



Property Tax Assistance Division  
2023 Report

Review of  
Appraisal  
District  
Appraisal  
Standards,  
Procedures and  
Methodology

# TARGETED APPRAISAL REVIEW PROGRAM

HENDERSON COUNTY APPRAISAL DISTRICT



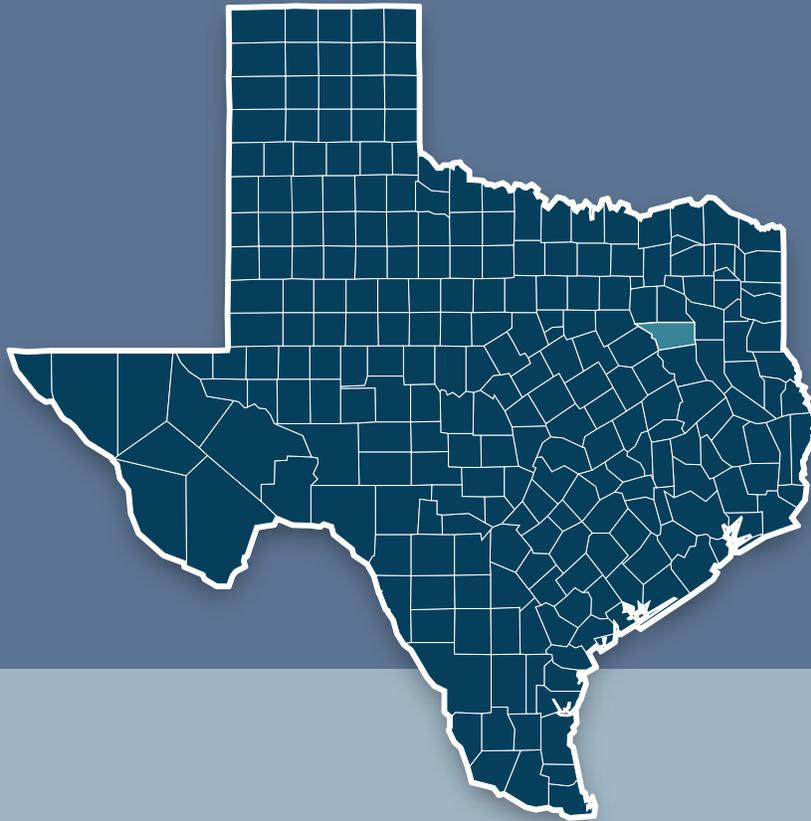
**GLENN HEGAR**  
Texas Comptroller of Public Accounts

# 2023 TARGETED APPRAISAL REVIEW

## HENDERSON COUNTY APPRAISAL DISTRICT

Chief Appraiser: Bill Jackson

Reviewer: Dwayne Andrews





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# Executive Summary

In September 2023, the Texas Comptroller of Public Accounts identified Maybank Independent School District (Maybank ISD), located in Henderson 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 Henderson County Appraisal District (Henderson).

## 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 Henderson. Over the next year, TARP reviewers will work with Henderson 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 Henderson 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 Mabank ISD in Henderson 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

#### Henderson SDPVS Results 2020-2022

SDPVS Year	County	School District	Findings	Category*	Ratio
2020	Henderson	Mabank ISD	Invalid	A	0.9244
2020	Henderson	Mabank ISD	Invalid	D1	1.1946
2020	Henderson	Mabank ISD	Invalid	F1	0.9294
2021	Henderson	Mabank ISD	Invalid	A	0.8722
2021	Henderson	Mabank ISD	Invalid	D1	1.1609
2022	Henderson	Mabank ISD	Invalid	A	0.9223
2022	Henderson	Mabank ISD	Invalid	D1	1.1831

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

- Evaluate the chief appraiser annually.
- Employ adequate appraisal staff to effectively appraisal all parcels within the appraisal district.
- Ensure appraisal district staff are properly trained to use all features and capabilities of the CAMA software system.
- Use Henderson's local ratio study results to make reappraisal decisions necessary to produce accurate values.
- Review completed work in identified market areas.
- Calculate net to land for each of the five years in the appropriate period and determine a five-year average net to land value.

