



Property Tax Assistance Division
2023 Report

Review of
Appraisal
District
Appraisal
Standards,
Procedures and
Methodology

TARGETED APPRAISAL REVIEW PROGRAM

KLEBERG COUNTY APPRAISAL DISTRICT



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2023 TARGETED APPRAISAL REVIEW

KLEBERG COUNTY APPRAISAL DISTRICT

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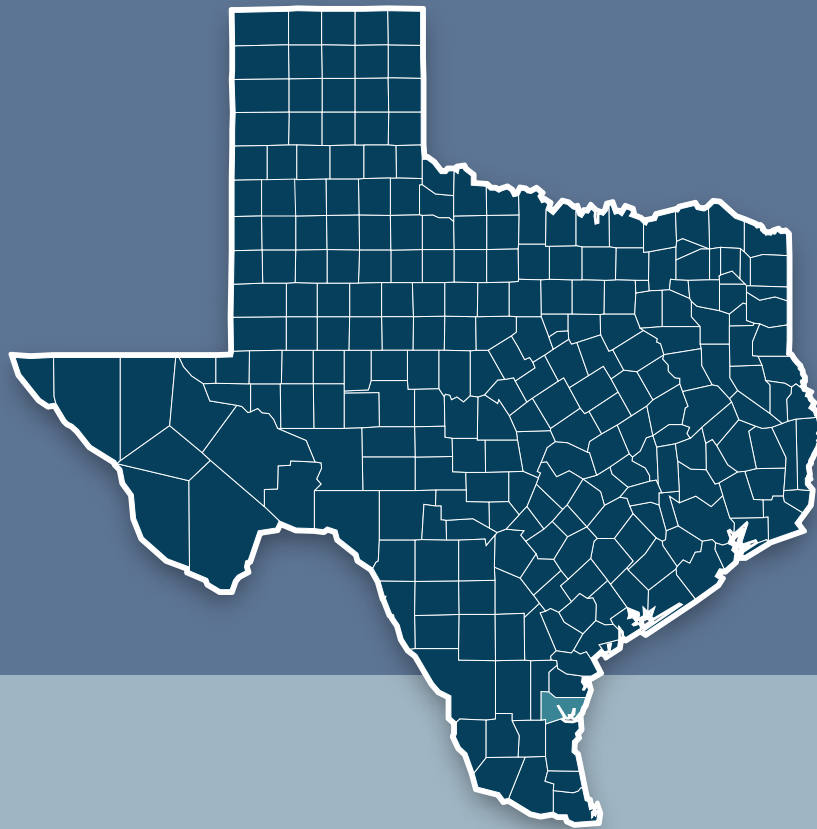




TABLE OF CONTENTS

Executive Summary	2
Targeted Appraisal Review Program Overview	2
Invalid School District Property Valuation	3
Recommendations	3
Section 1 – Overview of County Appraisal District	4
1.1 County History and Demographics	4
1.2 Appraisal District Organization and Staffing	4
1.3 Taxing Units	4
1.4 Appraisal District Budget Information	5
1.5 Appraisal District Staff Information	6
1.6 Training	7
1.7 Chief Appraiser	7
1.8 Appraisal District Contracts	8
Section 2 – Appraisal Administration	8
2.1 Appraisal District Parcel Data	8
2.2 Contracted Appraisal Services	9
2.3 Ratio Studies	10
2.4 Quality Control	13
Section 3 – Categories of Valuation in the SDPVS	14
3.1 Category A – Single-Family Residential Property Valuation	15
3.2 Category B – Multi-Family Residential Property Valuation	15
3.3 Category (D) D1 – Qualified Open-Space Land Property Valuation and Category D2 – Farm and Ranch Improvements Special Use Valuation	16
3.4 Category F1 – Commercial Real Property Valuation	16
3.5 Category J – Real and Personal Property: Utilities Property Valuation	17
APPENDICES	18
APPENDIX 1 — Appraisal District Budget	18
APPENDIX 2 — Appraisal District Staffing	18
APPENDIX 3 — Appraisal District Information	19



Executive Summary

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

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 Kleberg. Over the next year, TARP reviewers will work with Kleberg 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 Kleberg 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 Kingsville ISD in Kleberg 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

