



Property Tax Assistance Division
2023 Report

Review of
Appraisal
District
Appraisal
Standards,
Procedures and
Methodology

TARGETED APPRAISAL REVIEW PROGRAM

KINNEY COUNTY APPRAISAL DISTRICT



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Texas Comptroller of Public Accounts

2023 TARGETED APPRAISAL REVIEW

KINNEY COUNTY APPRAISAL DISTRICT

Chief Appraiser: Todd Tate

Reviewer: Bob Drury

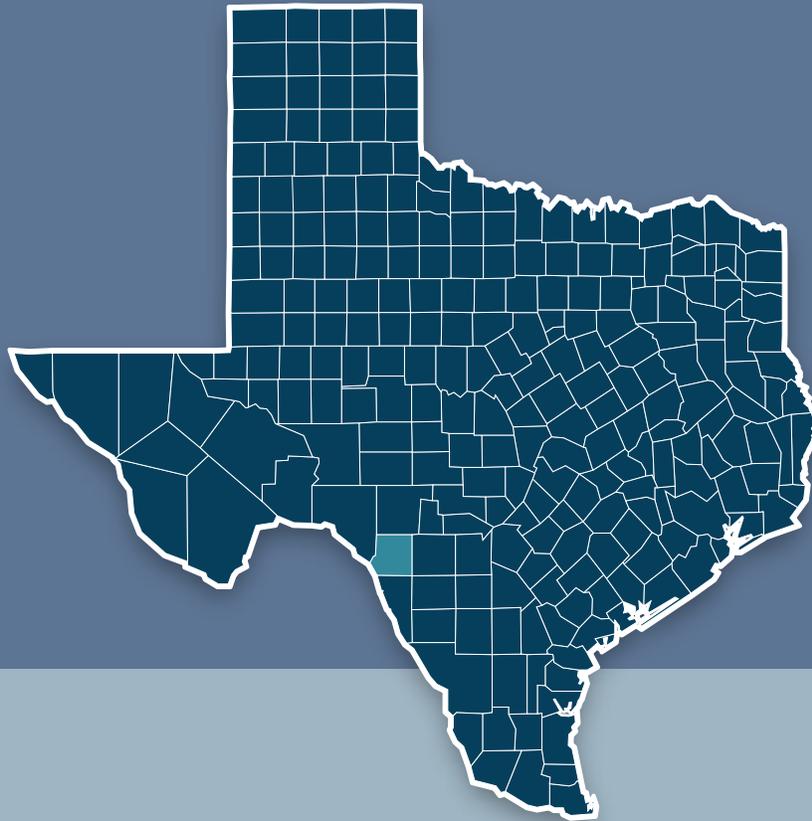




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Executive Summary

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

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 Kinney. Over the next year, TARP reviewers will work with Kinney 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 Kinney 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 Brackett ISD in Kinney 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

Kinney SDPVS Results 2020-2022

SDPVS Year	County	School District	Findings	Category*	Ratio
2020	Kinney	Brackett ISD	Invalid	D1	0.7887
2020	Kinney	Brackett ISD	Invalid	E	0.8208
2020	Kinney	Brackett ISD	Invalid	J	0.9272
2021	Kinney	Brackett ISD	Invalid	D1	0.9407
2021	Kinney	Brackett ISD	Invalid	E	0.8625
2022	Kinney	Brackett ISD	Invalid	A	0.8656
2022	Kinney	Brackett ISD	Invalid	D1	0.8836
2022	Kinney	Brackett ISD	Invalid	E	0.8978
2022	Kinney	Brackett ISD	Invalid	J	0.879

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

- Ensure that appraisal district staff are properly trained to use all features and capabilities of the CAMA software system.
- Update appraisal district maps to reflect all properties.
- Conduct ratio studies at timely intervals by market area, neighborhood, property class or stratum.
- Use Kinney's local ratio study results to make reappraisal decisions necessary to produce accurate values.
- Use properly calculated values for land designated as agricultural use.
- Verify contractor values and follow a process for reviewing, verifying and evaluating the work of contractors.

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 Kinney County in 1850, naming it after early settler Henry Lawrence Kinney. Roughly square in shape, it is bordered by Edwards County in the north, Uvalde County on the east, Maverick County on the south and Val Verde County and Mexico on the west.

The county includes the Brackett, Rocksprings and Uvalde Consolidated Independent School Districts.

