



**Property Tax Assistance Division**  
2023 Report

Review of  
Appraisal District  
Appraisal  
Standards,  
Procedures and  
Methodology

# TARGETED APPRAISAL REVIEW PROGRAM

HOPKINS COUNTY APPRAISAL DISTRICT



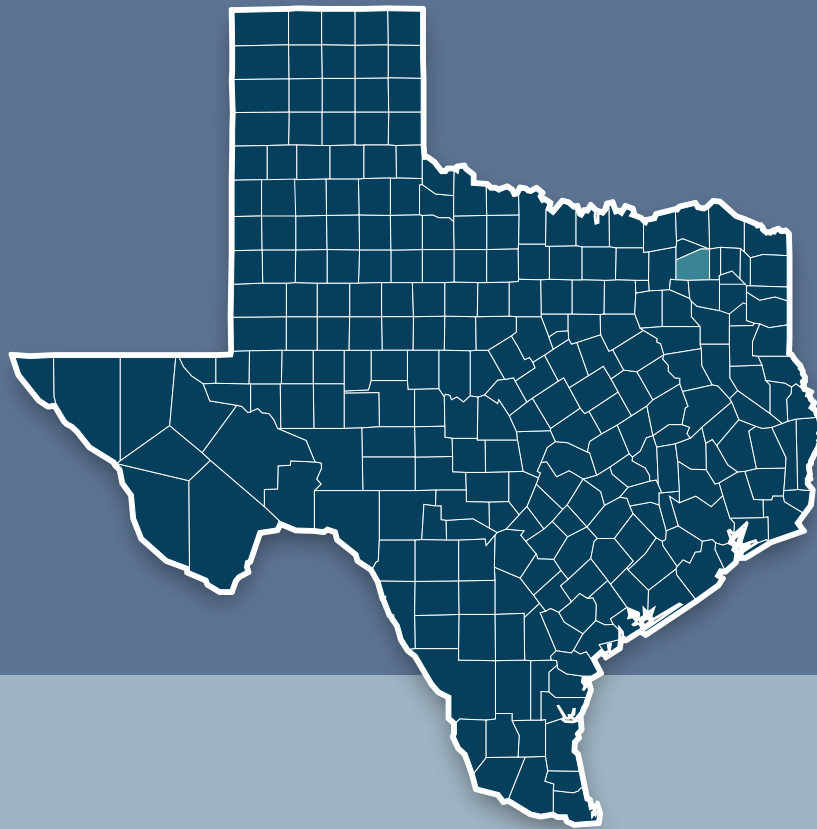
**GLENN HEGAR**  
Texas Comptroller of Public Accounts

# 2023 TARGETED APPRAISAL REVIEW

## HOPKINS COUNTY APPRAISAL DISTRICT

Chief Appraiser: Cathy Singleton

Reviewer: Donald Rhea





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# Executive Summary

In September 2023, the Texas Comptroller of Public Accounts identified Miller Grove Independent School District (Miller Grove ISD), North Hopkins Independent School District (North Hopkins ISD) and Sulphur Springs Independent School District (Sulphur Springs ISD), located in Hopkins County, as three 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 Hopkins County Appraisal District (Hopkins).

## 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 Hopkins. Over the next year, TARP reviewers will work with Hopkins 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 Hopkins 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 Miller Grove ISD, North Hopkins ISD and Sulphur Springs ISD in Hopkins as having invalid SDPVS findings for three consecutive years. **Exhibit 2** highlights the impacted school districts and categories with local values that fell outside the SDPVS statistical confidence interval in the applicable three-year period. PTAD determines the confidence interval using a 5 percent or greater margin of error around PTAD's determined market value. PTAD considers local values valid, or statistically acceptable, when they are within the confidence interval. Values outside this confidence interval are statistically invalid.

