



**Property Tax Assistance Division**  
2023 Report

Review of  
Appraisal  
District  
Appraisal  
Standards,  
Procedures and  
Methodology

# TARGETED APPRAISAL REVIEW PROGRAM

LAMAR COUNTY APPRAISAL DISTRICT



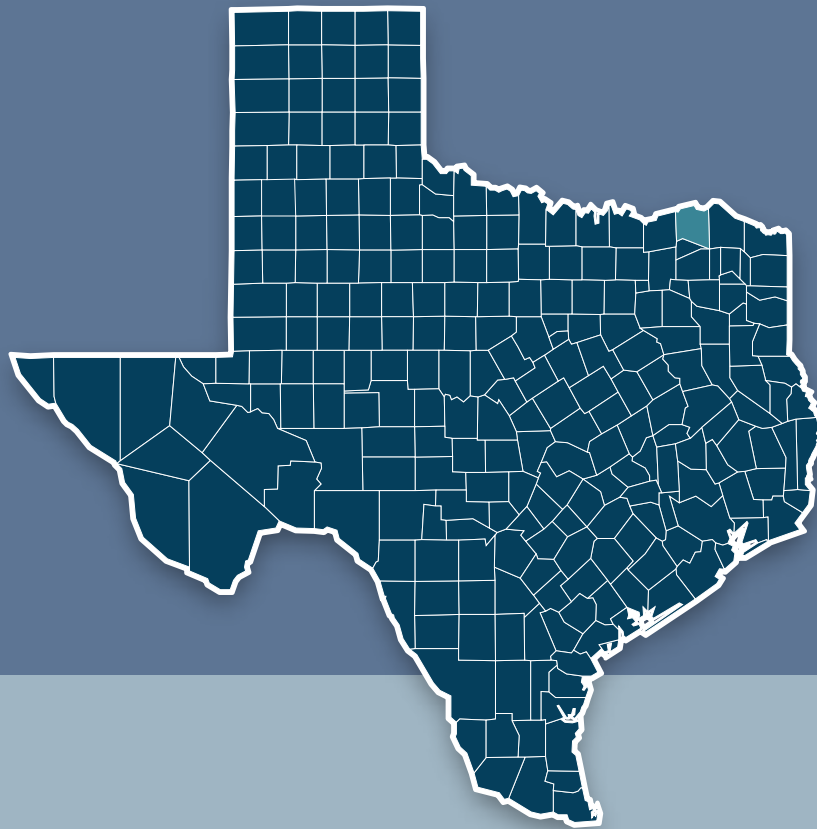
**GLENN HEGAR**  
Texas Comptroller of Public Accounts

# 2023 TARGETED APPRAISAL REVIEW

## LAMAR COUNTY APPRAISAL DISTRICT

Chief Appraiser: Stephanie Lee

Reviewer: Donald Rhea





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# Executive Summary

In September 2023, the Texas Comptroller of Public Accounts identified Paris Independent School District (Paris ISD) and Prairiland Independent School District (Prairiland ISD), located in Lamar County, as two 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 Lamar Appraisal District (Lamar).

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

### EXHIBIT 2

#### Lamar SDPVS Results 2020-2022

| SDPVS Year | County | School District | Findings | Category* | Ratio  |
|------------|--------|-----------------|----------|-----------|--------|
| 2020       | Lamar  | Paris ISD       | Invalid  | B         | 0.9107 |
| 2020       | Lamar  | Paris ISD       | Invalid  | D1        | 1.3784 |
| 2020       | Lamar  | Paris ISD       | Invalid  | F1        | 0.8718 |
| 2021       | Lamar  | Paris ISD       | Invalid  | A         | 0.8903 |
| 2021       | Lamar  | Paris ISD       | Invalid  | D1        | 1.1952 |
| 2022       | Lamar  | Paris ISD       | Invalid  | A         | 0.913  |
| 2022       | Lamar  | Paris ISD       | Invalid  | D1        | 1.2531 |
| 2020       | Lamar  | Prairiland ISD  | Invalid  | A         | 0.9252 |
| 2020       | Lamar  | Prairiland ISD  | Invalid  | D1        | 1.2141 |
| 2020       | Lamar  | Prairiland ISD  | Invalid  | E         | 0.8426 |
| 2020       | Lamar  | Prairiland ISD  | Invalid  | J         | 0.9439 |
| 2021       | Lamar  | Prairiland ISD  | Invalid  | D1        | 1.1124 |
| 2021       | Lamar  | Prairiland ISD  | Invalid  | E         | 0.7812 |
| 2021       | Lamar  | Prairiland ISD  | Invalid  | J         | 0.9481 |
| 2022       | Lamar  | Prairiland ISD  | Invalid  | D1        | 1.1299 |
| 2022       | Lamar  | Prairiland ISD  | Invalid  | E         | 0.7609 |
| 2022       | Lamar  | Prairiland ISD  | Invalid  | J         | 0.9458 |