The county population in 2020, according to the United States Census Bureau, was 3,141. Major population center is the city of Brackettville, with 1,688 residents, along with smaller towns such as Spofford.

Based on the 2020 census population, PTAD classifies Kinney as Tier 3 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

Kinney became active in January 1980. As of July 2024, it has four full-time staff positions and one part-time position, of which one position is supervisory and two positions are full-time appraisers. Kinney contracts with a vendor for professional appraisal services.

Exhibit 4 presents Kinney’s general organizational structure

1.3 TAXING UNITS

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

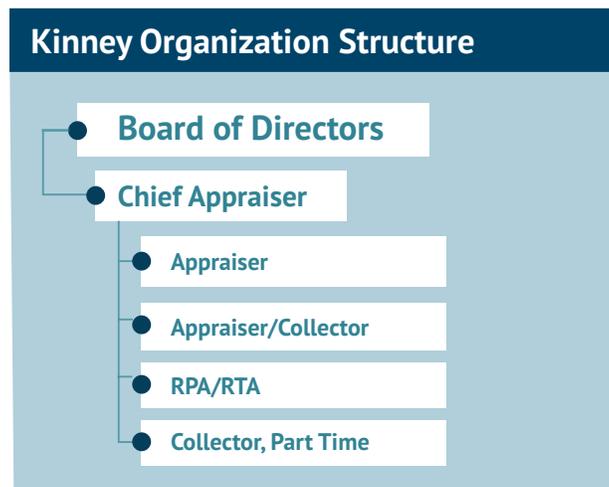
Kinney provides appraisal services for six taxing units, as shown in **Exhibit 5** and performs collection services for those taxing units.

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: Kinney County Appraisal District



EXHIBIT 5

Kinney Taxing Units and Collections

Name of Taxing Unit	Appraisal District Collects Property Taxes
Bracket Independent School District	Yes
City of Brackettville	Yes
City of Spofford	Yes
Fort Clark MUD	Yes
Kinney County	Yes
Kinney County Groundwater Conservation District	Yes

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 recourses and necessary data.

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

EXHIBIT 6

Kinney 2022 Budget vs. Tier 3 Average

Kinney County Appraisal District Budget (2022)	Tier 3 Average Budget (2022)
\$241,193	\$547,673

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

In 2022, Kinney operated with a budget of \$241,193, less than half of the Tier 3 average budget of \$547,673 for 2022. This budget comparison highlights the significantly smaller financial resources, as reported by Kinney 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 Kinney’s 2022 staffing (excluding collections) and the Tier 3 average (excluding collections) to determine how Kinney staffing and salaries compare with the tier average.

EXHIBIT 7

Kinney 2022 Staffing and Salaries vs. Tier 3 Average

	2022	2022 Tier 3 Average
Full Time Staff	4	4
Part Time Staff	0	N/A
Full Time Appraisers	2	3
Lowest Appraiser Salary	\$30,000	\$39,505
Highest Appraiser Salary	\$35,000	\$48,041

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

From 2019 to 2022, Kinney has consistently maintained a full-time staff of three to four employees, which is similar to the 2022 Tier 3 average of four. In the appraisal division, the appraisal district employed between two to four full-time appraisers each year, which is similar to the 2022 Tier 3 average. The lowest appraiser salary increased from \$22,000 in 2019 to \$30,000 in 2022, significantly below the 2022 Tier 3 average of \$39,505. The highest appraiser salary rose from \$32,000 in 2019 to \$35,000 in 2022, significantly below the 2022 Tier 3 average of \$48,041. A four-year staff and salary history and Tier 3 average comparison is available in **Appendix 2**. Kinney did not perform a salary survey between 2019 and 2022 but did complete a survey in 2023.

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

EXHIBIT 8

Kinney Training Budget and Number of Trainings

	2022	2021	2020
Training Budget	\$19,600	\$17,869	\$19,000
Number of Trainings Attended	5	13	4

Source: Kinney County Appraisal District

From 2020 to 2022, Kinney’s training budget ranged from \$17,869 to \$19,600 and the number of trainings ranged from four to 13 over this time span. Kinney staff attended more training in 2021 to make up for missed training courses in 2020.



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 Kinney's chief appraiser.