Kleberg SDPVS Results 2020-2022

SDPVS Year	County	School District	Findings	Category*	Ratio
2020	Kleberg	Kingsville ISD	Invalid	B	0.9223
2020	Kleberg	Kingsville ISD	Invalid	F1	0.7932
2021	Kleberg	Kingsville ISD	Invalid	B	0.8079
2021	Kleberg	Kingsville ISD	Invalid	D	0.921
2021	Kleberg	Kingsville ISD	Invalid	F1	0.8599
2022	Kleberg	Kingsville ISD	Invalid	A	0.7967
2022	Kleberg	Kingsville ISD	Invalid	B	0.8933
2022	Kleberg	Kingsville ISD	Invalid	D1	0.8636
2022	Kleberg	Kingsville ISD	Invalid	F1	0.8185
2022	Kleberg	Kingsville ISD	Invalid	J	0.9476

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

- Conduct staff evaluations annually.
- Conduct ratio studies at timely intervals by market area, neighborhood, property class or stratum.
- Use Kleberg's local ratio study results to make reappraisal decisions necessary to produce accurate values.
- Follow quality control procedures to ensure that work earmarked for review is complete and updated.
- Review and update residential cost schedules annually.
- Review and update multifamily cost schedules annually.
- Update commercial cost schedules.



Section 1 – Overview of County Appraisal District

1.1 COUNTY HISTORY AND DEMOGRAPHICS

According to *The Handbook of Texas Online*, the Texas State Legislature established Kleberg County in 1913, carved out from the southeastern portion of Nueces County. Kleberg County is bordered to the north by Nueces County, to the west by Jim Wells County, to the south by Brooks and Kenedy Counties and the east by the Gulf of Mexico. It is named after Robert Justus Kleberg who was associate commissioner and president of the Board of Land Commissioners (1837-38), justice of the peace (1841) and chief justice of Austin County (1846).

The county includes the Kingsville and Ricardo Independent School Districts. The county population in 2020, according to the United States Census Bureau, was 30,680. The city of Kingsville is the county seat and the major population center, with 25,276 residents. Other notable communities include Ricardo and Riviera.

Based on the 2020 census population, PTAD classifies Kleberg 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

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

Kleberg provides appraisal services for 9 taxing units, as shown in **Exhibit 5** and does not perform collection services.

EXHIBIT 3

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

Source: Texas Comptroller of Public Accounts

EXHIBIT 4





EXHIBIT 5

Kleberg Taxing Units and Collections

Name of Taxing Unit	Appraisal District Collects Property Taxes
City of Corpus Christi	No
City of Kingsville	No
Kennedy County Groundwater Conservation District	No
Kingsville Independent School District	No
Kleberg County	No
Ricardo Independent School District	No
Riviera Independent School District	No
Santa Gertrudis Independent School District	No
South Texas WA	No

Source: Texas Comptroller of Public Accounts

1.4 APPRAISAL DISTRICT BUDGET INFORMATION

Taxing units fund the appraisal district through an annual budgeting process. Tax Code Section 6.06 requires the chief appraiser to develop the budget and the board of directors to hold a public hearing to consider the budget. Each participating taxing unit in the appraisal district must contribute a portion of the budget amount equal to the proportional amount of taxes levied in the taxing unit.

Chapter 5 of the International Association of Assessing Officer's (IAAO's) *Assessment Administration* explains that the budget is the crucial link in an appraisal district's ability to make set rational priorities. A budget typically details how resources will be used to accomplish the appraisal district's goals and objectives. IAAO's *Standard on Property Tax Policy* states that to accomplish its responsibilities in a fair and professional manner, the appraisal district should have a budget that provides for a well-organized staff, sufficient computing resources and necessary data.

Exhibit 6 provides a comparison between Kleberg's 2022 budget versus the Tier 2 average 2022 budget (excluding collections) to show how Kleberg's budget aligns with the tier average.

EXHIBIT 6

Kleberg 2022 Budget, vs. Tier 2 Average

Kleberg County Appraisal District Budget (2022)	Tier 2 Average Budget (2022)
\$872,170	\$1,541,215

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

In 2022, Kleberg operated with a budget of \$872,170, significantly lower than the 2022 Tier 2 average budget of \$1,541,215. This budget comparison highlights the relatively smaller financial resources, as reported by Kleberg 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 Kleberg's 2022 staffing and the Tier 2 average (excluding collections) to determine how Kleberg staffing and salaries compare with the tier average.