# Section 1 – Overview of County Appraisal District

## 1.1 COUNTY HISTORY AND DEMOGRAPHICS

According to *The Handbook of Texas Online*, the Texas legislature established Henderson County in 1846, naming it after James Pinckney Henderson, the first governor of Texas. It is located in East Texas between the Neches and Trinity Rivers.

The county includes Athens, Brownsboro, Eustace, Malakoff, Murchison, Cross Roads and LaPoynor Independent School Districts.

The county population in 2020, according to the United States Census Bureau, was 82,150. The major population centers include the city of Athens, which has 12,857 residents, along with smaller towns such as Gun Barrel City and Malakoff.

Based on the 2020 census data, PTAD classifies Henderson 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

Henderson became active in January 1980. As of July 2024, it has 27 full-time staff positions, of which five positions are supervisory and 8 positions are full-time appraisers. Henderson contracts with a vendor for professional appraisal services. **Exhibit 4** presents Henderson’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.

Henderson provides appraisal services for 41 taxing units, as shown in **Exhibit 5** and does not perform collection services.

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: Henderson County Appraisal District



## EXHIBIT 5

**Henderson Taxing Units and Collections**

Name of Taxing Unit	Appraisal District Collects Property Taxes
Athens MWA	No
Athens Independent School District	No
Brownsboro Independent School District	No
City of Athens	No
City of Brownsboro	No
City of Caney	No
City of Chandler	No
City of Enchanted Oaks	No
City of Eustace	No
City of Frankston	No
City of Log Cabin	No
City of Mabank	No
City of Malakoff	No
City of Payne Springs	No
City of Seven Points	No
City of Star Harbor	No
City of Tool	No
City of Trinidad	No
Crossroads Independent School District	No
Eustace Independent School District	No
Frankston Independent School District	No
Henderson County	No
Henderson County ESD	No
Henderson County ESD #10	No
Henderson County ESD #11	No
Henderson County ESD #2	No
Henderson County ESD #3	No
Henderson County ESD #4	No
Henderson County ESD #5	No
Henderson County ESD #6	No
Henderson County ESD #7	No
Henderson County LID #3	No
Kemp Independent School District	No
La Poynor Independent School District	No
Lake View Management District	No
Mabank Independent School District	No
Malakoff Independent School District	No
Murchison Independent School District	No
Trinidad Independent School District	No
Trinity Valley Community College District	No
Van Independent School District	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 Henderson’s 2022 budget versus the Tier 2 average 2022 budget (excluding collections) to show how Henderson’s budget aligns with the tier average.

### EXHIBIT 6

#### Henderson’s 2022 Budget vs. Tier 2 Average

Henderson County Appraisal District Budget (2022)	Tier 2 Average Budget (2022)
\$3,320,614	\$1,541,215

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

In 2022, Henderson operated with a budget of \$3,320,614 significantly higher than the Tier 2 average budget of \$1,541,215. This budget comparison highlights the relatively larger financial resources, as reported by Henderson 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 Henderson’s 2022 staffing and the Tier 2 average (excluding collections) to determine how Henderson staffing and salaries compare with the tier average.

### EXHIBIT 7

#### Henderson’s 2022 Staffing and Salaries vs. Tier 2 Average

	2022	2022 Tier 2 Average
Full Time Staff	24	13
Part Time Staff	0	N/A
Full Time Appraisers	8	7
Lowest Appraiser Salary	\$31,198	\$40,040
Highest Appraiser Salary	\$69,796	\$59,181

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



Henderson has maintained a full-time staff of 23 to 24 employees over the past four years, which is significantly higher than the 2022 Tier 2 average of 13. The appraisal district employed seven to eight full-time appraisers each year, close to the Tier 2 average and the 2022 Tier 2 average. The lowest appraiser salary decreased from \$44,014 four years ago to \$31,198 last year, significantly lower than the Tier 2 average of \$40,040. The highest appraiser salary decreased from \$73,367 four years ago to \$69,796 last year, higher than the 2022 Tier 2 average of \$59,181. The drop in salaries is due to less experienced appraisers back filling more tenured and experienced appraiser positions. A four-year staff and salary history and Tier 2 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 Henderson’s annual training budget and number of trainings attended from 2020 to 2022. Appraisal districts should maintain adequate training budgets to allow for certification and continued education of staff.

