake-Earth Independent School District (Springlake-Earth ISD), located in Castro County, as one 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 Castro County Appraisal District (Castro).

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 Castro. Over the next year, TARP reviewers will work with Castro 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 Castro 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 Springlake-Earth ISD in Castro as having invalid SDPVS findings for three consecutive years. **Exhibit 2** highlights the impacted school district 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

Castro SDPVS Results 2020-2022

SDPVS Year	County	School District	Findings	Category*	Ratio
2020	Castro	Springlake-Earth ISD	Invalid	D1	2.2898
2021	Castro	Springlake-Earth ISD	Invalid	D1	2.8096
2021	Castro	Springlake-Earth ISD	Invalid	J	0.8932
2022	Castro	Springlake-Earth ISD	Invalid	D1	2.7306
2022	Castro	Springlake-Earth ISD	Invalid	E	0.8408

*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 Castro, PTAD makes the following recommendations, which are discussed in greater detail throughout this report:

- Authorize and train staff to fully use the appraisal software system.
- Correct issues with the CAMA system and ensure the CAMA software supports multiyear processing.
- Include the specified components indicated in IAAO’s *Standard on Digital Cadastral Maps and Parcel Identifiers* in appraisal district maps.
- Present a cost benefit analysis to the board of directors to help support the acquisition of aerial photography.
- Conduct ratio studies at timely intervals by market area, neighborhood, property class or stratum and make appropriate adjustments based on results.
- Use Castro’s local ratio study results to make reappraisal decisions necessary to produce accurate values.
- Identify delineated market areas in the reappraisal plan.
- Amend the reappraisal plan to address problematic areas.
- Maintain market value for vacant land properties and review and update land schedules annually.
- Document land valuation procedures.



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 Castro County in 1876, organizing it in 1891. Castro County, located in the western Panhandle, is bordered on the north by Deaf Smith and Randall Counties, to the west by Parmer County, to the south by Lamb and Hale Counties and to the east by Swisher County.

The county includes the Dimmitt, Happy, Hart, Hereford, Lazbuddie, Nazareth and Springlake-Earth Independent School Districts.

The county’s population in 2020, according to the United States Census Bureau, was 7,371. The major population center is the city of Dimmitt, with 4,393 residents. Other population centers include the town of Hart, with 946 residents and Nazareth, with 311 residents.

Based on the 2020 census population, PTAD classifies Castro as Tier 3 for comparison with appraisal districts of similar population sizes.

Exhibit 3 shows the population brackets for each tier.

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

1.2 APPRAISAL DISTRICT ORGANIZATION AND STAFFING

Castro became active in January 1980. As of July 2024, it has two full-time staff positions and no part-time positions, of which one position is supervisory and one position is a full-time appraiser.

Castro contracts with a vendor for professional appraisal services.

Exhibit 4 presents Castro’s general organizational structure.

EXHIBIT 4



Source: Castro County Appraisal District

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.

Castro provides appraisal services for 14 taxing units, as shown in **Exhibit 5**.



EXHIBIT 5

Castro Taxing Units and Collections

Name of Taxing Unit	Appraisal District Collects Property Taxes
Castro County	Yes
Dimmitt Independent School District	Yes
Hart Independent School District	Yes
Nazareth Independent School District	Yes
Hereford Independent School District	No
Springlake-Earth Independent School District	No
Lazbuddie Independent School District	No
Happy Independent School District	No
City of Dimmitt	Yes
City of Hart	Yes
City of Nazareth	Yes
High Plains Underground Water Conservation District #1	Yes
Castro County HD	Yes
Amarillo Junior College	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 recourses and necessary data.

Exhibit 6 provides a comparison between Castro’s 2022 budget (excluding collections) versus the Tier 3 average 2022 budget (excluding collections) to show how Castro’s budget aligns with the tier average.

