



Property Tax Assistance Division
2023 Report

Review of
Appraisal
District
Appraisal
Standards,
Procedures and
Methodology

TARGETED APPRAISAL REVIEW PROGRAM

MEDINA COUNTY APPRAISAL DISTRICT



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Texas Comptroller of Public Accounts

2023 TARGETED APPRAISAL REVIEW

MEDINA COUNTY APPRAISAL DISTRICT

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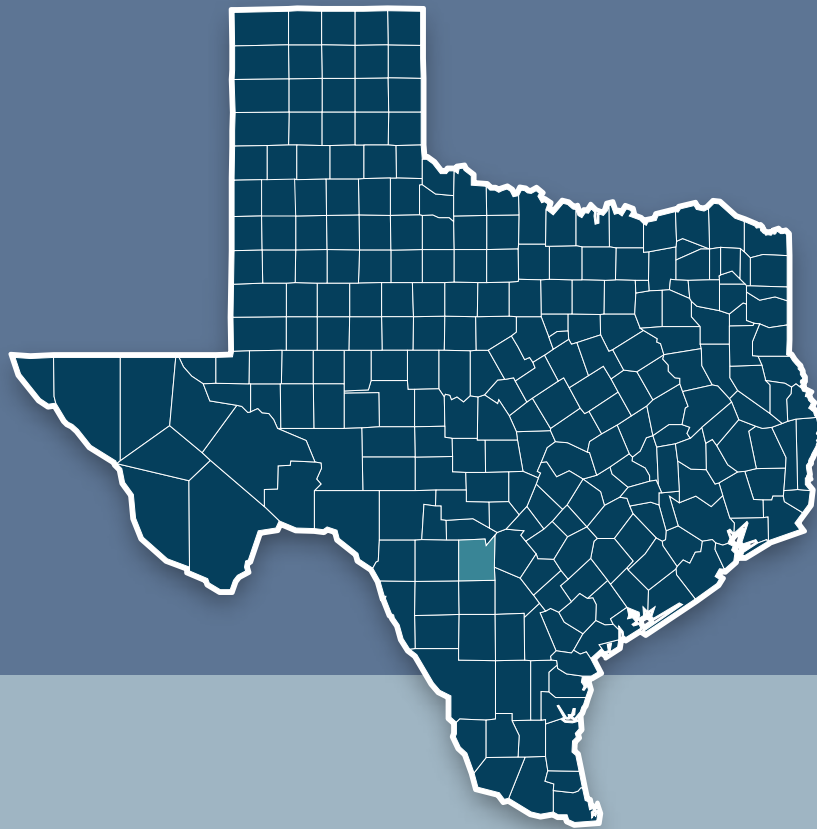




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Executive Summary

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

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 Medina. Over the next year, TARP reviewers will work with Medina 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 Medina 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 Devine ISD in Medina 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

Medina SDPVS Results 2020-2022

SDPVS Year	County	School District	Findings	Category*	Ratio
2020	Medina	Devine ISD	Invalid	A	0.8638
2020	Medina	Devine ISD	Invalid	C1	1.1245
2020	Medina	Devine ISD	Invalid	D1	1.0661
2020	Medina	Devine ISD	Invalid	E	0.8786
2021	Medina	Devine ISD	Invalid	A	0.9311
2021	Medina	Devine ISD	Invalid	C1	1.0752
2021	Medina	Devine ISD	Invalid	D1	1.0572
2021	Medina	Devine ISD	Invalid	E	0.9141
2021	Medina	Devine ISD	Invalid	F1	0.9312
2022	Medina	Devine ISD	Invalid	C1	0.8915
2022	Medina	Devine ISD	Invalid	D1	1.0696
2022	Medina	Devine ISD	Invalid	E	0.9177
2022	Medina	Devine ISD	Invalid	F1	0.713

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

- Conduct annual staff evaluations.
- Use Medina's local ratio study results to make reappraisal decisions necessary to produce accurate values.
- Consider all three approaches to value in appraising commercial property.
- Collect local income and expense data.



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 Medina County on February 12, 1848, from parts of Bexar County. It was expanded again on February 1, 1850, with additional land from Bexar County. The county is named after the Medina River, significant for both its geographical and historical importance.

The county includes the Devine, D’Hanis, Hondo, Lytle, Medina Valley, Natalia, Northside and Utopia Independent School Districts.

As of the 2020 U.S. Census, Medina County had a population of 52,891. The largest city, Hondo, with 9,279 residents. Other notable towns include Castroville, known for its rich European heritage.