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

- Conduct staff evaluations annually.
- Establish an organizational structure to ensure appropriate coverage of all critical tasks, even when key personnel are absent or abruptly leave the appraisal district.
- Create and implement procedures to review the improvements identified in the aerial photography to pick up new and/or missing improvements.
- Use Lamar's local ratio study results to make reappraisal decisions necessary to produce accurate values.
- Amend the reappraisal plan to address problematic areas.
- Document land valuation procedures.



## 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 Lamar County from parts of Red River and Fannin counties in December 1840. The Legislature named the county in honor of Mirabeau B. Lamar, the second president of the Republic of Texas and named Paris the county seat in 1844. Lamar County is located on U.S. Highway 82, State Highway 19 and State Highway 24, approximately 100 miles from Dallas, Texas.

The county includes the Chisum, Honey Grove, North Lamar, Paris and Prairiland Independent School Districts.

The county population in 2020, according to the United States Census Bureau was 50,008. The major population centers are the city of Paris, having 25,092 residents, the city of Blossom, having 1,582 residents and a variety of small towns and unincorporated areas.

Based on the 2020 census population, PTAD classifies Lamar 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

Lamar became active in January 1980. As of July 2024, it has 15 full-time staff positions and one part-time position, of which four positions are supervisory and six positions are full-time appraisers. Lamar contracts with a vendor for professional appraisal services.

**Exhibit 4** presents Lamar’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.

Lamar provides appraisal services for 11 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

#### Lamar Organization Structure



Source: Lamar County Appraisal District



## EXHIBIT 5

**Lamar Taxing Units and Collections**

| Name of Taxing Unit                     | Appraisal District Collects Property Taxes |
|---|--|
| Chisum Independent School District      | Yes  |
| City of Blossom                         | Yes  |
| City of Deport                          | Yes  |
| City of Paris                           | Yes  |
| City of Reno                            | Yes  |
| City of Roxton                          | Yes  |
| Honey Grove Independent School District | No   |
| Lamar County                            | Yes  |
| North Lamar Independent School District | Yes  |
| Paris Independent School District       | Yes  |
| Paris Junior College                    | Yes  |
| Prairiland Independent School 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 Lamar's 2022 budget (excluding collections) versus the Tier 2 average 2022 budget (excluding collections) to show how Lamar's budget aligns with the tier average.

## EXHIBIT 6

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

| Lamar County Appraisal District Budget (2022) | Tier 2 Average Budget (2022) |
|---|------------------------------|
| \$1,833,030                                   | \$1,541,215                  |

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





In 2022, Lamar operated with a budget of \$1,833,030, which is slightly higher than the Tier 2 average budget of \$1,541,215. This budget comparison highlights the relatively larger financial resources, as reported by Lamar 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 Lamar's 2022 staffing (excluding collections) and the Tier 2 average (excluding collections) to determine how Lamar staffing and salaries compare with the tier average.

### EXHIBIT 7

#### Lamar 2022 Staffing and Salaries vs. Tier 2 Average

|                          | 2022     | 2022 Tier 2 Average |
|--------------------------|----------|---------------------|
| Full Time Staff          | 15       | 13                  |
| Part Time Staff          | 1        | N/A                 |
| Full Time Appraisers     | 6        | 7                   |
| Lowest Appraiser Salary  | \$31,000 | \$40,040            |
| Highest Appraiser Salary | \$42,500 | \$59,181            |

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

From 2019 to 2022, Lamar increased its full-time staff from 11 to 15 employees, which is slightly higher than the 2022 Tier 2 average of 13. During this time, they decreased from five part-time staff members to one. In the appraisal division, the appraisal district employed six full-time appraisers each year, slightly below the 2022 Tier 2 average. The lowest appraiser salary increased from \$29,000 in 2019 to \$31,000 in 2022, which is significantly lower than the Tier 2 average of \$40,040. The highest appraiser salary increased from \$29,000 in 2019 to \$42,500 in 2022, which is also significantly lower than the previous year's Tier 2 average of \$59,181. A four-year staff and salary history and Tier 2 average comparison is available in **Appendix 2**.