EXHIBIT 6

Castro 2022 Budget vs. Tier 3 Average

Castro County Appraisal District Budget (2022)	Tier 3 Average Budget (2022)
\$348,250	\$547,673

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



In 2022, Castro operated with a budget of \$348,250, significantly lower than the Tier 3 average budget of \$547,673. This budget comparison highlights the relatively smaller financial resources, as reported by Castro 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 Castro’s 2022 staffing (excluding collections) and the Tier 3 average (excluding collections) to determine how Castro staffing and salaries compare with the tier average.

EXHIBIT 7

Castro 2022 Staffing and Salaries vs. Tier 3 Average

	2022	2022 Tier 3 Average
Full Time Staff	2	4
Part Time Staff	0	N/A
Full Time Appraisers	1	3
Lowest Appraiser Salary	\$74,820	\$39,505
Highest Appraiser Salary	\$74,820	\$48,041

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

From 2019 to 2022, Castro has consistently maintained a full-time staff of two employees, below the 2022 Tier 3 average of four. There were no part-time staff members during this period. From 2019 to 2022, in the appraisal division, the appraisal district employed one full-time appraiser each year, below the 2022 Tier 3 average. The sole appraiser’s salary increased from \$31,500 in 2019 to \$74,820 in 2022, significantly above the Tier 3 average for the highest appraiser salary of \$48,041. A four-year staff and salary history and Tier 3 average comparison is available in **Appendix 2**.

1.6 TRAINING

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 Castro’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

Castro Training Budget and Number of Trainings

	2022	2021	2020
Training Budget	\$5,000	\$8,000	\$8,000
Number of Trainings Attended	2	2	2

Source: Castro County Appraisal District



In 2022, Castro’s training budget decreased to \$5,000, below the previous two years. The number of trainings attended by appraisal district staff remained steady at two, 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 Castro’s chief appraiser.

EXHIBIT 9

Castro Chief Appraiser Information

Chief Appraiser	
Is the Chief Appraiser permanent, temporary or interim?	Permanent
Does the Chief Appraiser perform appraisals?	Yes
2022 Base Salary	\$74,820
Chief Appraiser – Years at appraisal district	4
Chief Appraiser – Years as a Chief Appraiser	4
Does the Chief Appraiser receive a car allowance?	Yes
What is the amount of the car allowance? (If applicable)	\$6,000
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 Castro 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 Castro’s contracts, which are discussed in more detail 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

Castro Contracts

Type of Contract	Contract Dates	Years with Same Vendor	Does appraisal district actively monitor contract?
Appraisal of Mineral, Industrial, Utilities and Personal Property	2022-2024	2 years	Yes
Appraisal of Real Property	2022-2024	2 years	Yes
Software	2022-2023	37 years	Yes
Mapping	2020-2023	37 years	Yes
GIS	2020-2023	37 years	Yes

Source: Castro 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 Castro Parcel Information vs. Typical Parcel Per Appraiser Average

Parcel Information	Castro	Typical Parcel Per Appraiser (Rounded)
Parcel Count	7,306	Under 10,000
Parcels per Appraisal Staff	6,958*	5,300**

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

* Excludes parcels for contracted appraisal services:
 ** Includes all property categories

In 2022, Castro managed 7,306 parcels placing it above the middle of appraisal districts with under 10,000 parcels. Castro contracted for appraisal services in Categories F2, G, J and L2 in 2022. Parcels in these categories are removed from the total parcel count to determine the parcels per appraiser of 6,958. This indicates that Castro’s parcels per appraiser is higher than the typical parcel per appraiser average, which includes all property categories. From 2019 to 2021, Castro contracted out all appraisal work.



From 2019 to 2022, Castro managed parcel counts ranging from 7,306 to 7,590 (including all property categories). The total market value of certified parcels increased from \$1,751,625,060 to \$1,805,862,477 between 2019 and 2022. **Appendix 3** provides the appraisal district’s parcel data over the four-year review period.