#### EXHIBIT 8

### Henderson Training Budget and Number of Trainings

	2022	2021	2020
Training Budget	\$70,000	\$35,000	\$25,000
Number of Trainings Attended	2-4	2-3	2-3

Source: Henderson County Appraisal District

In 2022, Henderson’s training budget increased from \$25,000 to \$70,000 and the trainings attended varied from two to four 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 Henderson’s chief appraiser.



## EXHIBIT 9

**Henderson’s Chief Appraiser Information****Chief Appraiser**

Is the Chief Appraiser permanent, temporary or interim?	Temporary
Does the Chief Appraiser perform appraisals?	No
2022 Base Salary	\$125,000
Chief Appraiser – Years at appraisal district	20+
Chief Appraiser – Years as a Chief Appraiser	20 Full Time, 4 Years as Contract
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?	No
Does the Chief Appraiser receive medical insurance benefits?	No

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

**Q FINDING**

The Henderson board of directors does not annually evaluate the chief appraiser.

The chief appraiser of 20 years retired and was quickly rehired by the board of directors. The board of directors has not conducted annual evaluations for the chief appraiser since 2019.

Tax Code Section 6.05(c) explains the chief appraiser is the chief administrator of the appraisal office appointed by and serves at the pleasure of the appraisal district board of directors.

IAAO’s *Introduction to Assessment Administration*, Chapter 3, Organization for Assessment Administration, specifies that evaluating each employee’s performance is necessary and important in office administration. Organizations and employees benefit from a regular performance evaluation process.

Chief appraisers should regularly evaluate staff to ensure work completion and correct performance issues. Similarly, the board of directors should evaluate the chief appraiser’s performance to ensure adequate performance of the position’s duties and responsibilities.

**💡 RECOMMENDATION 1**

**Evaluate the chief appraiser annually.**

**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 Henderson’s contracts, which are discussed in more detail in throughout this report. Henderson puts contracts out for bid generally in two to three year spans, depending on the length of the contract and the based on satisfactory performance of the current vendor.

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

**Henderson Contracts**

Type of Contract	Contract Dates	Years with Same Vendor	Does appraisal district actively monitor contract?
Appraisals of Minerals, Industrial and Utility	2017-2023	5 years	Yes
Software	2022-2023	1 year	Yes
GIS	2017-2023	5 years	Yes
Pictometry	2013-2023	9 years	Yes

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

## 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 Henderson’s Parcel Information vs. Typical Parcel Per Appraiser Average**

Parcel Information	Henderson	Typical Parcel Per Appraiser (Rounded)
Parcel Count	194,170	70,001-200,000
Parcels per Appraisal Staff	22,081*	6,700**

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

\* Excludes parcels for contracted appraisal services:

\*\* Includes all property categories

In 2022, Henderson managed 194,170 parcels placing it on the high side of appraisal districts in its typical parcel per appraiser range of 70,001 to 200,000 parcels. Henderson contracts for appraisal services in Categories G, J and L2. Parcels in these categories are removed from the total parcel count to determine the parcels per appraiser of 22,081. This indicates that Henderson’s parcels per appraiser is significantly higher than the tier average, which includes all property categories.



From 2019 to 2022, Henderson managed parcel counts ranging from 107,545 to 194,170 (including all property categories) and the parcels assigned per appraiser for properties appraised in house ranged from 13,134 to 22,081. The total market value of certified parcels increased from \$8,952,807,810 to \$15,120,534,942 between 2019 and 2022. **Appendix 3** provides the appraisal district’s parcel data over the four-year review period.

## FINDING

Henderson does not have adequate appraiser staff to effectively appraise all parcels within the appraisal district.