EXHIBIT 7

Kleberg 2022 Staffing and Salaries vs. Tier 2 Average

	2022	2022 Tier 3 Average
Full Time Staff	10	13
Part Time Staff	0	N/A
Full Time Appraisers	4	7
Lowest Appraiser Salary	\$31,500	\$40,040
Highest Appraiser Salary	\$38,759	\$59,181

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

From 2019 to 2022, Kleberg has consistently maintained a full-time staff of ten employees, below the 2022 Tier 2 average of thirteen. There have been no part-time staff members during this period. From 2019 to 2022, the appraisal district employed three to four full-time appraisers each year, well below the 2022 Tier 2 average. The lowest appraiser salary decreased from \$34,579 in 2019 to \$31,500 in 2022, well below the 2022 Tier 2 average of \$40,040. The highest appraiser salary increased from \$37,108 in 2019 to \$38,759 in 2022, significantly below the 2022 Tier 2 average of \$59,181. A four-year staff and salary history and Tier 2 average comparison is available in **Appendix 2**.

FINDING

Kleberg does not conduct staff evaluations annually.

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

The chief appraiser has been with the appraisal district for 38 years, serving as chief appraiser for 29 of the 38 years. She stated that, with the exception of 2022, Kleberg conducted employee evaluations, but did not provide supporting documentation.

The chief appraiser, serving as the administrator and executive director of the appraisal district, should routinely evaluate the staff. Establishing oversight through an evaluation system of appraisal district staff is key to maintaining checks and balances within the appraisal district and for the chief appraiser.

RECOMMENDATION 1

Conduct staff evaluations annually.



1.6 TRAINING

IAAO's *Standard on Professional Development* follows the principle that "assessment jurisdictions benefit when they have knowledgeable and adequately trained personnel to preserve the public's trust; therefore, it is of the utmost importance." **Exhibit 8** provides Kleberg'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

Kleberg Training Budget and Number of Trainings

	2022	2021	2020
Training Budget	\$9,658	\$9,370	\$5,670
Number of Trainings Attended	1 to 2	1 to 2	1 to 2

Source: Kleberg County Appraisal District

In 2022, Kleberg's training budget increased over the previous two years from \$5,670 to \$9,658. The number of trainings attended by appraisal district staff remained steady at one to two over the three-year review period.

1.7 CHIEF APPRAISER

The board of directors is responsible for hiring and periodically evaluating the chief appraiser, who coordinates and oversees appraisal district operations. In organizing and administering an appraisal district, the chief appraiser is responsible for hiring, firing and training personnel; for ensuring compliance with a wide range of legal requirements; and for maintaining policies and procedures for the effective operation of the appraisal district. **Exhibit 9** provides detailed information regarding Kleberg's chief appraiser.

EXHIBIT 9

Kleberg Chief Appraiser Information

Chief Appraiser

Is the Chief Appraiser permanent, temporary or interim?	Permanent
Does the Chief Appraiser perform appraisals?	No
2022 Base Salary	\$80,397
Chief Appraiser – Years at appraisal district	38
Chief Appraiser – Years as a Chief Appraiser	29
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 Kleberg 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 Kleberg’s contracts, which are discussed in more detail in throughout this report.

Project control is important for the stakeholders of both the government agency and the contractor. Having control can help the project manager/program manager compare actual performance against planned performance. The project manager can identify potential problems, evaluate alter-native 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

Kleberg Contracts

Type of Contract	Contract Dates	Years with Same Vendor	Does appraisal district actively monitor contract?
Appraisal of Minerals, Industrial, Utility and Personal Property	2022-2024	30+ years	Yes
Software	2023	8+ years	Yes
Mapping	2023	8+ years	Yes
GIS	2023	8+ years	Yes

Source: Kleberg 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 Kleberg Parcel Information vs. Tier 2 Average

Parcel Information	Kleberg	Typical Parcel Per Appraiser (Rounded)
Parcel Count	23,219	10,001-70,000
Parcels per Appraisal Staff	4,574*	6,400**

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

* Excludes parcels for contracted appraisal services:

** Includes all property categories

In 2022, Kleberg managed 23,219 parcels placing it on the low side of appraisal districts with 10,001 to 70,000 parcels. Kleberg 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 4,574. This indicates that Kleberg's parcels per appraiser is lower than the typical parcel per appraiser average, which includes all property categories.