## FINDING

Lamar does not conduct staff evaluations annually.

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

During the onsite visit, the chief appraiser provided written evaluation documents for appraisal district staff from 2021 and 2023. The evaluating sheets included a grading system and a communication section. However, there was no evidence that staff evaluations were conducted in 2022.

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





## RECOMMENDATION 1

**Conduct staff evaluations annually.**



## FINDING

Lamar does not have an organizational structure to ensure appropriate coverage of all critical tasks, even when key personnel are absent or abruptly leave the appraisal district.

IAAO's *Introduction to Assessment Administration*, Chapter 1, Introduction to Assessment Administration, defines organizing as one of the essential managerial functions. Organizing requires deciding how to structure and staff the organization. Organizing requires developing an organizational structure that shows the allocation of resources, the organization's authority relationships and its structure, including its staffing pattern.

During the onsite visit, the chief appraiser acknowledged that cross-training and coverage of critical appraisal tasks had not been done in the past. However, the appraisal district started cross-training staff in the past year, aiming for any staff member to perform anyone else's role. The chief appraiser mentioned the need to train someone to process supplements, as she is currently the only who can do it.

The chief appraiser oversees the appraisal district's operations and must ensure an organizational structure is in place to perform critical tasks during personnel absences or departures. Employees should be cross trained to cover appraisal tasks, with each function having a backup. If employees are not cross trained for other appraisal functions, an appraisal district will struggle to ensure coverage of critical tasks in the event personnel are absent or leave.



## RECOMMENDATION 2

**Establish an organizational structure to ensure appropriate coverage of all critical tasks, even when key personnel are absent or abruptly leave the appraisal district.**

### 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 Lamar'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

#### Lamar Training Budget and Number of Trainings

|                              | 2022     | 2021     | 2020     |
|------------------------------|----------|----------|----------|
| Training Budget              | \$40,000 | \$48,443 | \$24,822 |
| Number of Trainings Attended | 5        | 5        | 5        |

Source: Lamar County Appraisal District

In 2022, Lamar's training budget increased over past three years and the number of trainings attended by appraisal district remained consistent at five 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 Lamar's chief appraiser.

### EXHIBIT 9

#### Lamar Chief Appraiser Information

##### Chief Appraiser

|  |           |
|--|-----------|
| Is the Chief Appraiser permanent, temporary or interim?      | Permanent |
| Does the Chief Appraiser perform appraisals?                 | No        |
| 2022 Base Salary   | \$88,893  |
| Chief Appraiser – Years at appraisal district                | 36        |
| Chief Appraiser – Years as a Chief Appraiser                 | 3         |
| 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 Lamar 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 Lamar 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 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

**Lamar Contracts**

| Type of Contract                                | Contract Dates | Years with Same Vendor | Does appraisal district actively monitor contract? |
|---|----------------|------------------------|--|
| Appraisal of Minerals, Industrial and Utilities | 2022 - 2023    | 31 years               | Yes  |
| Appraisal of Real Property - Commercial         | 2021-2024      | 3 years                | Yes  |
| Software  | 2023-2024      | 24 years               | Yes  |
| Mapping   | 2023           | 5 years                | Yes  |
| GIS   | 2022-2023      | 13 years               | Yes  |
| Pictometry                                      | 2021-2026      | 8 years                | Yes  |

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

| Parcel Information          | Lamar  | Typical Parcel Per Appraiser (Rounded) |
|-----------------------------|--------|--|
| Parcel Count                | 41,578 | 10,001-70,000                          |
| Parcels per Appraisal Staff | 6,856* | 6,400**                                |

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

\* Excludes parcels for contracted appraisal services:

\*\* Includes all property categories

In 2022, Lamar managed 41,578 parcels placing it near the middle of appraisal districts with 10,001 to 70,000 parcels. Lamar 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 6,856. This indicates that Lamar's parcels per appraiser is higher than the typical parcel per appraiser average, which includes all property categories.