IAAO’s *Standard on Mass Appraisal*, Section 6.2.1, Staffing, states that the staff should be a mix of individuals skilled in general administration, supervision, appraisal, mapping, data processing and clerical functions. It also highlights the importance of flexibility in the staffing structure, as the staffing needs can vary significantly based on factors such as the frequency of reappraisals.

Data from Electronic Appraisal Roll Submissions (EARS) and Operations Survey Data indicate that appraisal districts with parcel counts from 70,001 to 200,000 average 6,700 parcels per appraiser, for all categories of property. Henderson contracts for appraisal services in Categories G, J and L2. Excluding those property categories, Henderson had approximately 176,141 total parcels in 2022 with eight full-time appraisers, resulting in a ratio of 22,081 parcels per appraiser, which is significantly higher than the average.

An appraisal district must maintain adequate appraisal staffing levels to ensure appraisal tasks are completed effectively. Insufficient staffing can hinder the completion of necessary tasks and make it challenging to maintain accurate market values.

## RECOMMENDATION 2

**Employ adequate appraisal staff to effectively appraise all parcels within the appraisal district.**

### 2.2 CONTRACTED APPRAISAL SERVICES

From 2019 to 2022, appraisal district staff appraised 71 to 93.2 percent of the total appraised value within the appraisal district, specifically for Categories A, B, C, D, E, F1, L1, M, O and S. In the previous four years, Henderson contracted for appraisal services for property Categories G, J and L2. From 2019 to 2022, these contracted firms appraised 6.8 to 29 percent of the total appraised value within the appraisal district. The cost of these services varied from \$55,000 to \$65,000 over four years. The appraisal district also uses a geographic information system (GIS) and aerial technology systems.

**Exhibit 12** lists Henderson’s contracted appraisal services.

#### EXHIBIT 12

### Henderson’s Contracted Appraisal Services

	2022	2021	2020	2019
Appraisal Services Contract	Yes	Yes	Yes	Yes
Contracted Property Categories	G, J and L2			
Percentage of total appraised value appraised by contracted appraisal firms	29%	29%	6.80%	9%
Appraisal Contract Cost	\$65,000	\$65,000	\$55,000	\$65,000

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

Henderson does not use its CAMA software to its full potential.

The Deputy Chief Appraiser indicated that the previous CAMA provider did not offer training on the system, making it more of a trial-and-error process to use. The previous software had many tools, but the lack of training left Henderson unable to use many features. The system historically caused issues with totals, EARS and other functionality and the vendor’s customer service was slow. Henderson had to submit several reminders for requests for assistance and was often restricted within the system when attempting to get service. The voluminous problems experienced with the system necessitated that Henderson convert to a new CAMA system.

Henderson converted to a new CAMA system in 2022. The office closed for about two weeks while staff was trained on the new software. Trainers remained onsite for a third week during the live rollout of the new system in September of 2022. Henderson is very satisfied with the new software although some conversion issues are still being worked out, as is typical with any new system. The staff is able to effectively use the system, considering the short time they have been exposed to it. The conversion is still in process, however, Henderson has not had any issues with the new software so far and the customer service has been good.

Inadequate training on the CAMA software causes additional time to complete tasks that can be done more efficiently in-house. Insufficient knowledge of the ratio study program prevents the appraisal district from properly identifying, sorting, stratifying, analyzing sales data and central tendencies necessary for assigning the most accurate appraised values. This can lead to inaccurate property analysis, impacting the appraisal district’s property values.

#### RECOMMENDATION 3

**Ensure appraisal district staff are properly trained to use all features and capabilities of the CAMA software system.**

### 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.

**Exhibit 13** presents Ratio Study Uniformity Standards indicating acceptable general quality.



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.*

Henderson gathers available real estate transfer documents and uses available third-party sources in gathering sales information. The appraisal district uses this information to conduct ratio studies at timely intervals during the valuation process.