2.2 CONTRACTED APPRAISAL SERVICES

In 2022, appraisal district staff appraised 34 percent of the total appraised value within the appraisal district, specifically for Categories A, B, C, D, E, F, M, O and S. In 2022, Castro contracted for appraisal services for property Categories F2, G1, J and L2. From 2019 to 2021, Castro contracted for appraisal services for property Categories A, B, C, D1, D2, E, F1, F2, G1, J, L1, L2, M and O. Each year from 2019 to 2022, these contracted firms appraised between 66 to 100 percent of the total appraised value within the appraisal district. The cost of these services varied from \$34,000 to \$47,500 over four years. Additionally, the appraisal district uses a geographic information system (GIS) but not an aerial technology system.

Castro’s contracted appraisal services are listed in **Exhibit 12**.

EXHIBIT 12

Castro’s Contracted Appraisal Services

	2022	2021	2020	2019
Appraisal Services Contract	Yes	Yes	Yes	Yes
Contracted Property Categories	F2, G1, J and L2	A, B, C, D1, D2, E, F1, F2, G1, J, L2, M and O	A, B, C, D1, D2, E, F1, F2, G1, J, L1, L2, M and O	A, B, C, D1, D2, E, F1, F2, G1, J, L1, L2, M and O
Percentage of total appraised value appraised by contracted appraisal firms	66%	100%	100%	100%
Appraisal Contract Cost	\$34,000	\$47,500	\$47,500	\$47,500

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

2.3 COMPUTER ASSISTED MASS APPRAISALS (CAMA)

IAAO’s *Standard on Mass Appraisal*, Section 6.3.2, Software, explains the appraisal district can internally develop CAMA software, adapted from software developed by other public agencies, or purchased (in whole or in part) from private vendors. The appraisal district must tailor it to adapt externally developed software to the requirements of the user’s environment. Each alternative has advantages and disadvantages. The appraisal district should have software designed to be easily modified and well-documented at both the appraiser/user and programmer levels.

CAMA software works simultaneously with various general-purpose software, typically including word processing, spreadsheet, statistical and GIS programs. These programs and applications must be able to share data and work together cohesively.

FINDING

Castro staff is not authorized to perform queries, ratio studies, or quality control reports using the CAMA software. This is a duty only performed by management.



The chief appraiser indicated that staff is able to run deposit reports for collections, but they cannot perform appraisal-related reports. The chief appraiser runs all reports, queries, change reports, appraisal rolls, mortgage verification reports, recaps, tax deferral parcel lists, tax rate submission reports, sales ratio reports, four different collection reports and value comparison reports.

 **RECOMMENDATION 1**

Authorize and train staff to fully use the appraisal software system.

 **FINDING**

Castro’s CAMA software is experiencing major problems and does not support multiyear processing.

IAAO’s *Standard on Mass Appraisal*, Section 6.3.2, Software, explains that the appraisal district can internally develop CAMA software, adapted from software developed by other public agencies, or purchased (in whole or in part) from private vendors. (Inevitably, the appraisal district will need to tailor it to adapt externally developed software to the requirements of the user’s environment.) Each alternative has advantages and disadvantages. The appraisal district should have software designed to be easily modified and well-documented at both the appraiser/user and programmer levels.

The chief appraiser stated that the current software is very basic, limited functionality, not sufficient or user friendly to perform job duties in house. Castro staff is too dependent upon the software vendor to complete job responsibilities. Discussion with chief appraiser indicates a change in software will take place in March or April to a new vendor.

The chief appraiser stated the CAMA software cannot update records for multiple appraisal years simultaneously in-house. However, the staff can submit a ticket to software vendor with a parcel list to produce a query.

The appraisal district staff must understand their CAMA software capabilities. Inadequate training on the CAMA software causes additional time to complete tasks that could be done more efficiently in-house. Insufficient knowledge of the ratio study program prevents the appraisal district from properly identifying, sorting, stratifying and analyzing sales data and central tendencies necessary for assigning the most accurate appraised values.

