



Property Tax Assistance Division
2023 Report

Review of
Appraisal
District
Appraisal
Standards,
Procedures and
Methodology

TARGETED APPRAISAL REVIEW PROGRAM

JIM WELLS COUNTY APPRAISAL DISTRICT



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Texas Comptroller of Public Accounts

2023 TARGETED APPRAISAL REVIEW

JIM WELLS COUNTY APPRAISAL DISTRICT

Chief Appraiser: Carlos Rodriguez

Reviewer: Dwayne Andrews

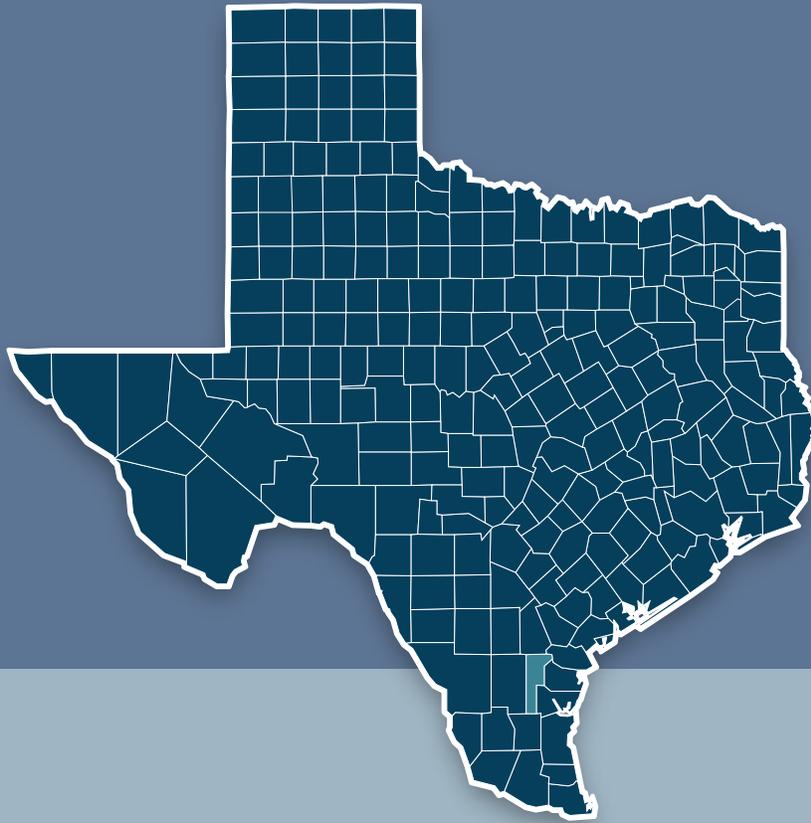




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Executive Summary

In September 2023, the Texas Comptroller of Public Accounts identified Orange Grove Independent School District (Orange Grove ISD), located in Jim Wells 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 Jim Wells County Appraisal District (Jim Wells).

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 Jim Wells. Over the next year, TARP reviewers will work with Jim Wells 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 Jim Wells 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 Orange Grove ISD in Jim Wells 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

Jim Wells SDPVS Results 2020-2022

SDPVS Year	County	School District	Findings	Category*	Ratio
2020	Jim Wells	Orange Grove ISD	Invalid	A	0.9013
2020	Jim Wells	Orange Grove ISD	Invalid	D1	1.1314
2020	Jim Wells	Orange Grove ISD	Invalid	E	0.7984
2021	Jim Wells	Orange Grove ISD	Invalid	A	0.7893
2021	Jim Wells	Orange Grove ISD	Invalid	D1	1.1805
2021	Jim Wells	Orange Grove ISD	Invalid	E	0.7411
2022	Jim Wells	Orange Grove ISD	Invalid	A	0.7346
2022	Jim Wells	Orange Grove ISD	Invalid	D1	1.326
2022	Jim Wells	Orange Grove ISD	Invalid	E	0.6489