### EXHIBIT 2

#### Hopkins SDPVS Results 2020-2022

SDPVS Year	County	School District	Findings	Category*	Ratio
2020	Hopkins	Miller Grove ISD	Invalid	A	0.7935
2020	Hopkins	Miller Grove ISD	Invalid	D1	1.1544
2020	Hopkins	Miller Grove ISD	Invalid	E	0.8411
2020	Hopkins	Miller Grove ISD	Invalid	J	0.901
2020	Hopkins	North Hopkins ISD	Invalid	A	0.8589
2020	Hopkins	North Hopkins ISD	Invalid	D1	1.1471
2020	Hopkins	North Hopkins ISD	Invalid	E	0.8389
2020	Hopkins	Sulphur Springs ISD	Invalid	A	0.9071
2020	Hopkins	Sulphur Springs ISD	Invalid	D1	1.1464
2020	Hopkins	Sulphur Springs ISD	Invalid	E	0.8526
2020	Hopkins	Sulphur Springs ISD	Invalid	F1	0.793
2021	Hopkins	Miller Grove ISD	Invalid	A	0.8473
2021	Hopkins	Miller Grove ISD	Invalid	D1	1.0797
2021	Hopkins	Miller Grove ISD	Invalid	E	0.9326
2021	Hopkins	North Hopkins ISD	Invalid	A	0.8194
2021	Hopkins	North Hopkins ISD	Invalid	D1	1.0723
2021	Hopkins	North Hopkins ISD	Invalid	E	0.6586
2021	Hopkins	Sulphur Springs ISD	Invalid	A	0.8075
2021	Hopkins	Sulphur Springs ISD	Invalid	D1	1.0709
2021	Hopkins	Sulphur Springs ISD	Invalid	E	0.8884
2022	Hopkins	Miller Grove ISD	Invalid	A	0.8335
2022	Hopkins	Miller Grove ISD	Invalid	D1	1.2204
2022	Hopkins	Miller Grove ISD	Invalid	E	0.8295
2022	Hopkins	North Hopkins ISD	Invalid	A	0.7701
2022	Hopkins	North Hopkins ISD	Invalid	D1	1.2091
2022	Hopkins	North Hopkins ISD	Invalid	E	0.7893
2022	Hopkins	Sulphur Springs ISD	Invalid	A	0.8863
2022	Hopkins	Sulphur Springs ISD	Invalid	D1	1.2017
2022	Hopkins	Sulphur Springs ISD	Invalid	E	0.8437

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

- Conduct staff evaluations annually.
- Create and implement procedures to pick up and review new and/or missing improvements identified by aerial photography.
- Conduct ratio studies at timely intervals by market area, neighborhood, property class, or stratum and make appropriate adjustments based on results.
- Use Hopkins local ratio study results to make reappraisal decisions necessary to produce accurate values.
- Use acceptable income and expense data in the calculations of net to land.

## 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 Hopkins County in 1846 from parts of Lamar and Nacogdoches counties, naming it after Samuel Hopkins, an early settler and officer in the Texas Revolution. Hopkins County is located in northeastern Texas and covers approximately 793 square miles. The county is served by several school districts, including Sulphur Springs, Como-Pickton, Cumby and North Hopkins Independent School Districts.

The county's population in 2020, according to the United States Census Bureau, was 36,787. The major population center is Sulphur Springs, having approximately 16,857 residents. Other notable communities include Cumby, Como and Miller Grove, each contributing to the county's rural and small-town atmosphere.

Based on the 2020 census population, PTAD classifies Hopkins 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

Hopkins became active in January 1980. As of July 2024, it has nine full-time staff positions, not including the chief appraiser and no part-time positions, of which 3 positions are supervisory and five positions are full-time appraisers. Hopkins contracts with a vendor for professional appraisal services. **Exhibit 4** presents Hopkins' general organizational structure.

EXHIBIT 3

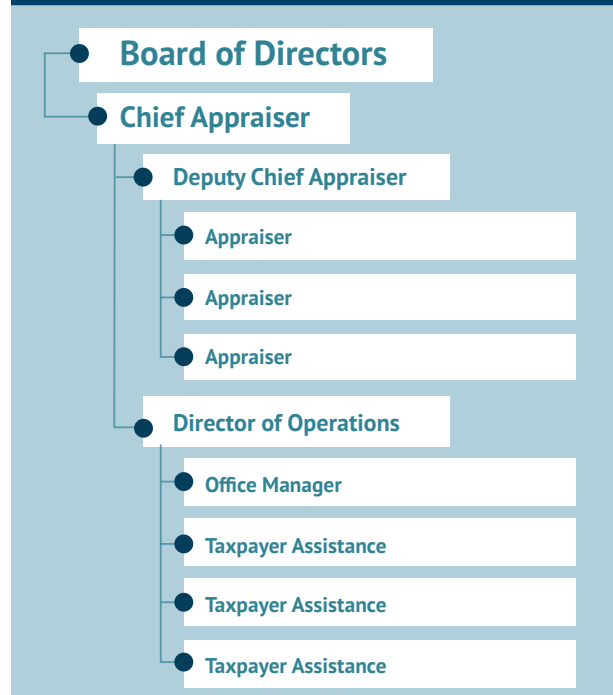
#### County Population by Tier

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

#### Hopkins Organization Structure



Source: Hopkins 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.