 **RECOMMENDATION 2**

Correct issues with the CAMA system and ensure the CAMA software supports multiyear processing.

2.4 MAPPING AND/OR AERIAL PHOTOGRAPH

IAAO’s *Standard on Digital Cadastral Maps and Parcel Identifiers* (2015), Section 3.7, states basic information contained on maps should include parcel boundaries, identifiers, dimensions and area, subdivision or plat information, block and lot numbers, jurisdictional boundaries, locations and names of streets, railroads, rivers, lakes and other geographic features, situs addresses and geographic boundaries.

Comptroller Rule 9.3002 requires all appraisal offices and tax offices appraising property for ad valorem purposes to develop and maintain a system of tax maps covering the entire area of the taxing units for whom each office appraisees property.

Tax maps should be drawn to scale and delineated for lot lines or property lines or both, with dimensions or areas and identifying numbers, letters, or names for all delineated lots or parcels. Each parcel must be assigned parcel identification numbers (PIN) and the PIN recorded on the corresponding appraisal card. The tax map system should be updated annually.



FINDING

Castro’s maps do not provide the information specified in IAAO’s *Standard on Digital Cadastral Maps and Parcel Identifiers*.

IAAO’s *Standard on Digital Cadastral Maps*, Section 3.4, Parcel Identifiers, recommends that each parcel polygon should be attributed with a unique identifier. The parcel identifier provides a common index for all property records. Each parcel should be keyed to a unique identifier or code that links the cadastral layer with files containing such data as ownership, building and land value, use and zoning.

IAAO’s *Standard on Digital Cadastral Maps*, Section 3.5, Map Products, advises the appraisal district to maintain a variety of additional map overlays which support the appraisal district’s work and other users such as municipalities or other taxing units.

At a minimum, digital cadastral maps should include and be capable of displaying or printing the following elements:

- i. Boundaries of all parcels as polygon features
- ii. Parcel identifiers
- iii. Parcel dimensions as platted, deeded, or where otherwise known
- iv. Parcel area
- v. Subdivision or plat boundaries as originally platted
- vi. Subdivision or plat names and book and page number where recorded
- vii. Block and lot lines as originally platted and block and lot numbers
- viii. Boundaries and names of political subdivisions, such as counties, towns, townships and municipalities
- ix. Boundaries and names of geographic subdivisions such as section, township and ranges, government lots, land districts and land lots or grants
- x. Locations and names of streets, highways and right-of-ways, alleys, railroads, rivers, lakes and other geographic features
- xi. Situs addresses
- xii. Appraisal boundaries such as market areas, neighborhoods, zoning/use, soils, floodplains and so forth.

Castro’s maps include block and lot, tract, subdivision, street name, highway, parcel identifier, owner, scale and legal acreage; however, they lack parcel dimensions and a north arrow.

RECOMMENDATION 3

Include the specified components indicated in IAAO’s *Standard on Digital Cadastral Maps and Parcel Identifiers* in appraisal district maps.

FINDING

Castro lacks aerial photography and change detection capabilities.

IAAO’s *Standard on Mass Appraisal*, Section 3.3.4, Maintaining Property Characteristics Data, states that the appraisal district should continually update property characteristics data in response to changes brought about by new construction, new parcels, remodeling, demolition and destruction. Aerial photography can help identify new or previously unrecorded construction and land use. However, the most efficient method involves building permits. Ideally, strictly enforced local ordinances require building permits for all significant construction activity and the appraisal district receives copies of the permits. This method allows the appraisal district to identify properties whose characteristics are likely to change, inspect such parcels on a timely basis (preferably as close to the appraisal date as possible) and update the files accordingly.



The chief appraiser stated the appraisal district purchased aerial photography in 2021. Castro board of directors approved the contract on February 2, 2021. The chief appraiser explained that the imagery was only contracted for one year because he is new to the area. The chief appraiser indicated that there is no need for the imagery since everything is visible and accessible in Castro County.