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

- Conduct a salary survey to establish competitive salaries for the local job market.
- Authorize and train staff to fully use the appraisal software system.
- Present cost/benefit analysis to the board of directors regarding the acquisition of aerial photography.
- Gather available real estate transfer documents and use available third-party sources for gathering sales information for ratio studies.
- Conduct ratio studies at timely intervals and make appropriate adjustments based on results.
- Run ratios studies by market area, neighborhood, property class or stratum and make appropriate adjustments based on results.
- Use Jim Wells’ local ratio study results to make reappraisal decisions necessary to produce accurate values.
- Conduct and analyze ratio studies to determine areas to address and incorporate them in reappraisal plan.
- Review and update residential cost schedules annually.
- Develop valuation procedures and cost schedules for manufactured homes and update them annually.
- Review and update land schedules annually.
- Document land valuation procedures.
- Develop adjustment factors regularly for relevant features based on market analysis.

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 Jim Wells County in 1911 from parts of Nueces County. It is bordered by Live Oak and San Patricio counties on the north, Nueces and Kleberg counties on the east, Brooks County on the south and Duval County on the west.

The county includes the Alice, Orange Grove, Premont and Ben Bolt-Palito Blanco Independent School Districts. The county population in 2020, according to the United States Census Bureau, was 38,891. Major population centers include the city of Alice, which has 18,664 residents and other cities such as Premont and Orange Grove.

Based on the 2020 census population, PTAD classifies Jim Wells 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

Jim Wells became active in January 1980. As of July 2024, it has 12 full-time staff positions and one part-time position, of which five positions are supervisory and five positions are full-time appraisers. Jim Wells contracts with a vendor for professional appraisal services in multiple categories that are listed later in this report. **Exhibit 4** presents the Jim Wells 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.

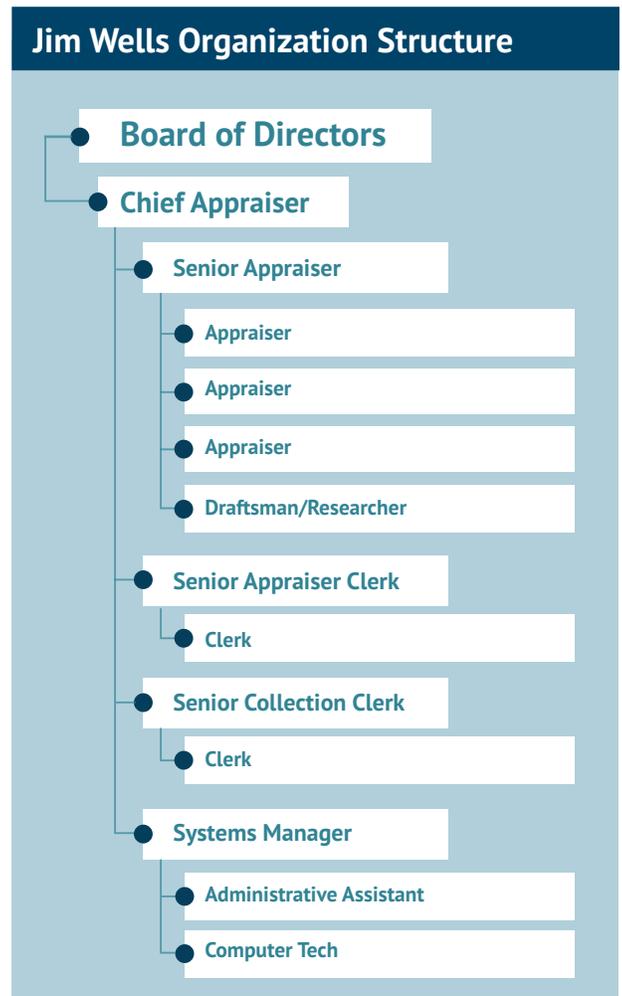
Jim Wells provides appraisal services for 19 taxing units and the assessment and collection functions for 14 taxing units, as shown in **Exhibit 5**.