Hopkins provides appraisal services for 15 taxing units, as shown in **Exhibit 5** and does not perform collection services.

#### EXHIBIT 5

##### Hopkins Taxing Units and Collections

Name of Taxing Unit	Appraisal District Collects Property Taxes
City of Como	No
City of Cumby	No
City of Sulphur Springs	No
Como-Pickton Independent School District	No
Cumby Independent School District	No
Hopkins County	No
Hopkins County Hospital District	No
Miller Grove Independent School District	No
Mount Vernon Independent School District	No
North Hopkins Independent School District	No
Saltillo Independent School District	No
Sulphur Bluff Independent School District	No
Sulphur Springs Independent School District	No
Winnsboro Independent School District	No
Yantis 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 Hopkins' 2022 budget versus the Tier 2 average 2022 budget (excluding collections) to show how Hopkins' budget aligns with the tier average.





## EXHIBIT 6

**Hopkins 2022 Budget vs. Tier 2 Average**

Hopkins County Appraisal District Budget (2022)	Tier 2 Average Budget (2022)
\$777,000	\$1,541,215

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

In 2022, Hopkins operated with a budget of \$777,000, significantly lower than the Tier 2 average budget of \$1,541,215. This budget comparison highlights relatively smaller financial resources, as reported by Hopkins 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 Hopkins' 2022 staffing and the Tier 2 average (excluding collections) to determine how Hopkins staffing and salaries compare with the tier average.

## EXHIBIT 7

**Hopkins 2022 Staffing and Salaries vs. Tier 2 Average**

	2022	2022 Tier 2 Average
Full Time Staff	9	13
Part Time Staff	0	N/A
Full Time Appraisers	5	7
Lowest Appraiser Salary	\$46,270	\$40,040
Highest Appraiser Salary	\$46,270	\$59,181

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

Hopkins has maintained a full-time staff of nine employees between 2019 and 2022, well below the previous year's Tier 2 average of 13. There have been no part-time staff members during this period. The appraisal district employed five full-time appraisers each year, below the 2022 Tier 2 average and the previous year's Tier 2 average. The lowest appraiser salary rose from \$43,615 in 2019 to \$46,270 in 2022, higher than the 2022 Tier 2 average of \$40,040. The highest appraiser salary rose from \$43,615 in 2019 to \$46,270 in 2022, significantly below the 2022 Tier 2 average of \$59,181. A four-year staff and salary history and Tier 2 average comparison is available in **Appendix 2**.

**Q FINDING**

Hopkins does not conduct staff evaluations annually.

IAAO's *Introduction to Assessment Administration*, Chapter 3, Organization for Assessment Administration, specifies that evaluating each employee's performance is a necessary and important function in office administration. It is only fair to the employee to be told regularly how their supervisors perceive their job performance.





During the onsite visit, written evaluation documents for Hopkins’ staff dated Jan. 18, 2024, were observed. Items on the evaluation sheets included a grading matrix and communication section from the chief appraiser to the employee. The chief appraiser stated that employee evaluations have been done sporadically in the past, not every year, but usually every other year now.

The chief appraiser oversees the operations of the appraisal district, including evaluation of appraisal district staff. Annual evaluations of staff enable employees to know of their performance each year, allowing staff to understand any areas where improvement might be needed. When employees are not notified of their job performance annually, they may be unable to correct any deficiencies



## RECOMMENDATION 1

**Conduct staff evaluations annually.**

### 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 Hopkins’ 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

#### Hopkins Training Budget and Number of Trainings

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

Source: Hopkins County Appraisal District

In 2022, Hopkins’ training budget remained consistent at \$5,000 annually; and the number of trainings attended by appraisal district staff also remained consistent at two per year over the three-year review period. The appraisal district mainly offers in house and virtual training for staff.