From 2019 to 2022, Kleberg managed parcel counts ranging from 23,128 to 23,615 (including all parcels) and the parcels assigned per appraiser for properties appraised in house ranged from 4,574 to 6,136. The total market value of certified parcels increased from \$2,637,733,474 to \$3,212,269,497 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 76 to 84 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, Kleberg contracted for appraisal services for property Categories F2, G, J and L2. Each year, these contracted firms appraised 16 to 24 percent of the total appraised value within the appraisal district. The cost of these services remained consistent at \$46,500 over four years. The appraisal district also uses a geographic information system (GIS) and aerial technology systems.

Exhibit 12 lists Kleberg's contracted appraisal services.

EXHIBIT 12

Kleberg's 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	F2, G, J and L2
Percentage of total appraised value appraised by contracted appraisal firms	16%	16%	18%	24%
Appraisal Contract Cost	\$46,500	\$46,500	\$46,500	\$46,500

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



2.3 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.*

KLEBERG RATIO STUDIES

FINDING

Kleberg 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:

- a baseline of current appraisal performance
- preliminary values so that they can correct any significant deficiency
- values used in assessment notices sent to taxpayers
- 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:

- measurement and evaluation of the level and uniformity of mass appraisal models
- 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.

In 2022, the deputy chief appraiser conducted ratio studies by class and subdivision. That year, Kleberg performed only two ratio studies (one before value notices were mailed and one after final values are determined) for each category. The studies took place in May (land), June (residential) and July (commercial). Typically, appraisal districts run ratios at least four times annually at the recommended intervals (to measure current appraisal performance, for preliminary values, when value notices are sent and after final values are determined when appeals are completed). Typically, appraisal districts run ratios at least four times at the recommended intervals. Due to staffing shortages, Kleberg fell behind on appraisal work and struggled to catch up. This caused ARB hearings to push into 2023.

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 appraisal district (Tax Code Section 6.01(b)).

Kleberg conducts and uses ratio studies, typically by subdivision and class for the market areas in the county. Previously, the board of directors did not allocate additional funding for sources like CoStar and Transunion, resulting in limited sales data; however, the board began granting the appraisal district access to these sources in 2023. Kleberg currently has CoStar and should gain access to TransUnion in 2024.

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 2

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 Kleberg in 2022.

EXHIBIT 14

PTAD's Appraisal District Ratio Study, Kleberg 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	231	809,904,781	0.87	16.30	38.53	77.49	1.00
B. MULTI-FAMILY RES	27	104,762,477	*	*	*	*	*
C1. VACANT LOTS	0	29,494,468	*	*	*	*	*
C2. COLONIA LOTS	0	0	*	*	*	*	*
D2. FARM/RANCH IMP	0	5,190,401	*	*	*	*	*
E. RURAL-NON-QUAL	60	203,679,942	0.92	49.00	33.33	55.00	1.28
F1. COMMERCIAL REAL	89	217,168,268	0.96	10.35	69.66	86.52	1.13
F2. INDUSTRIAL REAL	0	5,293,410	*	*	*	*	*
G. OIL, GAS, MINERALS	9	39,210,572	*	*	*	*	*
J. UTILITIES	6	273,737,832	0.97	2.06	100.00	100.00	1.01
L1. COMMERCIAL PER	38	103,909,090	1.00	4.76	86.84	94.74	1.02
L2. INDUSTRIAL PER	0	57,228,520	*	*	*	*	*
M. OTHER PERSONAL	0	7,308,385	*	*	*	*	*
O. RESIDENTIAL INV	0	1,660,420	*	*	*	*	*
S. SPECIAL INVENTORY	0	11,970,730	*	*	*	*	*
OVERALL	460	1,870,519,296	0.92	19.02	47.83	79.13	1.06

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

Kleberg is not appraising property uniformly or equitably.