EXHIBIT 3

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

Source: Texas Comptroller of Public Accounts

EXHIBIT 4



Source: Jim Wells County Appraisal District



EXHIBIT 5

Jim Wells Taxing Units and Collections

Name of Taxing Unit	Appraisal District Collects Property Taxes
Agua Dulce Independent School District	No
Alice Independent School District	Yes
Alice Water Authority	Yes
Ben Bolt-Palito Blanco Independent School District	Yes
Brush Country Groundwater Conservation District	Yes
City of Alice	Yes
City of Orange Grove	Yes
City of Premont	Yes
City of San Diego	No
Jim Wells County	No
Jim Wells County ESD #1	Yes
Jim Wells County ESD #2	Yes
Jim Wells County FWSD #1	Yes
Kennedy County Groundwater Conservation District #5	Yes
La Gloria Independent School District	Yes
Nueces - Jim Wells Counties ESD #5	No
Orange Grove Independent School District	Yes
Premont Independent School District	Yes
San Diego 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. The 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 the Jim Wells 2022 budget (excluding collections) versus the Tier 2 average 2022 budget (excluding collections) to show how the Jim Wells budget aligns with the tier average.



EXHIBIT 6

Jim Wells 2022 Budget vs. Tier 2 Average

Jim Wells County Appraisal District Budget (2022)	Tier 2 Average Budget (2022)
\$1,337,155	\$1,541,215

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

In 2022, Jim Wells operated with a budget of \$1,337,155, below the tier average. This budget comparison highlights the relatively smaller financial resources, as reported by Jim Wells 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 the Jim Wells 2022 staffing (excluding collections) and the Tier 2 average (excluding collections) to determine how the Jim Wells staffing and salaries compare with the tier average.

EXHIBIT 7

Jim Wells 2022 Staffing and Salaries vs. Tier 2 Average

	2022	2022 Tier 2 Average
Full Time Staff	12	13
Part Time Staff	1	N/A
Full Time Appraisers	5	7
Lowest Appraiser Salary	\$40,000	\$40,040
Highest Appraiser Salary	\$64,203	\$59,181

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

From 2019 to 2022, Jim Wells has consistently maintained a full-time staff of 12 employees, aligning closely with the 2022's Tier 2 average of 13. There was one part-time staff member during this period. From 2019 to 2022, in the appraisal division, Jim Wells employed between three to five full-time appraisers each year from 2019 to 2022, below the Tier 2 average for 2022. The lowest appraiser salary decreased from \$53,021 in 2019 to \$40,000 in 2022, which makes the salary similar to the 2022 Tier 2 average of \$40,040. The highest appraiser salary rose from \$57,636 in 2019 to \$64,203 in 2022, higher than 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

Jim Wells board of directors has not conducted a salary survey in the previous five years. IAAO's *Introduction to Assessment Administration*, Chapter 3, Organization for Assessment Administration, recommends that salary schedules be competitive with the market, if the budget permits and that salaries are equitable.



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

Discussion with the Jim Wells chief appraiser revealed that the board of directors has not been presented with salary surveys in the past five years. No data was made available to the reviewer. The chief appraiser acknowledged that salaries are an area the district needs to address.

RECOMMENDATION 1

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

1.6 TRAINING

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

Exhibit 8 provides Jim Wells’ 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

Jim Wells Training Budget and Number of Trainings

	2022	2021	2020
Training Budget	\$7,000	\$5,000	\$5,000
Number of Trainings Attended	1-2	1-2	1-2

Source: Jim Wells County Appraisal District

In 2022, Jim Wells’ training budget rose from the previous two years. The number of trainings attended by appraisal district staff remained steady over the three-year review period. The trainings attended are internal, external and webinar. The trainings are completed by TDLR registrants to meet continuing education requirements.

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 Jim Wells’ chief appraiser.