Castro currently contracts for appraisals and inspections. The chief appraiser stated that the district relies entirely on physical inspections and obtains building permits from the city of Dimmitt and documents from the courthouse referred to as certificates of assumed name.

RECOMMENDATION 4

Present a cost benefit analysis to the board of directors to help support the acquisition of aerial photography

2.5 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 13**.

EXHIBIT 13

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.*



CASTRO RATIO STUDIES

FINDING

Castro does not conduct ratio studies at timely intervals during the valuation process. They do not run ratio studies by market area, neighborhood, property class or stratum.

IAAO's *Standard on Ratio Studies and Frequency of Ratio Studies*, Section 4.2, recommends that the appraisal district conduct at least four ratio studies to establish the following:

- i. a baseline of current appraisal performance
- ii. preliminary values so that they can correct any significant deficiency
- iii. values used in assessment notices sent to taxpayers
- iv. final values after completion of the first informal phase of the appeals process

The appraisal district can use the final study to plan for the following year. In addition, it can conduct ratio studies as needed to evaluate appraisal procedures, investigate a discrimination complaint, or answer a specific question.

IAAO's *Standard on Ratio Studies*, Section 2.3, Uses of Ratio Studies, states the critical uses of ratio studies are as follows:

- i. measurement and evaluation of the level and uniformity of mass appraisal models
- ii. internal quality assurance and identification of appraisal priorities
- iii. determination of whether the appraisal district has met administrative or statutory standards
- iv. determination of time trends
- v. adjustment of appraised values between reappraisals

IAAO's *Standard on Ratio Studies*, Section 3.3, Stratification states stratification divides all the properties within the scope of the study into two or more groups or strata. Stratification facilitates a more complete and detailed picture of appraisal performance and can enhance sample representativeness.

Each type of property subject to a distinct level of assessment could constitute a stratum. Other property groups, such as market areas, school districts and tax units, could constitute additional strata.

The appraisal district should choose strata consistent with factors in the mass appraisal model. When the study's purpose is to evaluate appraisal quality, flexibility in stratification is essential. The general goal is for the appraisal district to identify areas where the assessment levels are too low or lack uniformity and property groups for which the appraisal district may require additional reappraisal work. In such cases, it is also highly desirable to simultaneously stratify based on more than one characteristic.

Stratification can help identify differences in appraisal levels between property groups. In large jurisdictions, stratification by market areas is generally more appropriate for residential properties. In contrast, stratification of commercial properties by either geographic area or property subtypes (e.g., office, retail and warehouse/industrial) can be more effective.

Castro did not conduct ratio studies after informal appeals or ARB hearings. Preliminary and final ratio studies ran before notice of appraised values were sent to property owners.

Castro defined the market areas for Castro County in two different areas of their 2021 to 2022 reappraisal plan. On page four, the district uses the market areas of the Cities of Dimmitt, Hart and Nazareth when setting the market for Categories A, B, C, F and M. The district uses a countywide market area for appraising categories D and E. However, page eight indicates the market area as the independent school district (ISD) boundaries. A review of ratio studies did not indicate they were run by market area. The sales ratio report was for all residential properties in Castro County by property class Category A1.



It is crucial to collect regular sales data, conduct ratio studies and evaluate cost schedules based on these findings to accurately assess reliable market trends and establish developing market values.

 **RECOMMENDATION 5**

Conduct ratio studies at timely intervals by market area, neighborhood, property class or stratum and make appropriate adjustments based on results.

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 14 shows the data from PTAD's Appraisal District Ratio Study for Castro in 2021.