**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 Henderson in 2022.

## EXHIBIT 14

## PTAD's Appraisal District Ratio Study, Henderson 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	1,034	8,270,525,852	1.01	19.18	39.65	68.86	1.04
B. MULTI-FAMILY RES	0	45,417,339	*	*	*	*	*
C1. VACANT LOTS	0	498,025,218	*	*	*	*	*
C2. COLONIA LOTS	0	0	*	*	*	*	*
D2. FARM/RANCH IMP	0	26,502,036	*	*	*	*	*
E. RURAL-NON-QUAL	188	1,791,324,559	1.00	19.01	44.15	68.09	0.99
F1. COMMERCIAL REAL	130	517,173,342	*	*	*	*	*
F2. INDUSTRIAL REAL	0	52,543,652	*	*	*	*	*
G. OIL, GAS, MINERALS	0	31,302,740	*	*	*	*	*
J. UTILITIES	14	356,867,001	0.89	22.55	64.29	64.29	0.80
L1. COMMERCIAL PER	24	218,070,320	*	*	*	*	*
L2. INDUSTRIAL PER	0	206,909,056	*	*	*	*	*
M. OTHER PERSONAL	0	54,358,589	*	*	*	*	*
O. RESIDENTIAL INV	0	9,272,581	*	*	*	*	*
S. SPECIAL INVENTORY	0	12,217,190	*	*	*	*	*
OVERALL	1,390	12,090,509,475	1.00	18.39	42.45	70.65	1.05

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

Henderson is not appraising property equitably at market value.

Appraisal districts should measure the level of appraisal and uniformity of appraisal for the overall jurisdiction, individual mass appraisal neighborhoods/market areas, types of properties, or any other significant segment that will assist in determining reappraisal priorities.

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 Henderson has a good overall median level of appraisal (1.00) and good median levels of appraisal in Category A (1.01) and Category E (1.00), but a low median level of appraisal in Category J (0.89).



The Coefficient of Dispersion (COD) is a measure of appraisal uniformity. **Exhibit 13** shows the IAAO suggested COD standards. **Exhibit 14** shows that Henderson has a reasonable overall COD (18.39) and reasonable CODs in Category A (19.18) and Category E (19.01), indicating uniformity in these property types. The COD for Category J, however, is high (22.55), suggesting inconsistencies in valuation of that property type and 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 14** shows the PRD for Category A (1.04) is too high, indicating regressivity or that Henderson is over-appraising low valued properties compared to high valued properties in that category. The PRD for Category E (0.99) is within range suggesting that Henderson is treating higher and lower valued properties similarly in this category. The PRD for Category J (0.80) is low suggesting progressivity or that high value properties are relatively over-appraised. The overall PRD (1.05) is higher than the IAAO suggested PRD range, indicating regressivity or that low valued properties are relatively over-appraised.

The variation of PRDs among tested categories indicates that Henderson should review how it appraises high valued property versus low valued property. Because ADRS only reviews certain property categories, Henderson 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 4

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

## 2.5 QUALITY CONTROL

An appraisal district should follow a quality control process to ensure that accuracy standards are achieved and maintained. Proper quality control analysis is essential in determining reliable market trends and developing market values. An appraisal district should have written procedures outlining how to perform a proper quality analysis to prevent errors in the process.

## FINDING

Henderson does not review completed work in identified market areas.

IAAO's *Standard on Data Quality*, Section 3, Data Quality Management, states that monitoring and reviewing data quality is fundamental to a successful mass appraisal process. The rate at which the quality of assessment data erodes is highly variable. However, the gap between what exists in the world and what is in the appraisal district's records grows over time. In addition to maintaining data to a specified standard and determining areas of strength and/or weakness of data, the results may be used to determine how raw data, stratification of data, data sources, or data collection efforts can be enhanced to produce better future performance.

Regardless of the source, the appraisal district needs quality assurance and control mechanisms to ensure the quality of assessment data and detect and correct deficiencies prior to valuation. These components provide confidence in the appraisal product when built into the regular reappraisal cycle.

A quality control deficiency was identified in this area due to appraisers not inspecting the area in accordance with best practices. Henderson has processes and procedures in place, but the work was not being completed as stated in the process and procedure. The newer CAMA software allowed Henderson to identify and track this issue where it was previously not tracked or identified.