EXHIBIT 9

Jim Wells Chief Appraiser Information

Chief Appraiser

Is the Chief Appraiser permanent, temporary or interim?	Permanent
Does the Chief Appraiser perform appraisals?	Yes
2022 Base Salary	\$96,985
Chief Appraiser – Years at appraisal district	42
Chief Appraiser – Years as a Chief Appraiser	1
Does the Chief Appraiser receive a car allowance?	Yes
What is the amount of the car allowance? (If applicable)	\$ 5,580
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 Jim Wells 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 Jim Wells 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

Jim Wells Contracts

Type of Contract	Contract Dates	Years with Same Vendor	Does appraisal district actively monitor contract?
Appraisal of Minerals	2019-2023	42 years	Yes
Software	2019-2023	30 years	Yes
GIS	2019-2023	5 years	Yes

Source: Jim Wells 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 Jim Wells Parcel Information vs. Typical Parcel Per Appraiser Average

Parcel Information	Jim Wells	Typical Parcel Per Appraiser (Rounded)
Parcel Count	38,500	10,001-70,000
Parcels per Appraisal Staff	6,441*	6,400**

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

* Excludes parcels for contracted appraisal services:

** Includes all property categories

In 2022, Jim Wells managed 38,500 parcels placing with appraisal districts in its typical parcel per appraiser range of 10,001 to 70,000 parcels. Jim Wells contracts for appraisal services in Categories F2, G, J and L2. Parcels in these categories are removed from the total parcel count to determine the parcels per appraiser of 6,441. This indicates that Jim Wells' parcels per appraiser is in line with the typical parcel per appraiser range, which includes all property categories.

From 2019 to 2022, Jim Wells managed parcel counts ranging from 38,058 to 38,500 (including all property categories) and the parcels assigned per appraiser for properties appraised in house ranged from 6,441 to 10,682. The total market value of certified parcels increased from \$2,618,345,431 to \$2,901,315,353 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 2020 to 2022, appraisal district staff appraised 82 percent of the total appraised value within the appraisal district, specifically for Categories A, B, C, D, E, F1, M, O and S. In 2019, appraisal district staff appraised 55 percent of the total appraised value within the appraisal district. Jim Wells contracted for appraisal services for property Categories F2, G, J and L2 from 2020 to 2022 and Categories A, B, D, E, F, G, J and L in 2019. From 2020 to 2022, these contracted firms appraised 18 percent and in 2019, 45 percent of the total appraised value within the appraisal district. The cost of these services varied from \$196,000 to \$76,000 over four years. Additionally, the appraisal district uses a geographic information system (GIS) but did not employ aerial technology systems. Jim Wells' contracted appraisal services are listed in **Exhibit 12**.

EXHIBIT 12

Jim Wells Contracted Appraisal Services

	2022	2021	2020	2019
Appraisal Services Contract	Yes	Yes	Yes	Yes
Contracted Property Categories	F2, G, J and L2	F2, G, J and L2	F2, G, J and L2	A, B, D, E, F, G, J and L
Percentage of total appraised value appraised by contracted appraisal firms	18%	18%	18%	45%
Appraisal Contract Cost	\$76,000	\$76,000	\$76,000	\$196,000

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

Jim Wells does not use its CAMA software to its full potential.

Jim Wells' chief appraiser described the current CAMA software as basic. Jim Wells currently relies on an outdated CAMA system, making it one of the last appraisal districts in the state still using this system for appraisal. The appraisal district has experienced major problems with the system as it has not been updated in over 10 years and does not support multi-year processing. The appraisal district has used the system since 1994, but no one fully understood how to use its full potential. While the system may have ratio studies capabilities, sales information was tracked manually using Excel spreadsheets. The appraisal district continued using the system due to its support for collections support and benefits.

The chief appraiser indicated that staff is not authorized or trained to perform queries, ratio studies or quality control reports using the CAMA software. This is a duty only performed by management. Also, sales are manually tracked via Excel spreadsheets instead of using the CAMA system. By not utilizing the full capabilities of the CAMA system's ratio reports,



Jim Wells’s ratio studies lack the important statistical measures of uniformity. Additionally, combining all sales data into one spreadsheet fails to provide the necessary information for making accurate adjustments based upon property category, classification, submarket and strata.