EXHIBIT 9

Kinney Chief Appraiser Information

Chief Appraiser

Is the Chief Appraiser permanent, temporary or interim?	Permanent
Does the Chief Appraiser perform appraisals?	Yes
2022 Base Salary	\$58,052
Chief Appraiser – Years at appraisal district	13
Chief Appraiser – Years as a Chief Appraiser	5
Does the Chief Appraiser receive a car allowance?	No
What is the amount of the car allowance? (If applicable)	N/A
Does the Chief Appraiser receive retirement benefits?	Yes
Does the Chief Appraiser receive medical insurance benefits?	Yes

Source: Texas Comptroller of Public Accounts, *Appraisal District Operation Survey* and Kinney 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 Kinney's contracts, which are discussed in more detail throughout this report.

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

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

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

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



EXHIBIT 10

Kinney Contracts

Type of Contract	Contract Dates	Years with Same Vendor	Does appraisal district actively monitor contract?
Appraisal of Minerals, Industrial and Utilities	2022-2023	25 years	Yes
Software	2021-2023	21 years	Yes
Mapping	2021-2023	21 years	Yes
GIS	2021-2023	3 years	Yes

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

Parcel Information	Kinney	Typical Parcel Per Appraiser (Rounded)
Parcel Count	11,663	10,001-70,000
Parcels per Appraisal Staff	5,832*	6,400**

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

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

In 2022, Kinney managed 11,663 parcels placing it on the low side of appraisal districts in its typical parcel per appraiser range of 10,001 to 70,000 parcels. Kinney contracts for appraisal services in Categories G, J and L2. Parcels in these categories are removed from the total parcel count to determine the parcels per appraiser of 5,832. This indicates that Kinney’s parcels per appraiser is slightly lower than the typical parcel per appraiser average, which includes all property categories.

From 2019 to 2022, Kinney managed parcel counts ranging from 11,636 to 11,663 (including all property categories) and the parcels assigned per appraiser for properties appraised in house ranged from 2,945 to 5,886. The total market value of certified parcels increased from \$1,719,915,063 to \$2,002,445,411 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 70 to 85 percent of the total appraised value within the appraisal district, specifically for Categories A, B, C, D, E, F1, L1, M, O and S. From 2019 to 2022, Kinney contracted for appraisal services for property Categories G, J and L2. Each year, these contracted firms appraised 15 to 30 percent of the total appraised value within the appraisal district. The cost of these services varied from \$9,250 to \$12,500 over these four years. The appraisal district also uses a geographic information system (GIS) and aerial technology systems. **Exhibit 12** lists Kinney’s contracted appraisal services.

EXHIBIT 12

Kinney’s Contracted Appraisal Services

	2022	2021	2020	2019
Appraisal Services Contract	Yes	Yes	Yes	Yes
Contracted Property Categories	G, J and L2			
Percentage of total appraised value appraised by contracted appraisal firms	30%	28%	24%	15%
Appraisal Contract Cost	\$12,500	\$11,250	\$9,250	\$9,250

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

Kinney does not use its CAMA software to its full potential

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

Kinney staff indicated that they are unable to run a special query and must rely on the software vendor when one is needed. Although the CAMA system includes a capable ratio study analysis report, the appraisal district does not use it. Instead, Kinney uses Excel spreadsheets compiled by a contract appraiser, which lack important measures of central tendency.

Inadequate training on the CAMA software results in additional time needed to complete tasks that could be more efficiently completed in-house. Staff’s lack of knowledge about utilizing the ratio study program prevents the appraisal district from effectively identifying, sorting, stratifying and analyzing sales data and central tendencies, potentially leading to inaccurate property valuations.



RECOMMENDATION 1

Ensure that appraisal district staff are properly trained to use all features and capabilities of the CAMA 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 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

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

IAAO’s *Standard on Digital Cadastral Maps*, Section 2, Introduction states cadastral maps for the entire jurisdiction, regardless of taxable status or ownership, are essential to the performance of assessment functions. Digital cadastral maps enable the assessor to access parcel location and information, reveal geographic relationships that affect property value and provide a platform for the visualization of data layers and analytical results more efficiently.

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

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

Out of 75 sampled properties, the reviewer was unable to locate five (7 percent) on Kinney’s maps.

RECOMMENDATION 2

Update appraisal district maps to reflect all properties.

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.

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.