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



The median measures the accuracy of an appraisal district's appraisals in relation to the standard of 100 percent of market value. According to IAAO, the median is the appropriate measure of central tendency for evaluating appraisal performance. The median level of appraisal standard is 0.95-1.05 to indicate accurate market value appraisals. **Exhibit 14** shows Kleberg has an overall low median level of appraisal (0.92) and a low median level of appraisal in Category A (0.87) and Category E (0.92). 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 Kleberg has a reasonably good COD overall (19.02) and in Category A (16.30) and Category F1 (10.35), but a very high COD in Category E (49.00) with a low COD in Category J (2.06) and Category L1 (4.76), 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 priced properties differently. **Exhibit 14** shows the PRD for Category A (1.00), Category J (1.01) and Category L1 (1.02) to be within the appropriate range, suggesting that Kleberg is treating higher and lower valued properties in those categories similarly. The overall PRD (1.06) and the PRD for Category E (1.28) and Category F1 (1.13) are higher than the IAAO suggested PRD range, indicating regressivity or that lower valued properties in those categories are relatively over-appraised.

Low median levels of appraisal, combined with high CODs and high PRDs indicates that a reappraisal of all property would be prudent. Because ADRS only reviews certain property categories, Kleberg 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 3

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

2.4 QUALITY CONTROL

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

FINDING

Kleberg does not follow its quality control procedures to ensure that work earmarked for review is complete and updated.

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

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



The appraisal district should document all data quality management functions as part of a broader enterprise-level quality management framework that contains quality assurance and quality control elements related to (1) the quality of the data itself, (2) the quality of data collection and (3) the quality of data analysis:

Clear, up-to-date policy and procedures documentation that includes:

- i. Specifications for the data elements to be collected and stored;
- ii. Specifications for the data elements to be collected and stored;
- iii. Standard definitions for all data elements and related terms;
- iv. Acceptable methods for the uniform collection and recording of all assessment data;
- v. Controls on the output for each data-related process or subprocess;
- vi. Standards for the ongoing testing and maintenance of existing data as they age;
- vii. Policy compliance testing and reporting function; and
- viii. Regular procedural reviews.

The chief appraiser stated that staffing issues, including one appraiser's retirement and another leaving the appraisal district, contributed to some of the quality issues, most of which have been addressed over the years. Kleberg identified staffing shortages, employee shortcuts and poor training habits as contributing to the its quality issues. Kleberg set up monitors in the CAMA system to review and track appraiser progress. The chief appraiser and deputy appraiser agree that the processes and procedures help keep tasks on track and ensure timely completion.

Proper quality control analysis is essential for determining reliable market trends and developing market values. Kleberg should have updated procedures with general outlines on how to perform a proper quality analysis, leaving no room for error in the general process. This information should be shared with staff to ensure they understand the process and complete and update the work earmarked for review each year.

RECOMMENDATION 4

Follow quality control procedures to ensure that work earmarked for review is complete and updated.

Section 3 – Categories of Valuation in the SDPVS

PTAD found Kingsville ISD's Categories A, B, D1, F1 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 C1, E, F2, G and L1 in Kingsville 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
Kingsville	B and F1	B, D1 and F1	A, B, D1, F1 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.

FINDING

Kleberg 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 when nonautomated calculations are required and provide additional documentation.

After reviewing multiple accounts in Kingsville ISD from 2020 to 2022, the reviewer noticed schedule changes in improvements in 2021 but not in 2022. While Kleberg adjusted ratios and cost schedules, adjustments were less than the ratio studies indicated were necessary. The chief appraiser indicated that Kleberg's limited access to sales has been a challenge, as most transactions are cash or undisclosed. This makes it increasingly difficult to identify the true market trends and pricing. The use of tools like TransUnion will hopefully assist in these efforts in future years.

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 5

Review and update residential cost schedules annually.

3.2 CATEGORY B – MULTI-FAMILY RESIDENTIAL PROPERTY VALUATION

The Comptroller's [*Texas Property Tax Assistance Property Classification Guide*](#) states Category B property is residential improvements containing two or more residential units under single ownership. However, duplexes that are owner-occupied and have a residence homestead exemption for the owner's portion are reported in Category A.

FINDING

Kleberg does not update multifamily cost schedules.

IAAO's *Standard on Mass Appraisal*, Section 4.2, The Cost Approach states that 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 when nonautomated calculations are required and provide additional documentation.