Inadequate training on the CAMA software increases the time required to complete tasks more efficiently. Insufficient knowledge of the ratio study program hinders the appraisal district’s ability to accurately identify, sort, stratify and analyze sales data and central tendencies necessary for assigning the most accurate appraised values.

 **RECOMMENDATION 2**

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

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 appraises 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**

Jim Wells lacks aerial photography and change detection capabilities.

IAAO’s *Standard on Digital Cadastral Maps*, Section 3.2, Imagery, explains vertical aerial photographs have long been an essential imagery product for developing the cadastral map. Imagery has greater value when all distortions have been removed, it is tied to a geodetic control network, can serve as a base map and meets the measurement tolerances required for use with a cadastral layer or as a base for the construction of the cadastral layer. Such images are called orthophotos, orthorectified images, or orthros. Orthophotos are most commonly provided in a digital form either in black and white or in color. Digital color orthophotos are the standard imagery product of most assessment agencies with digital mapping programs. At a minimum, appraisal districts should acquire new imagery of urban areas every five years and of rural areas every ten years. Appraisal districts experiencing rapid or slow growth or without construction permitting requirements should adjust this timetable.

The Jim Wells chief appraiser stated that the appraisal district has not performed a cost/benefit analysis or presented one to the board of directors regarding the acquisition of aerial photography and/or change detection services.

Jim Wells currently contracts for appraisals in categories F2, G, J, L2 and inspections. According to the chief appraiser, the appraisal district relies entirely on physical inspection and does not receive building permits or documentation from the city regarding new construction or water meters. Acquiring aerial photography would benefit Jim Wells in monitoring year-to-year changes.

 **RECOMMENDATION 3**

Present cost/benefit analysis to the board of directors regarding 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.*

JIM WELLS RATIO STUDIES

FINDING

Jim Wells does not gather available real estate transfer documents and use available third-party sources in gathering sales information for ratio studies.

IAAO's *Standard on Verification and Adjustment of Sales*, Section 3.3, Parties to the Sale and Third-Party Sources, advises that appraisal districts contact buyers and sellers of real property directly to secure or confirm sales data. When buyers or sellers are parties to the sale, contacting all parties to verify agreement on the data is essential.

Third-party sources are a source of sales data and are especially important when transfer and disclosure documents do not provide full disclosure or omit essential data. The following is a partial listing of third-party sources:

- i. Multiple listing services
- ii. Title companies
- iii. Financial institutions
- iv. Leasing agencies
- v. Property managers



- vi. Real estate brokers and agencies
- vii. Government and private fee appraisers
- viii. Attorneys
- ix. Appraisal organizations

The appraisal district did not produce any sales information for the Orange Grove ISD area for 2022. The appraisal district used sales information from 2020 for Categories C, D and E for Orange Grove ISD. The appraisal district provided sales information for Category A from Alice ISD in 2022 only. Instead of using the CAMA system, sales are manually tracked via Excel spreadsheets and managed generally by the senior appraiser.

Due to the absence of recent sales data, the appraisal district relied on historical and outdated information. Using current data will render results more aligned with the current market values. Other appraisal districts throughout the state rely on various third-party sources to aid in obtaining sales data. Utilizing data from these sources could be beneficial to the appraisal district.

 **RECOMMENDATION 4**

Gather available real estate transfer documents and use available third-party sources for gathering sales information for ratio studies.

 **FINDING**

Jim Wells does not conduct ratio studies at timely intervals during the valuation process or 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

Ratios study data was noted to have been collected but appears ratios were only run only once a year. The chief appraiser explains that sales data is limited and the CAMA system lacks the ability to store and run comparisons/analysis of sales information. Therefore, this is a manual process for staff appraisers and is generally tracked via Excel spreadsheets. The data is analyzed on a countywide basis in most cases with only a basic analysis being done. There was no breakdown of class, neighborhood, or stratum noted.