EXHIBIT 14

PTAD's Appraisal District Ratio Study, Castro 2021

Category	Number of Ratios**	2021 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	129	126,751,050	0.95	18.82	37.98	73.64	1.01
B. MULTI-FAMILY RES	0	2,221,960	*	*	*	*	*
C1. VACANT LOTS	0	1,687,390	*	*	*	*	*
C2. COLONIA LOTS	0	0	*	*	*	*	*
D2. FARM/RANCH IMP	27	27,544,270	1.00	18.25	37.04	74.07	0.95
E. RURAL-NON-QUAL	51	39,073,660	0.85	31.02	23.53	47.06	0.97
F1. COMMERCIAL REAL	31	17,372,930	*	*	*	*	*
F2. INDUSTRIAL REAL	0	550,805,280	*	*	*	*	*
G. OIL, GAS, MINERALS	0	0	*	*	*	*	*
J. UTILITIES	5	115,858,800	0.87	6.92	60.00	100.00	0.97
L1. COMMERCIAL PER	22	20,041,000	*	*	*	*	*
L2. INDUSTRIAL PER	0	33,506,960	*	*	*	*	*
M. OTHER PERSONAL	0	1,707,080	*	*	*	*	*
O. RESIDENTIAL INV	0	0	*	*	*	*	*
S. SPECIAL INVENTORY	0	1,347,700	*	*	*	*	*
OVERALL	265	937,918,080	0.97	17.81	43.02	74.72	0.99

Source: Texas Comptroller of Public Accounts, *Appraisal District Ratio Study 2021 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

Castro 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 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 14** shows Castro has low median level of appraisal in Category E (0.85). This low ratio indicates that properties are appraised below market value.

The Coefficient of Dispersion (COD) is a measure of appraisal uniformity. **Exhibit 13** shows the IAAO suggested COD standards. **Exhibit 14** shows that Castro has a high COD in E (31.02), indicating uniformity issues. 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. 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 14** shows the overall PRD (0.99) to be within the appropriate range. However, the PRD for Category D2 (0.95), Category E (0.97) and Category J (0.97) are lower than the IAAO suggested PRD range, indicating progressivity or that high valued properties are relatively over-appraised.

Low median levels of appraisal, combined with high CODs and low and high PRDs indicates that a reappraisal of all property would be prudent. Because ADRS only reviews certain property categories, Castro 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 6

Use Castro's local ratio study results to make reappraisal decisions necessary to produce accurate values.

2.6 REAPPRAISAL PLAN

Tax Code Section 6.05(i) requires the appraisal district board of directors to develop a biennial reappraisal plan in even numbered years and to hold a public hearing to adopt the plan. The plan must indicate how the appraisal district will comply with Tax Code Section 25.18 which requires the reappraisal of all real and personal property in the appraisal district at least once every three years to ensure that all property is appraised at 100 percent of market value on Jan 1.

FINDING

Castro's most recent reappraisal plan does not identify market areas that are delineated appropriately.

Tax Code Section 25.18 states:

- (a) Each appraisal office shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05(i).
- (b) The plan shall provide for the following reappraisal activities for all real and personal property in the appraisal district at least once every three years:
 - (1) identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps and property sketches;
 - (2) identifying and updating relevant characteristics of each property in the appraisal records;
 - (3) defining market areas in the appraisal district;
 - (4) identifying property characteristics that affect property value in each market area, including:
 - (A) the location and market area of property;
 - (B) physical attributes of property, such as size, age and condition;
 - (C) legal and economic attributes; and
 - (D) easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances, or legal restrictions;
 - (5) developing an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and determines the contribution of individual property characteristics;
 - (6) applying the conclusions reflected in the model to the characteristics of the properties being appraised; and
 - (7) reviewing the appraisal results to determine value.



The review of Castro’s 2023 to 2024 reappraisal plan states on page eight, the county of Castro is one market area. However, the chief appraiser, based on sales data, may need to analyze smaller areas such as school districts, cities, or individual subdivisions to make more accurate market value adjustments. On page five, the plan lists the market area as the school district.

Market areas should be identified in Castro’s written reappraisal plan. Once the district defines the market areas, it can perform ratio study analyses. Ratio analysis is essential for identifying reliable market trends and establishing accurate market values.