KINNEY RATIO STUDIES**Q FINDING**

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

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

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

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

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

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

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



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

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

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

The chief appraiser indicated that Kinney primarily runs ratio studies in the spring, just before setting final notice values. The appraisal district uses an Excel spreadsheet instead of its CAMA system. This practice limits the statistical measures of uniformity and does not allow for accurate adjustments based upon property category, classification, submarket and strata. Kinney should conduct ratio studies not only in the late spring before sending property value notices but also after certifying the appraisal rolls in July to assess values post-protest season. Current ratio studies would help Kinney identify areas needing correction and further define land and improvement schedules and sub-markets within the appraisal district.

An appraisal district is responsible for appraising property within its jurisdiction for ad valorem tax purposes for each taxing unit that imposes ad valorem taxes on property in the district (Tax Code Section 6.01(b)).

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.

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 PTADs Appraisal District Ratio Study for Kinney in 2021.



EXHIBIT 14

PTAD's Appraisal District Ratio Study, Kinney 2021

Category	Number of Ratios**	2021 CAD Reported Appraisal Value	Median Level of Appraisal	Coefficient of Dispersion	% Ratios within (+/-) 10 % of Median	% Ratios within (+/-) 25 % of Median	Price - Related Differential
A. SINGLE-FAMILY RES	64	107,452,247	1.01	16.52	45.31	75.00	1.05
B. MULTI-FAMILY RES	0	1,668,412	*	*	*	*	*
C1. VACANT LOTS	0	3,943,589	*	*	*	*	*
D2. FARM/RANCH IMP	0	13,541,929	*	*	*	*	*
E. RURAL-NON-QUAL	23	80,794,138	1.00	10.65	65.22	91.30	1.09
F1. COMMERCIAL REAL	0	10,179,533	*	*	*	*	*
F2. INDUSTRIAL REAL	0	21,670	*	*	*	*	*
J. UTILITIES	4	525,267,743	0.96	18.49	50.00	75.00	0.87
L1. COMMERCIAL PER	0	13,946,320	*	*	*	*	*
M. OTHER PERSONAL	0	64,671	*	*	*	*	*
S. SPECIAL INVENTORY	0	8,325	*	*	*	*	*
OVERALL	91	756,888,577	1.00	15.31	51.65	78.02	1.03

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

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

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

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

FINDING

While the median level of appraisal for Kinney County meets the standard for most categories, improvements in uniformity (lowering CODs) and vertical equity (balancing PRDs) are necessary to align with the IAAO's *Standard on Ratio Studies*.

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

The median measures the accuracy of an appraisal district's appraisals in relation to the standard of 100 percent of market value. According to the IAAO, the median is the appropriate measure of central tendency for evaluating appraisal performance. The median level of appraisal standard is 0.95-1.05 to indicate accurate market value appraisals.

The ratio study shows Categories A and E have median levels of appraisal at 1.01 and 1.00, respectively, indicating values closely aligned with the market value. In contrast, Category J has a lower median level of appraisal at 0.96, suggesting slight undervaluation in this category.

The Coefficient of Dispersion (COD) is a measure of appraisal uniformity. **Exhibit 13** shows the IAAO suggested COD standards, indicating issues with uniformity in some categories. Category A has a COD of 16.52 and Category J has a COD of 18.49, both exceeding the IAAO's recommended range of 5 to 15 percent for properties in heterogeneous areas, reflecting excessive deviations from the median. Uniformity is stronger in Category E, with a COD of 10.65, falling within acceptable limits.



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. Vertical equity concerns are apparent in Category E, where a high Price-Related Differential (PRD) of 1.09 suggests slight appraisal progressivity, meaning higher-value properties may be appraised proportionally higher than lower-value ones. Conversely, Category J has a PRD of 0.87, indicating appraisal regressivity, where higher-value properties may be appraised lower relative to their market value.

Because ADRS only reviews certain property categories, Kinney should perform its own ratio studies at a micro-level to determine which neighborhoods would benefit from full reappraisal or if a trend factor could be applied.

RECOMMENDATION 4

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

Section 3 – Categories of Valuation in the SDPVS

PTAD found Brackett ISD’s Categories A, D1, E and J to be invalid in the years indicated in **Exhibit 15**. Because these property categories had invalid ratios in at least one of the three review years, these property categories are the basis of this TARP review.

PTAD found Categories B, C1, F1, F2, G and L1 in Brackett 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
Brackett	D1, E and J	D1 and E	A, D1, E and J

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.