Ratio study results and implications cannot be demonstrated due to the limitations of the CAMA system. Jim Wells made basic schedule adjustments using the spreadsheet data but was unable to make needed comprehensive adjustments. When the ratio study process was discussed with the senior appraiser, she explained the variability measures would have to be manually calculated in order to make those determinations.

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 and make appropriate adjustments based on results.

 **FINDING**

Jim Wells does not run ratio studies by market area, neighborhood, property class or stratum.

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.

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.

The appraisal district should choose strata consistent with factors in the mass appraisal model. When the ratio 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. It is also highly desirable to simultaneously stratify based on more than one characteristic.

Jim Wells did not run or provide ratio studies for the years 2020 to 2022. Although sales information was available, it was manually tracked via Excel spreadsheet and the low number of sales likely rendered the results questionable. Due to the limitations of the CAMA system, the appraisal district could not demonstrate results, nor was there a breakdown by class, neighborhood or stratum.

Jim Wells purchased a new CAMA system that was implemented in the summer of 2024. The new system includes these features and likely will improve the appraisal district's appraisal efforts in future years.

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 6**

Run ratios studies 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 Jim Wells in 2022.

EXHIBIT 14

PTAD’s Appraisal District Ratio Study, Jim Wells 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	319	585,782,745	0.78	17.56	40.13	74.92	1.03
B. MULTI-FAMILY RES	0	17,163,641	*	*	*	*	*
C1. VACANT LOTS	0	11,760,125	*	*	*	*	*
C2. COLONIA LOTS	0	0	*	*	*	*	*
D2. FARM/RANCH IMP	0	13,501,496	*	*	*	*	*
E. RURAL-NON-QUAL	180	688,219,510	0.74	34.89	23.89	45.00	1.14
F1. COMMERCIAL REAL	77	208,277,714	0.96	10.27	66.23	90.91	0.99
F2. INDUSTRIAL REAL	0	90,643,921	*	*	*	*	*
G. OIL, GAS, MINERALS	0	13,510,500	*	*	*	*	*
J. UTILITIES	10	338,194,866	0.95	2.53	100.00	100.00	1.00
L1. COMMERCIAL PER	40	120,682,010	*	*	*	*	*
L2. INDUSTRIAL PER	0	134,258,980	*	*	*	*	*
M. OTHER PERSONAL	0	31,043,054	*	*	*	*	*
O. RESIDENTIAL INV	0	0	*	*	*	*	*
S. SPECIAL INVENTORY	0	11,135,021	*	*	*	*	*
OVERALL	626	2,264,173,583	0.82	22.08	29.23	68.37	0.93

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

Jim Wells is not appraising property equitably at market value.

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 Jim Wells has an overall low median level of appraisal (0.82) and a low median level of appraisal in Category A (0.78) and Category E (0.74). These low ratios indicate 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 Jim Wells has a high overall COD (22.08) and a high COD in Category A (17.56) and Category E (34.89) and a low COD in Category J (2.53), indicating uniformity issues across major property types. These figures indicate higher variability in appraisal ratios, suggesting inconsistencies in valuation. This level of dispersion suggests the average deviation of the ratios from the median is excessive, potentially affecting the reliability of the appraisal assessments.

The Price-Related Differential (PRD) is a measure of vertical equity, comparing the appraisal of higher valued properties to the appraisal of lower valued properties. IAAO states that anything outside of the PRD range of 0.98-1.03 indicates vertical inequity or treating higher and lower valued properties differently. **Exhibit 14** shows the PRD for Category A (1.00) to be within the appropriate range, suggesting that Jim Wells is treating higher and lower valued properties similarly. The PRD for Category E (1.14) is high suggesting regressivity or that lower valued properties are relatively over-appraised compared to high-value properties. The overall PRD (0.93) is lower than the IAAO suggested PRD range, indicating progressivity overall or that high valued properties are relatively over-appraised.