### 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 Hopkins’ chief appraiser.



## EXHIBIT 9

**Hopkins Chief Appraiser Information****Chief Appraiser**

Is the Chief Appraiser permanent, temporary or interim?	Permanent
Does the Chief Appraiser perform appraisals?	No
2022 Base Salary	\$63,060
Chief Appraiser – Years at appraisal district	41
Chief Appraiser – Years as a Chief Appraiser	15
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 Hopkins 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 Hopkins' contracts, which are discussed in more detail in throughout this report.

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

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

If the project is deviating from the project timeline, corrective action may be necessary. Deviations can be caused by several 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

**Hopkins Contracts**

Type of Contract	Contract Dates	Years with Same Vendor	Does appraisal district actively monitor contract?
Appraisals of Minerals, Utilities and Industrial	2022-2023	40+ years	Yes
Appraisal of Real Property - Commercial	2021-2022	2 years	Yes
Software	2021-2023	30+ years	Yes
GIS	2019-2023	13 years	Yes
Pictometry	2022-2025	15 years	Yes

Source: Hopkins 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 Hopkins Parcel Information vs. Typical Parcel Per Appraiser Average**

Parcel Information	Hopkins	Typical Parcel Per Appraiser (Rounded)
Parcel Count	34,456	10,001-70,000
Parcels per Appraisal Staff	6,182*	6,400**

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

\* Excludes parcels for contracted appraisal services:

\*\* Includes all property categories

In 2022, Hopkins managed 34,456 parcels placing it with appraisal districts with a typical parcel per appraiser range of 10,001 to 70,000 parcels. Hopkins contracts for appraisal services in Categories F1, F2, G and J. Parcels in these categories are removed from the total parcel count to determine the parcels per appraiser of 6,182. This indicates that Hopkins' parcel per appraiser is in line with the typical parcel per appraiser range, which includes all property categories.

From 2019 to 2022, Hopkins managed parcel counts ranging from 33,231 to 34,456 (including all properties) and the parcels assigned per appraiser for properties appraised in house ranged from 5,919 to 6,182. The total market value of certified parcels increased from \$3,449,769,822 to \$5,048,176,668 between 2019 and 2022. **Appendix 3** provides the appraisal district's parcel data over the four-year review period.



## 2.2 CONTRACTED APPRAISAL SERVICES

From 2019 to 2022, appraisal district staff appraised 81 to 91 percent of the total appraised value within the appraisal district, specifically for Categories A, B, C, D, E, F1, L, M, O and S. In the previous two years, Hopkins contracted for appraisal services for property Categories F1, F2, G and J in 2021 and 2022. In 2019 and 2020, Hopkins contracted for appraisal services for property Categories F2, G and J. Over the previous four years, these contracted firms appraised 9 to 19 percent of the total appraised value within the appraisal district. The cost of these services varied from \$28,380 to \$54,000 over four years. Additionally, the appraisal district uses a geographic information system (GIS) and aerial technology systems.

**Exhibit 12** lists Hopkins' contracted appraisal services.

### EXHIBIT 12

#### Hopkins' Contracted Appraisal Services

	2022	2021	2020	2019
Appraisal Services Contract	Yes	Yes	Yes	Yes
Contracted Property Categories	F1, F2, G and J	F1, F2, G and J	F2, G and J	F2, G and J
Percentage of total appraised value appraised by contracted appraisal firms	16%	19%	10%	9%
Appraisal Contract Cost	\$41,750	\$54,000	\$29,000	\$28,380

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

## 2.3 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

Hopkins does not have a procedure in place to pick up and review new and/or missing improvements identified by aerial photography.



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. One method is aerial photography, which 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.

Hopkins does use aerial photography and change detection, as discussed with the deputy chief appraiser. However, no written or official procedures address the review of improvements identified as missing. The deputy chief appraiser demonstrated how they look at imagery and for improvement changes but did not follow official procedures.

An appraisal district uses aerial photography and change detection for many functions, including identifying improvements. Missing improvements are discovered and added to the appraisal roll. An appraisal district should have procedures in place for reviewing improvements identified as missing so that staff can execute related tasks effectively. Without such procedures, appraisal district staff may not use uniform techniques to locate property, which could lead to inaccuracies.