RECOMMENDATION 7

Identify delineated market areas in the reappraisal plan.

FINDING

Castro does not amend its reappraisal plan to address problematic or critical areas of need.

IAAO’s *Standard on Mass Appraisal*, Section 4 .8, Frequency of Reappraisals, states the analysis of ratio study data can suggest groups or strata of properties in greatest need of physical review. Market adjustments can effectively maintain equity when appraisals are uniform within strata and recalibration can provide even greater accuracy. However, only physical reviews can correct data errors and, as stated in Sections 3.3.4 and 3.3.5, property characteristics data should be reviewed and updated at least every four to six years. Castro can accomplish this in at least three ways:

- i. Reinspecting all property at periodic intervals (i.e., every four to six years)
- ii. Reinspecting properties on a cyclical basis (e.g., one-fourth or one-sixth each year)
- iii. Reinspecting properties on a priority basis as indicated by ratio studies or other considerations while ensuring that they examine properties at least every sixth year.

Castro addressed problematic areas in their reappraisal plan but failed to conduct and analyze ratio studies to indicated that the problematic areas were addressed. Problematic areas in the reappraisal plan include specific property classifications and market areas. A review of Category D1 properties ratio reports indicated this category of properties was not addressed. The chief appraiser indicated no amendment to the reappraisal plan has been conducted.

It is imperative to maintain and implement an effective reappraisal plan that addresses problematic areas and conduct ratio study analysis to maintain fair and uniform property values. Performing ratio study analysis is essential in determining reliable market trends and developing market values.

RECOMMENDATION 8

Amend the reappraisal plan to address problematic areas.

Section 3 – Categories of Valuation in the SDPVS

PTAD found Springlake-Earth ISD’s Categories D1, E and J to be invalid in the years indicated in **Exhibit 15**. 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 A, B, C1, F, G and L1 in Springlake-Earth ISD to be valid and they are *not* included in the scope of this TARP review.



EXHIBIT 15

SDPVS Invalid Property Categories 2020-22

ISD	2020	2021	2022
Springlake-Earth	D1	D1 and J	D1 and E

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

3.1 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.

Castro’s Category D1 property values were statistically invalid in 2020 to 2022. This was largely due to irrigated crop value discrepancies. Discussion with Castro’s chief appraiser indicates the reason for the invalid findings are that irrigated crop in the county consists of shared and cash leases. The shared lease properties represent long-time owner operators while the cash lease properties represent land that is selling. The chief appraiser reports the value of the cash lease properties. The chief appraiser indicates another factor is that 80 to 90 percent of irrigated crop land consists of feed yards, dairies and tenants who sell to dairies. These landowners do not report to the USDA, so there is a level of discrepancy in irrigated crop values for the county. Since Castro is experiencing more cash lease properties, they should extend its approach to gather more data for calculating net to land. Castro should consider extending agricultural questionnaires to include a wider group of agricultural properties in the county. The appraisal district should also consider data from resources such as the Texas A&M Resource Center/AgriLife, USDA, etc.

3.2 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.

FINDING

Castro does not conduct ratio studies regularly for vacant land properties and does not review and update land schedules.

IAAO’s *Standard on Mass Appraisal*, Section 4.5, Land Valuation, states that state or local laws may require the appraisal district to separate the value of an improved parcel into land and improvement components. When the district uses the sales comparison or income approach, an independent land value estimate can be subtracted from the total property value to obtain a residual improvement value. Some computerized valuation techniques separate total value into land and building components.



Castro was unable to provide any vacant land ratio studies for review for 2019 to 2022. Castro does not conduct ratio studies annually. The chief appraiser indicated that changes were made based upon equality and uniformity, not ratio analysis.

Castro should annually review and adjust values. Each appraisal office must implement the plan for periodic reappraisal of property and the plan must provide for the reappraisal activities for all real and personal property in the district at least once every three years. The sales comparison approach is the primary approach to land valuation and is always preferred when sufficient sales are available. In the absence of adequate sales, the appraisal district can use other techniques in land appraisal including allocation, abstraction, anticipated use, capitalization of ground rents and land residual capitalization.