The low median level of appraisal, combined with the good COD and PRD, indicates that the appraisal district could apply a trend factor to Category A properties. Low median levels of appraisal, combined with high COD and high PRD, indicates that a reappraisal of Category E property would be prudent. Because ADRS only reviews certain property categories, Jim Wells 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 7

Use Jim Wells’ 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 as on Jan. 1.

FINDING

Jim Wells has not developed a reappraisal plan based on ratio study analysis to determine which areas to address.

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 complete and more 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 to identify areas in which the assessment levels are too low or lack uniformity and property groups for which additional reappraisal work may be required. In such cases, it is also highly desirable to stratify on the basis of more than one characteristic simultaneously.

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.

The appraisal district did not use ratio studies in prior years to determine problematic areas to be addressed in the reappraisal plan. The new chief appraiser plans to begin using ratio studies. He acknowledges the challenge due to the county's rural nature and lack of sales but recognizes that the market has changed and ratios indicate a need to address values. He also understands the importance of ratio studies and is working to implement new software to provide appraisers and staff with better tools to facilitate their daily tasks.

Performing ratio studies analysis is essential in determining reliable market trends and developing market values. The appraisal district's reappraisal plan should identify the problematic areas based on ratio analysis to determine the market areas for the county.

 **RECOMMENDATION 8**

Conduct and analyze ratio studies to determine areas to address and incorporate them in reappraisal plan.

Section 3 – Categories of Valuation in the SDPVS

PTAD found Orange Grove ISD's Categories A, D1 and E 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, C, F, G, J and L in Orange 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
Orange Grove	A, D1 and E	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.



FINDING

Jim Wells does not update residential cost schedules.

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

Reliable cost data are imperative in any successful application of the cost approach. The data must be complete, typical and current. Current construction costs should be based on the cost of replacing a structure with one of equal utility, using current materials, design and building standards. In addition to specific property types, cost models should include the cost of individual construction components and building items to adjust for features that differ from base specifications. The appraisal district should incorporate these costs into a construction cost manual and related computer software. The software can perform the valuation function. The appraisal district can use the manual for nonautomated calculations and provide additional documentation.

Jim Wells did not adjust residential cost schedules in 2022.

For tax year 2024, the new chief appraiser provided documentation and evidence of developing and implementing new schedules. These new land schedules indicate a significant increase in land values, supported by sales data. Although values may still be low, the appraisal district appears to be on the right path to aligning values with current market trends.

Collecting sales data and performing ratio studies analysis on a regular basis is essential for determining reliable market trends and updating cost schedules to reflect market values. Despite limited sales data, an appraisal district should still update cost schedules using available resources including published cost information or builder information. Multiple years of sales data can be combined to obtain a more accurate picture of current market values. Cost schedules should be adjusted to reflect 100 percent of market value, even if it requires substantial increases.

RECOMMENDATION 9

Review and update residential cost schedules annually.

FINDING

Jim Wells does not have procedures in place for the valuation of mobile/manufactured homes.

IAAO's *Standard on Mass Appraisal*, Section 4.6.2, Manufactured Housing, states the appraisal district can value manufactured or mobile homes in several ways depending on the local market and ownership status. Often, mobile homes are purchased separately and situated in a rented space in a mobile home park. In this case, the best strategy is to model the mobile homes separately from the land. At other times, mobile homes are situated on individual lots and bought and sold similarly to stick-built homes. The mobile homes may be intermixed with stick-built homes, particularly in rural areas. In these cases, they can be modeled like that for other residential properties and included in the same models, if the model includes variables to distinguish them and recognize any relevant differences from other homes (e.g., mobile homes may appreciate at a rate different from that for stick-built homes).

From 2019 to 2022, the appraisal district used outdated manufactured home schedules, which resulted in values around 30 percent of market value, according to the new chief appraiser. The appraisal district's valuation tables were outdated by several years.

In 2023, the appraisal district began using the National Automobile Dealers Association (NADA) guide to appraise manufactured homes however the values were still low. Therefore, the chief appraiser stated he plans to update the modular home schedule and use it instead of the NADA guide.