## RECOMMENDATION 2

**Create and implement procedures to pick up and review new and/or missing improvements identified by aerial photography.**

### 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.



## HOPKINS RATIO STUDIES

### FINDING

Hopkins 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 and they do not use ratio study results to determine if adjustments should be made.

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.

During the onsite visit with the chief and deputy chief appraisers, provided examples of ratio studies run on preliminary values in 2019 to 2023. However, there was no indication that additional ratio studies were conducted at other times each year. The chief appraiser mentioned that staff was stretched thin in the past, but they recently hired an additional appraiser, which should help to free up other staff for additional appraisal tasks.



The ratio studies for 2022 and 2023 indicated substantial increases were needed. Although the appraisal district made large increases these years, the 2022 increases were more conservative than the studies indicated, resulting in potentially low values for Sulphur Springs ISD, North Hopkins ISD and Miller Grove ISD. While the 2023 increases were substantial and should help achieve closer to accurate values for 2024, the ratios from 2019 to 2021 also indicated larger increases than were implemented.

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 3**

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

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#### **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 Hopkins in 2022.





## EXHIBIT 14

## PTAD's Appraisal District Ratio Study, Hopkins 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	473	1,102,269,860	0.89	15.17	39.96	83.72	1.00
B. MULTI-FAMILY RES	0	38,401,800	*	*	*	*	*
C1. VACANT LOTS	0	17,949,520	*	*	*	*	*
C2. COLONIA LOTS	0	0	*	*	*	*	*
D2. FARM/RANCH IMP	0	22,798,400	*	*	*	*	*
E. RURAL-NON-QUAL	146	960,530,650	0.95	17.34	48.63	73.29	1.03
F1. COMMERCIAL REAL	33	350,266,247	*	*	*	*	*
F2. INDUSTRIAL REAL	0	80,950,500	*	*	*	*	*
G. OIL, GAS, MINERALS	0	11,384,959	*	*	*	*	*
J. UTILITIES	13	170,537,920	0.97	2.93	100.00	100.00	1.00
L1. COMMERCIAL PER	29	171,344,129	*	*	*	*	*
L2. INDUSTRIAL PER	0	297,462,037	*	*	*	*	*
M. OTHER PERSONAL	0	38,268,740	*	*	*	*	*
O. RESIDENTIAL INV	0	858,440	*	*	*	*	*
S. SPECIAL INVENTORY	0	14,008,361	*	*	*	*	*
OVERALL	694	3,277,031,563	0.93	14.69	51.30	80.40	0.95

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

Hopkins 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 a slightly low overall median level of appraisal (0.93), indicating an overall tendency toward undervaluation across the assessed properties in Hopkins County. Notably, the median appraisal levels are lower in Categories A (0.89) and E (0.95).

The Coefficient of Dispersion (COD) is a measure of appraisal uniformity. **Exhibit 13** shows the IAAO suggested COD standards. **Exhibit 14** shows Hopkins COD is high in Category A (15.17) Category E (17.34), indicating that the average deviation of the ratios from the median is excessive and reflects a lack of uniformity.



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** indicates that there are no significant issues with vertical equity. The PRD in Category A (1.00) and Category E (1.03) both fall within the IAAO-recommended range, suggesting minimal appraisal progressivity and fair treatment across different property values.

Additionally, **Exhibit 14** shows that the percentage of ratios within +/-10 percent of the median is relatively low for Category A (39.96 percent) but improves in Category E (48.63 percent). Meanwhile, Category J (100 percent) strong performance, supported by a low COD of 2.93. These results indicate that while some categories meet the IAAO's standards for appraisal consistency, improvements are needed in key property types to enhance overall uniformity.



## RECOMMENDATION 4

Use Hopkins local ratio study results to make reappraisal decisions necessary to produce accurate values.

## Section 3 – Categories of Valuation in the SDPVS

PTAD found Categories A, D1 and E to be invalid in the years indicated in **Exhibit 15** for Sulphur Springs ISD, North Hopkins ISD, and Miller Grove ISD. In addition, PTAD found Category F1 invalid in Sulphur Springs ISD and Category J invalid in Miller Grove ISD 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, F2, G, J and L1 in Sulphur Springs ISD to be valid and they are *not* included in the scope of this TARP review.