Kinney’s Category A property values were statistically invalid in 2022. Kinney undervalued appraisals during the rapidly appreciating market in 2022. 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

Kinney does not use properly calculated values for land designated as agricultural use.

Tax Code, Section 23.41 states land designated for agricultural use is appraised at its value based on the land’s capacity to produce agricultural products. The value of land based on its capacity to produce agricultural products is determined by capitalizing the average net income the land would have yielded under prudent management from production of agricultural products during the five years preceding the current year.

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.

Kinney collects income and expense data on agricultural land through surveys and consultations with its agricultural advisory board and calculates accurate net to land values. Kinney, however, does not consistently apply these calculated values, instead rolling over agricultural values each year.

An appraisal district should use properly calculated values on properties designated for agricultural use.

RECOMMENDATION 5

Use properly calculated values for land designated as agricultural use.

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.

Kinney’s Category E property values were statistically invalid in 2020 to 2022. Kinney undervalued appraisals during the rapidly appreciating market in 2022 to 2022. A recommendation related to this category can be found earlier in this report under the Ratio Studies section.

3.4 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.



FINDING

Kinney does not verify contractor values or follow a process for reviewing, verifying or evaluating the work of their appraisal contractors.

IAAO's *Standard on Contracting for Assessment Services*, Section 7.1, Professional Services, states that the appraisal district and contractor should establish quality control procedures to ensure it attains accuracy standards. The appraisal district can address these in the solicitation or request bidders to address them in their response to the solicitation. In any case, the appraisal district should carefully monitor compliance with such standards and procedures. Good quality control procedures include sample audits (particularly at the start of the project), computerized edits for reasonableness and consistency of data and pilot testing of mass appraisal models using the new data.

According to the appraisal district's contract for the appraisal of utility property, Kinney has the right to monitor progress of the contractors throughout the course of the contract. At a minimum, the appraisal district should follow a process to monitor the preliminary values established by the contractor and the protest results prior to certification. The chief appraiser does review the values submitted by the contractor and performs some inspections with them but does not actually review data according to the dates enumerated in the contract. The chief appraiser has not done a full review of the contractors' appraisals or adjustments to values through the informal protest process. This is something that will be addressed for the 2024 tax year.

By neglecting to adhere to these checks and balances, the appraisal district lacks oversight of how values are calculated before preliminary values are delivered and what changes to recommend during the protest phase.

RECOMMENDATION 6

Verify contractor values and follow a process for reviewing, verifying and evaluating the work of contractors.



APPENDICES

APPENDIX 1

Appraisal District Budget

	2022	2021	2020	2019	Tier 3 Average 2019-2022	Tier 3 Average 2022
Total Budget (Excluding Collections)	\$241,193	\$258,285	\$184,733	\$196,506	\$512,391	\$547,673
Total Property Taxes Levied (All Jurisdictions)	\$12,015,393	\$11,003,635	\$8,395,824	\$8,401,453	\$60,025,749	\$50,052,924
Does the appraisal district collect taxes?	Yes	Yes	Yes	Yes	N/A	N/A
Number of Taxing Units Appraisal District Collects For (If Applicable)	6	6	6	6	N/A	N/A

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

APPENDIX 2

Appraisal District Staffing

Appraisal District Staff

	2022	2021	2020	2019	Tier 3 Average 2019-2022	Tier 3 Average 2022
Full Time Staff	4	3	3	4	4	4
Part Time Staff	0	0	0	0	N/A	N/A

Appraisal Staff

	2022	2021	2020	2019	Tier 3 Average 2019-2022	Tier 3 Average 2022
Full Time Appraisers	2	2	2	4	3	3
Lowest Appraiser Salary	\$30,000	\$31,000	\$25,836	\$22,000	\$40,079	\$39,505
Highest Appraiser Salary	\$35,000	\$36,000	\$25,836	\$32,000	\$46,417	\$48,041

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



APPENDIX 3

Appraisal District Parcel Information

Kinney	2022	2021	2020	2019
Parcel Count*	11,663	11,642	11,636	11,646
Number Taxing Units	6	6	6	6
Parcels per Appraisal Staff**	5,832	5,886	5,884	2,945
Total Market Value Certified	\$2,002,445,411	\$1,900,503,481	\$1,815,191,183	\$1,719,915,063

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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