From 2019 to 2022, Lamar managed parcel counts ranging from 40,492 to 41,578 and the parcels assigned per appraiser ranged from 6,753 to 6,857. The total market value of certified parcels increased from \$5,613,546,018 to \$7,789,602,324 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 60 to 67 percent of the total appraised value within the appraisal district, specifically for Categories A, B, C, D, E, L1, M, O and S. From 2019 to 2022, Lamar contracted for appraisal services for property Categories F, G, J and L2. Each year, these contracted firms appraised 33 and 40 percent of the total appraised value within the appraisal district. The cost of these services varied from \$52,000 to \$61,165 over four years. The appraisal district also uses a geographic information system (GIS) and aerial technology systems.

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

### EXHIBIT 12

#### Lamar’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 | G, J and L2 | G, J and L2 |
| Percentage of total appraised value appraised by contracted appraisal firms | 40%             | 39%             | 33%         | 39%         |
| Appraisal Contract Cost   | \$61,165        | \$52,000        | \$52,000    | \$53,000    |

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

## 2.3 MAPPING AND/OR AERIAL PHOTOGRAPH

IAAO’s *Standard on Digital Cadastral Maps and Parcel Identifiers* (2015), Section 3.7, states basic information contained on maps should include parcel boundaries, identifiers, dimensions and area, subdivision or plat information, block and lot numbers, jurisdictional boundaries, locations and names of streets, railroads, rivers, lakes and other geographic features, situs addresses and geographic boundaries.

Comptroller Rule 9.3002 requires all appraisal offices and tax offices appraising property for ad valorem purposes to develop and maintain a system of tax maps covering the entire area of the taxing units for whom each office 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

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

IAAO’s *Standard on Mass Appraisal*, Section 3.3.4, Maintaining Property Characteristics Data, states that the appraisal district should continually update property characteristics data in response to changes brought about by new construction, new parcels, remodeling, demolition and destruction. One method is aerial photography, which can help identify new or previously unrecorded construction and land use. However, the most efficient method involves building permits. Ideally, strictly enforced local ordinances require building permits for all significant construction activity and the appraisal district receives copies of the permits. This method allows the appraisal district to identify properties whose characteristics are likely to change, inspect such parcels on a timely basis (preferably as close to the appraisal date as possible) and update the files accordingly.



The chief appraiser mentioned that although they did not have change detection in the past, staff will use it this year as a flyover is scheduled. However, Lamar does not currently have procedures in place to review improvements identified as missing. The chief appraiser and director of operations stated they plan to create procedures in the future.

An appraisal district uses aerial photography and/or change detection for many functions. One function is to identify improvements. Missing improvements are discovered and added to the appraisal roll. An appraisal district should have procedures in place for the review of improvements identified as missing so that staff can execute related tasks effectively. By not having procedures in place to review improvements identified as missing, appraisal district staff may not be using uniform techniques to locate property which could lead to inaccuracies.

### RECOMMENDATION 3

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

## 2.4 RATIO STUDIES

An appraisal district should perform ratio study analyses to evaluate appraisal performance. Per IAAO's *Standard on Ratio Studies*, there are several key uses of ratio studies including: measurement and evaluation of the level and uniformity of mass appraisal models, internal quality assurance and identification of appraisal priorities, determination of whether administrative or statutory standards have been met, determination of time trends and adjustment of appraised values between reappraisals.

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

EXHIBIT 13

### Ratio Study Uniformity Standards

| Type of property - General                                     | Type of property - Specific  | COD Range*                   |
|--|--|------------------------------|
| Single-family residential (including residential condominiums) | Newer or more homogeneous areas  | 5.0 to 10.0                  |
| Single-family residential                                      | Older or more heterogeneous areas  | 5.0 to 15.0                  |
| Other residential  | Rural, seasonal, recreational, manufactured housing, 2–4 unit family housing | 5.0 to 20.0                  |
| Income-producing properties                                    | Larger areas represented by large samples                                    | 5.0 to 15.0                  |
| Income-producing properties                                    | Smaller areas represented by smaller samples                                 | 5.0 to 20.0                  |
| Vacant land  | N/A  | 5.0 to 25.0                  |
| Other real and personal property                               | N/A  | Varies with local conditions |

Source: IAAO's *Standard on Ratio Studies*

*These types of property are provided for guidance only and may not represent jurisdictional requirements.*

*\* Coefficient of Dispersion (CODs) lower than 5.0 may indicate sales chasing or non-representative samples.*