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

PTAD found Categories B, C1, F1, F2, G and L1 in Miller Grove 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
Sulphur Springs	A, D1, E and F1	A, D1 and E	A, D1 and E
North Hopkins	A, D1 and E	A, D1 and E	A, D1 and E
Miller Grove	A, D1, E and J	A, D1 and E	A, D1 and E

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



### 3.1 CATEGORY A – SINGLE-FAMILY RESIDENTIAL PROPERTY VALUATION

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

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

### 3.2 CATEGORY (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

Hopkins does not use enough acceptable income and expense data in its calculations of net to land.

Tax Code Section 23.51(4) states that the chief appraiser shall 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.

During the onsite visit with the chief appraiser, examples of income and expense data used for the calculation of net to land were observed. Hopkins uses lease data and agricultural questionnaire data for calculations of net to land. Examples of lease income and expense data included livestock/cattle income, hay production income, taxes, fence repair, mowing and maintenance of equipment. The calculations were reproducible. However, the appraisal district had a good sample of leases from years 2016 through 2018 but only a few leases for 2019 and 2020. This limited lease data could explain why values appear to be running high. More income and expense data from additional leases and other resources could help to achieve more accurate values. We reviewed completed agricultural questionnaires returned to the appraisal district with applications. Hopkins should extend its approach to gather more data for calculating net to land. They should consider extending agricultural questionnaires to include a wider group of agricultural properties in the county, not just applications. The appraisal district should also consider data from resources such as the Texas A&M Resource Center/AgriLife, extension office, USDA, etc.

Net to land value is the average annual net income a class of land would likely generate over a five-year period. Appraisers must determine net to land value using a cash or shared lease method or whatever lease arrangement is typical and prudent in the area for that land class. Quality income and expense data are critical in calculating of the net to land. While data is not always readily available, an appraisal district needs to make efforts to gather as much lease data as possible for calculating accurate net to land values. By not obtaining enough income and expense data, an appraisal district will struggle to calculate accurate net to land values.

## RECOMMENDATION 5

Use acceptable income and expense data in the calculations of net to land.



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### 3.3 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.

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

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### 3.4 CATEGORY F1 – COMMERCIAL REAL PROPERTY VALUATION

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

Hopkins Category F1 property values were statistically invalid in 2020. Hopkins undervalued appraisals during the rapidly appreciating market in 2020, even though Hopkins followed the steps outlined. A recommendation related to this category can be found earlier in this report under the Ratio Studies section.

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### 3.5 CATEGORY J – REAL AND 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.

Hopkins Category J property values were statistically invalid in 2020. The same appraisal services contractor has appraised Hopkins utility property for over 40 years. Hopkins 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 2 Average 2019-2022	Tier 2 Average 2022
Total Budget (Excluding Collections)	\$777,000	\$745,050	\$743,250	\$717,088	\$1,404,998	\$1,541,215
Total Property Taxes Levied (All Jurisdictions)	\$56,129,667	\$51,513,215	\$48,921,923	\$48,037,439	\$114,774,433	\$181,458,903
Does the appraisal district collect taxes?	NO	NO	NO	NO	N/A	N/A
Number of Taxing Units Appraisal District Collects For (If Applicable)	0	0	0	0	N/A	N/A

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

## APPENDIX 2

### Appraisal District Staffing

#### Appraisal District Staff

	2022	2021	2020	2019	Tier 2 Average 2019-2022	Tier 2 Average 2022
Full Time Staff	9	9	9	9	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	5	5	5	5	7	7
Lowest Appraiser Salary	\$46,270	\$44,920	\$44,920	\$43,615	\$41,834	\$40,040
Highest Appraiser Salary	\$46,270	\$44,920	\$44,920	\$43,615	\$57,417	\$59,181

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



## APPENDIX 3

## Appraisal District Parcel Information

Hopkins	2022	2021	2020	2019
Parcel Count*	34,456	33,939	33,231	34,038
Number Taxing Units	15	15	15	15
Parcels per Appraisal Staff**	6,182	6,055	5,919	6,035
Total Market Value Certified	\$5,048,176,668	\$3,933,190,751	\$3,579,361,459	\$3,449,769,822

## 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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