Collecting sales data and performing ratio studies analysis regularly is essential for determining reliable market trends and developing market values.

 **RECOMMENDATION 9**

Maintain market value for vacant land properties and review and update land schedules annually.

 **FINDING**

Castro does not clearly document land valuation procedures.

IAAO's *Property Assessment Valuation*, Chapter 7 on Land Valuation, states that land valuation is a vital step in the assessment process. Accurate land values form the base of an effective appraisal system. In the cost approach, land values are determined separately and added to estimated building values to produce an appraisal. In the sales comparison and income approaches, the appraisal district should use land values to allocate the total estimated value between land and improvement.

Upon reviewing Castro's appraisal manual, it was noted that while some components of land valuation process are in place, there is no mention of years of sales used and land appraisal in areas with few vacant land sales. The appraisal manual does not have the land valuation process clearly documented.

 **RECOMMENDATION 10**

Document land valuation procedures.

3.3 CATEGORY J – REALAND PERSONAL PROPERTY: UTILITIES PROPERTY VALUATION

The Comptroller's [*Texas Property Tax Assistance Property Classification Guide*](#) states Category J property includes the real and personal property of utility companies and co-ops. Usually, utility companies supply continuous or repeated services through permanent physical connections between a plant and a consumer.

Castro's Category J property values were statistically invalid in 2021. The same appraisal services contractor has appraised Castro's utility property for two years. Castro should actively monitor the proposed market values produced by the appraisal contractor to ensure the contractor is performing appraisal and related services for the appraisal district and that such appraisal services comply with Tax Code Section 23.01 relating to the Uniform Standards of Professional Appraisal Practice (USPAP) as it applies to the described properties in the appraisal services contract.



APPENDICES

APPENDIX 1

Appraisal District Budget

	2022	2021	2020	2019	Tier 3 Average 2019-2022	Tier 3 Average 2022
Total Budget (Excluding Collections)	\$348,250	\$319,260	\$199,880	\$183,600	\$512,391	\$547,673
Total Property Taxes Levied (All Jurisdictions)	\$15,130,000	\$14,976,000	\$13,887,887	\$14,193,708	\$60,025,749	\$50,052,925
Does the appraisal district collect taxes?	Yes	Yes	Yes	Yes	N/A	N/A
Number of Taxing Units Appraisal District Collects For (If Applicable)	9	9	9	9	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 3 Average 2019-2022	Tier 3 Average 2022
Full Time Staff	2	2	2	2	4	4
Part Time Staff	0	0	0	0	N/A	N/A

Appraisal Staff

	2022	2021	2020	2019	Tier 3 Average 2019-2022	Tier 3 Average 2022
Full Time Appraisers	1	1	1	1	3	3
Lowest Appraiser Salary	\$74,820	\$65,000	\$31,500	\$31,500	\$40,079	\$39,505
Highest Appraiser Salary	\$74,820	\$65,000	\$31,500	\$31,500	\$46,617	\$48,041

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



APPENDIX 3

Appraisal District Parcel Information

Castro	2022	2021	2020	2019
Parcel Count*	7,306	7,590	7,523	7,484
Number Taxing Units	14	14	14	14
Parcels per Appraisal Staff**	6,958	0 - appraisal work contracted out	0 - appraisal work contracted out	0 - appraisal work contracted out
Total Market Value Certified	\$1,805,862,477	\$1,760,172,418	\$1,738,691,109	\$1,751,625,060

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.

Texas Comptroller of Public Accounts
Publication #96-1786-C035 – February 2025

For additional copies write:
Texas Comptroller of Public Accounts
Property Tax Assistance Division
P.O. Box 13528
Austin, Texas 78711-3528

comptroller.texas.gov/taxes/property-tax