## 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 Lamar in 2022.

### EXHIBIT 14

#### PTAD's Appraisal District Ratio Study, Lamar 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  | 293                | 1,791,936,861                     | 0.92                      | 16.85                     | 41.30                                | 77.13                                | 1.02                         |
| B. MULTI-FAMILY RES   | 31                 | 138,736,682                       | *                         | *                         | *                                    | *                                    | *                            |
| C1. VACANT LOTS       | 0                  | 46,846,211                        | *                         | *                         | *                                    | *                                    | *                            |
| C2. COLONIA LOTS      | 0                  | 0                                 | *                         | *                         | *                                    | *                                    | *                            |
| D2. FARM/RANCH IMP    | 0                  | 35,725,449                        | *                         | *                         | *                                    | *                                    | *                            |
| E. RURAL-NON-QUAL     | 68                 | 1,020,188,313                     | 0.68                      | 31.99                     | 10.29                                | 45.59                                | 0.98                         |
| F1. COMMERCIAL REAL   | 118                | 524,611,773                       | 0.99                      | 8.60                      | 72.03                                | 92.37                                | 1.03                         |
| F2. INDUSTRIAL REAL   | 0                  | 769,736,720                       | *                         | *                         | *                                    | *                                    | *                            |
| G. OIL, GAS, MINERALS | 0                  | 23,680                            | *                         | *                         | *                                    | *                                    | *                            |
| J. UTILITIES          | 8                  | 294,052,880                       | 0.97                      | 5.28                      | 87.50                                | 87.50                                | 0.97                         |
| L1. COMMERCIAL PER    | 42                 | 232,607,850                       | 0.99                      | 6.52                      | 73.81                                | 95.24                                | 0.97                         |
| L2. INDUSTRIAL PER    | 0                  | 1,299,401,180                     | *                         | *                         | *                                    | *                                    | *                            |
| M. OTHER PERSONAL     | 0                  | 11,128,820                        | *                         | *                         | *                                    | *                                    | *                            |
| O. RESIDENTIAL INV    | 0                  | 928,650                           | *                         | *                         | *                                    | *                                    | *                            |
| S. SPECIAL INVENTORY  | 0                  | 25,212,400                        | *                         | *                         | *                                    | *                                    | *                            |
| OVERALL               | 560                | 6,191,137,469                     | 0.95                      | 16.04                     | 46.43                                | 78.39                                | 0.96                         |

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

Lamar 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 Lamar has a low median level of appraisal in Category A (0.92) and Category E (0.68). 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 Lamar has high CODs in Category A (16.85) and Category E (31.99), 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. The IAAO states that anything outside of the PRD range of 0.98-1.03 indicates vertical inequity or treating higher and lower priced properties differently. **Exhibit 14** shows the PRD for Category A (1.02) and Category E (0.98) to be within the appropriate range, suggesting that Lamar is treating higher and lower valued properties similarly for that category. The overall PRD (0.96) and the PRDs for Category J (0.97) and L1 (0.97) are lower than the IAAO suggested PRD range, indicating progressivity or that high valued properties are relatively over-appraised in those categories.

Low median levels of appraisal, combined with high CODs and low PRDs indicates that a reappraisal of all property would be prudent. Because ADRS only reviews certain property categories, Lamar 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 Lamar's local ratio study results to make reappraisal decisions necessary to produce accurate values.**

## 2.5 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 on Jan 1.

## FINDING

Lamar does not amend its reappraisal plan to address problematic or critical areas of need.

IAAO's *Standard on Mass Appraisal*, Section 4.8, Frequency of Reappraisals, states the analysis of ratio study data can suggest groups or strata of properties in greatest need of physical review. Market adjustments can effectively maintain equity when appraisals are uniform within strata and recalibration can provide even greater accuracy. However, only physical reviews can





correct data errors and, as stated in Sections 3.3.4 and 3.3.5, property characteristics data should be reviewed and updated at least every 4 to 6 years. The appraisal district can accomplish this in at least three ways:

- i. Reinspecting all property at periodic intervals (i.e., every 4 to 6 years)
- ii. Reinspecting properties on a cyclical basis (e.g., one-fourth or one-sixth each year)
- iii. Reinspecting properties on a priority basis as indicated by ratio studies or other considerations while ensuring that they examine properties at least every sixth year.

Lamar's 2023 to 2024 reappraisal plan does not mention any problematic areas and no evidence indicates ratio studies were run specifically on any identified problem areas. Appraisal district staff indicated that problem areas in the county do exist, such as homes on acreage/Category E properties.