Kleberg uses Marshall and Swift schedules to value smaller units using the cost approach. Kleberg reviews and updates these schedules annually. Kleberg reviews larger income-valued properties annually and larger cost-valued properties every three years. In 2022, Kleberg used 2021 data to value these properties. Kleberg added Costar in 2023 but had no valid data available in 2022. Kleberg showed evidence of the ARB reducing values on these property types, which were already low based on ratio analysis.

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 6

Review and update multifamily cost schedules annually.

3.3 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.

Kleberg's Category D1 property values were statistically invalid in 2021 to 2022. Kleberg undervalued Category D1 properties from 2021 to 2022, even though Kleberg followed steps outlined. The appraisal district should consider expanding their agricultural lease survey to include a wider range of agricultural properties to obtain additional lease data to calculate accurate agricultural values.

3.4 CATEGORY F1 – COMMERCIAL REAL PROPERTY VALUATION

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



FINDING

Kleberg does not annually review and update commercial 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.

In 2020, the appraisal district valued account 13289 at \$201,930.00. After a mild renovation in 2021, the value remained approximately the same, but it decreased to \$189,850.00 in 2022. Similar results were noted for Account 13568. Accessing sales data has been challenging, as most transactions are cash sales. This makes it increasingly difficult to obtain current-year data to identify true trends and pricing. Despite these efforts, adjustments have often been less than the ratio studies indicate.

Reliable cost data is 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 when nonautomated calculations are required and provide additional documentation.

The appraisal district can develop construction cost schedules in-house based on a systematic study of local construction costs, obtained from firms specializing in such information, or custom-generated by a contractor. The appraisal district should verify the cost schedules for accuracy by applying them to recently constructed improvements of known cost. The appraisal district should also update construction costs before each assessment cycle.

RECOMMENDATION 7

Update commercial cost schedules.

3.5 CATEGORY J – REALAND PERSONAL PROPERTY: UTILITIES PROPERTY VALUATION

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

Kleberg's Category J property values were statistically invalid in 2022. The same appraisal services contractor has appraised Kleberg's utility property for more than 30 years. Kleberg should actively monitor the proposed market values produced by the appraisal contractor to ensure the contractor is performing appraisal and related services for the appraisal district and that such appraisal services comply with Tax Code Section 23.01 relating to the Uniform Standards of Professional Appraisal Practice (USPAP) as it applies to the described properties in the appraisal services contract.



APPENDICES

APPENDIX 1

Appraisal District Budget

	2022	2021	2020	2019	Tier 2 Average 2019-2022	Tier 2 Average 2022
Total Budget (Excluding Collections)	\$872,170	\$872,170	\$845,000	\$847,000	\$1,404,998	\$1,541,215
Total Property Taxes Levied (All Jurisdictions)	\$45,126,540	\$44,425,634	\$39,809,013	\$39,371,027	\$114,774,433	\$181,458,903
Does the appraisal district collect taxes?	No	No	No	No	N/A	N/A
Number of Taxing Units Appraisal District Collects For (If Applicable)	0	0	0	0	N/A	N/A

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

APPENDIX 2

Appraisal District Staffing

Appraisal District Staff						
	2022	2021	2020	2019	Tier 2 Average 2019-2022	Tier 2 Average 2022
Full Time Staff	10	10	10	10	13	13
Part Time Staff	0	0	0	0	N/A	N/A

Appraisal Staff						
	2022	2021	2020	2019	Tier 2 Average 2019-2022	Tier 2 Average 2022
Full Time Appraisers	4	3	3	3	7	7
Lowest Appraiser Salary	\$31,500	\$33,134	\$32,169	\$34,579	\$41,834	\$40,040
Highest Appraiser Salary	\$38,759	\$37,665	\$37,665	\$37,108	\$57,417	\$59,181

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



APPENDIX 3

Appraisal District Parcel Information

Kleberg	2022	2021	2020	2019
Parcel Count*	23,219	23,128	23,615	23,523
Number Taxing Units	8	8	8	8
Parcels per Appraisal Staff**	4,574	6,136	6,107	6,099
Total Market Value Certified	\$3,212,269,497	\$2,888,838,724	\$2,678,253,330	\$2,637,733,474

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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