Henderson implemented use of its newer CAMA system features including CAMA Cloud. This will highlight specific accounts for appraisal and specific items that can be coded within the accounts which enables management to track work completion.

Henderson appears to have taken corrective actions by updating its CAMA system and integrating some of the newer features, like CAMA Cloud. Henderson also purchased field iPads that integrate into the CAMA system. Previously, this was through a manual process using various systems and spreadsheets.

Proper quality control analysis is essential in determining reliable market trends and developing market values. The appraisal district should amend written procedures and perform a proper quality analysis of appraisers' work. This will also ensure work earmarked for review each year is completed and records are updated.

### RECOMMENDATION 5

**Review completed work in identified market areas.**

## Section 3 – Categories of Valuation in the SDPVS

PTAD found Maybank ISD's Categories A, D1 and F1 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 B, C1, E, F2, G, J and L1 in Maybank 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
Mabank	A, D1 and F1	A and D1	A and D1

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.

Henderson's Category A property values were statistically invalid in 2020 to 2022. This was primarily due to land segments of the properties in Category A being under appraised.



### 3.2 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.

#### FINDING

Henderson does not calculate net to land for each of the five years in the appropriate period when determining a five-year average net to land value.

Tax Code, Section 23.51(4) requires the chief appraiser to calculate net to land by considering the income that would be due to the owner of the land under cash lease, share lease, or whatever lease arrangement is typical in that area for that category of land and all expenses directly attributable to the agricultural use of the land by the owner shall be subtracted from this owner income and the results shall be used in income capitalization.

Review of Henderson’s records revealed that it incorrectly calculated the net to land calculations for 2022. The results, however, are correct because the appraisal district values were not changed in recent years and the cap rate remained consistent. When the numbers differed, the staff used the wrong year’s data in the calculations. The former agricultural appraiser was terminated for not performing job duties as required.

Performing net to land analysis is essential in determining reliable market trends and developing productivity values. The appraisal district must gather and use accurate income and expense data and work closely with its Agricultural Advisory Board for consistency in its calculations to ensure value accuracy.

#### RECOMMENDATION 6

**Calculate net to land for each of the five years in the appropriate period and determine a five-year average net to land value.**

### 3.3 CATEGORY F1 – COMMERCIAL REAL PROPERTY VALUATION

The Comptroller’s *Texas Property Tax Assistance Property Classification Guide* states Category F1 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.

Henderson’s Category F1 property values were statistically invalid in 2020. Henderson did not make proper adjustments to schedules in 2020 during a time of significant market increases. Henderson’s values in Category F1 were statistically valid in both 2021 and 2022 on the SDPVS.



# APPENDICES

## APPENDIX 1

### Appraisal District Budget

	2022	2021	2020	2019	Tier 2 Average 2019-2022	Tier 2 Average 2022
Total Budget (Excluding Collections)	\$3,320,614	\$2,937,324	\$2,387,519	\$2,297,940	\$1,404,998	\$1,541,215
Total Property Taxes Levied (All Jurisdictions)	\$132,894,322	\$129,886,570	\$115,961,461	\$114,530,631	\$114,774,433	\$181,458,903
Does the appraisal district collect taxes?	No	No	No	No	No	No
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	24	24	23	23	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	7	7	7	7
Lowest Appraiser Salary	\$31,198	\$31,198	\$33,334	\$44,014	\$41,834	\$40,040
Highest Appraiser Salary	\$69,796	\$83,698	\$65,374	\$73,367	\$57,417	\$59,181

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



APPENDIX 3

**Appraisal District Parcel Information**

Henderson	2022	2021	2020	2019
Parcel Count*	194,170	114,379	107,545	108,325
Number Taxing Units	42	42	42	42
Parcels per Appraisal Staff**	22,081	14,366	13,215	13,134
Total Market Value Certified	\$15,120,534,942	\$11,169,242,000	\$10,418,045,435	\$8,952,807,810

**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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