It is imperative to maintain and implement an effective reappraisal plan that addresses problematic areas and conduct ratio study analysis to maintain fair and uniform property values. Performing ratio study analysis is essential in determining reliable market trends and developing market values.

## RECOMMENDATION 5

**Amend the reappraisal plan to address problematic areas.**

## Section 3 – Categories of Valuation in the SDPVS

PTAD found Paris ISD's Categories A, B, D1 and F1 to be invalid in the years indicated in **Exhibit 15**. Because these property categories had invalid ratios in at least one of the three review years, these property categories are the basis of this TARP review.

PTAD found Categories C1, E, G, J and L1 in Paris ISD to be valid and they are *not* included in the scope of this TARP review.

PTAD found Prairiland 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, G and L1 in Prairiland 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        |
|------------|----------------|-------------|-------------|
| Paris      | B, D1 and F1   | A and D1    | A and D1    |
| Prairiland | A, D1, E and J | D1, E and J | 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.



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

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### 3.2 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.

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

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### 3.3 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.

Lamar's Category D1 property values were statistically invalid in 2020 to 2022. Lamar overvalued Category D1 properties from 2020 to 2022, even though Lamar followed steps outlined. The chief appraiser acknowledged a need for the appraisal district to obtain additional lease data to calculate accurate agricultural values. The appraisal district should modify their agricultural lease questionnaire to include a wider group of agricultural properties in the county.

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### 3.4 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

Lamar does not clearly document land valuation procedures.

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



During the onsite review, the director of operations indicated Lamar did not have written procedures for land valuation. She stated some of their adjustments and sales data used, however the examples provided did not follow any official procedures. By the end of the review, the director of operations created a document with specific written procedures that were discussed, however procedures still need to address stratification and market delineation.

## RECOMMENDATION 6

**Document land valuation procedures.**

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### 3.5 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.

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

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### 3.6 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.

Lamar's Category J property values were statistically invalid in 2020 to 2022. The same appraisal services contractor has appraised Lamar's utility property for more than 30 years. Lamar 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<br>2019-2022 | Tier 2 Average<br>2022 |
|--|--------------|--------------|--------------|--------------|-----------------------------|------------------------|
| Total Budget<br>(Excluding Collections)                                      | \$1,833,030  | \$1,184,149  | \$1,478,270  | \$1,034,000  | \$1,404,998                 | \$1,541,215            |
| Total Property Taxes Levied<br>(All Jurisdictions)                           | \$85,043,534 | \$79,441,395 | \$71,568,168 | \$68,313,814 | \$114,774,433               | \$181,458,903          |
| Does the appraisal<br>district collect taxes?                                | Yes          | Yes          | Yes          | Yes          | N/A                         | N/A                    |
| Number of Taxing Units<br>Appraisal District Collects<br>For (If Applicable) | 11           | 11           | 10           | 11           | 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<br>2019-2022 | Tier 2 Average<br>2022 |
| Full Time Staff          | 15   | 12   | 11   | 11   | 13                          | 13                     |
| Part Time Staff          | 1    | 2    | 4    | 5    | N/A                         | N/A                    |

| Appraisal Staff          |          |          |          |          |                             |                        |
|--------------------------|----------|----------|----------|----------|-----------------------------|------------------------|
|                          | 2022     | 2021     | 2020     | 2019     | Tier 2 Average<br>2019-2022 | Tier 2 Average<br>2022 |
| Full Time Appraisers     | 6        | 6        | 6        | 6        | 7                           | 7                      |
| Lowest Appraiser Salary  | \$31,000 | \$31,900 | \$34,165 | \$29,000 | \$41,834                    | \$40,040               |
| Highest Appraiser Salary | \$42,500 | \$40,000 | \$34,165 | \$29,000 | \$57,417                    | \$59,181               |

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



## APPENDIX 3

## Appraisal District Parcel Information

| Dwain                         | 2022            | 2021            | 2020            | 2019            |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| Parcel Count*                 | 41,578          | 41,234          | 40,789          | 40,492          |
| Number Taxing Units           | 12              | 12              | 12              | 12              |
| Parcels per Appraisal Staff** | 6,856           | 6,857           | 6,796           | 6,753           |
| Total Market Value Certified  | \$7,789,602,324 | \$6,709,303,098 | \$5,799,717,600 | \$5,613,546,018 |

## 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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