RECOMMENDATION 10

Develop valuation procedures and cost schedules for manufactured homes and update them annually.

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.

Jim Wells Category D1 property values were statistically invalid from 2020 to 2022. The appraisal district does not gather available real estate transfer documents and use available third-party sources in gathering sales information. Without current and valid market data, statistically invalid values were produced.

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.

FINDING

Jim Wells 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 school or appraisal 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.

The appraisal district should annually review and adjust land schedules. 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.

In 2022, Jim Wells did not adjust land schedules. For tax year 2024, the new chief appraiser provided documentation and evidence of new schedules being developed and implemented. These new land schedules indicate a significant increase in land values, supported by sales data. While values may still be low, the appraisal district appears to be on the right path to updating and aligning values with current market trends.

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



RECOMMENDATION 11

Review and update land schedules annually.



FINDING

Jim Wells does not clearly document land valuation procedures.

IAAO's *Property Assessment Valuation*, Chapter 7, 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.

Historically, the appraisal district's land valuation process involved gathering as many sales as possible and working to adjust them. The appraisal district did not use third-party sources except for sales verification letters, of which they received few. This process generally takes a few years to gather enough sales data to determine necessary adjustments and is typically handled by the chief appraiser or a senior appraiser. The appraisal district does not have a documented process that addresses relevant factors in the land valuation process.



RECOMMENDATION 12

Document land valuation procedures.



FINDING

Jim Wells does not regularly develop adjustment factors for relevant features based on market analysis.

IAAO's *Standard on Mass Appraisal*, Section 4.8, Frequency of Reappraisals, states that Section 5.1 of the Standard on Property Tax Policy (IAAO 2020) states that current market value implies an annual assessment of all property. Annual assessment does not necessarily mean the appraisal district must examine each property yearly. Instead, the appraisal district can recalibrate models or market adjustment factors derived from ratio studies or other market analyses based on criteria such as property type, location, size and age.

Typically, appraisers apply factors to areas that have effects such as corner lots, topography, lake frontage and lake views. Jim Wells has developed and uses adjustment factors for these areas. The chief appraiser explained that historically the appraisal district did not have data or sales information to support adjustments for these factors. The appraisal district now uses available sales data in this analysis.



RECOMMENDATION 13

Develop adjustment factors regularly for relevant features based on market analysis.



APPENDICES

APPENDIX 1

Appraisal District Budget

	2022	2021	2020	2019	Tier 2 Average 2019-2022	Tier 2 Average 2022
Total Budget (Excluding Collections)	\$1,337,155	\$1,292,347	\$1,260,323	\$1,137,913	\$1,404,998	\$1,541,215
Total Property Taxes Levied (All Jurisdictions)	\$47,996,815	\$46,869,569	\$45,787,588	\$45,787,588	\$114,774,433	\$181,458,903
Does the appraisal district collect taxes?	Yes	Yes	Yes	Yes	N/A	N/A
Number of Taxing Units Appraisal District Collects For (If Applicable)	14	14	14	14	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	12	12	12	12	13	13
Part Time Staff	1	1	1	1	N/A	N/A

Appraisal Staff

	2022	2021	2020	2019	Tier 2 Average 2019-2022	Tier 2 Average 2022
Full Time Appraisers	5	5	4	3	7	7
Lowest Appraiser Salary	\$40,000	\$40,000	\$55,672	\$53,021	\$41,834	\$40,040
Highest Appraiser Salary	\$64,203	\$75,190	\$73,000	\$57,636	\$57,417	\$59,181

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



APPENDIX 3

Appraisal District Parcel Information

Jim Wells	2022	2021	2020	2019
Parcel Count*	38,500	38,500	38,058	38,474
Number Taxing Units	19	19	19	19
Parcels per Appraisal Staff**	6,441	6,447	8,036	10,682
Total Market Value Certified	\$2,901,315,353	\$2,618,345,431	\$2,618,345,431	\$2,658,434,388

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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