Based on its 2020 population, PTAD classifies Medina 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

Medina became active in January 1980. As of July 2024, it has 12 full-time staff positions, not including the chief appraiser, of which four positions are supervisory and seven positions are full-time appraisers. Medina currently has two vacant positions. Medina contracts with a vendor for professional appraisal services. **Exhibit 4** presents Medina’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.

Medina provides appraisal services for 25 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

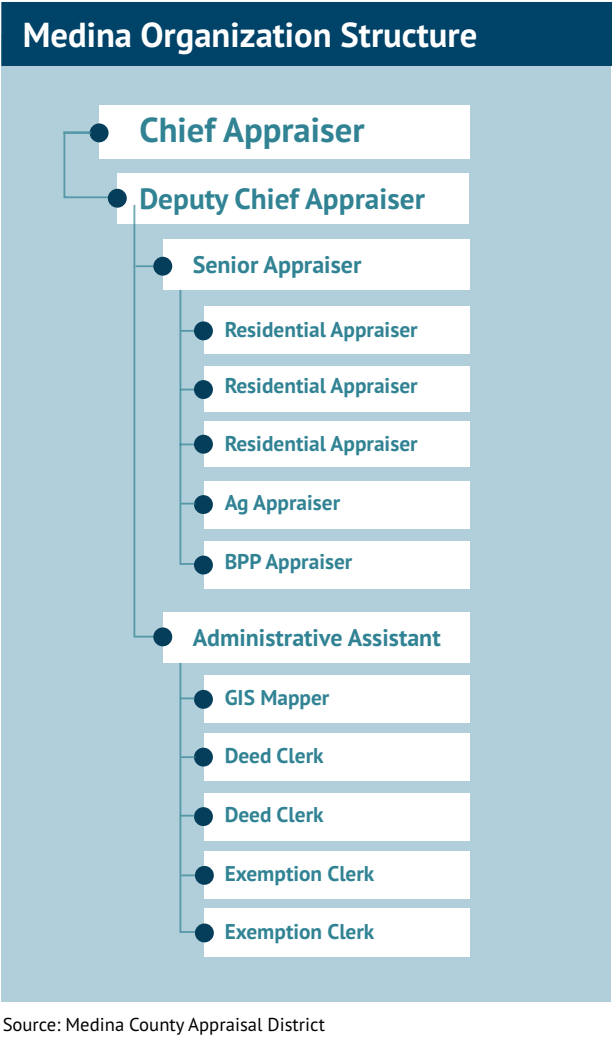




EXHIBIT 5

Medina Taxing Units and Collections

Name of Taxing Unit	Appraisal District Collects Property Taxes
City of Castroville	No
City of Devine	No
City of Hondo	No
City of La Coste	No
City of Lytle	No
City of Natalia	No
D'Hanis Independent School District	No
Devine Independent School District	No
Hondo Independent School District	No
Lytle Independent School District	No
Medina County	No
Medina County Emergency Services District #1	No
Medina County Emergency Services District #2	No
Medina County Emergency Services District #3	No
Medina County Emergency Services District #4	No
Medina County Emergency Services District #5	No
Medina County Emergency Services District #6	No
Medina County Groundwater Conservation District	No
Medina County Hospital District	No
Medina Valley Independent School District	No
Natalia Independent School District	No
Northside Independent School District	No
Redbird Ranch Freshwater Supply District #2	No
Utopia Independent School District	No
Utopia/Vanderpool Area Emergency Services District #1	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 recourses and necessary data.



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

EXHIBIT 6

Medina 2022 Budget vs. Tier 2 Average

Medina County Appraisal District Budget (2022)	Tier 2 Average Budget (2022)
\$1,455,700	\$1,541,215

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

In 2022, Medina operated with a budget of \$1,455,700, which is slightly lower than the Tier 2 average budget of \$1,541,215. This budget comparison highlights the relatively smaller financial resources, as reported by Medina 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 Medina's 2022 staffing and the Tier 2 average (excluding collections) to determine how Medina staffing and salaries compare with the tier average.

EXHIBIT 7

Medina 2022 Staffing and Salaries vs. Tier 2 Average

	2022	2022 Tier 2 Average
Full Time Staff	12	13
Part Time Staff	0	N/A
Full Time Appraisers	7	7
Lowest Appraiser Salary	\$31,500	\$40,040
Highest Appraiser Salary	\$77,000	\$59,181

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

From 2019 to 2022, Medina has maintained a full-time staff of 12 to 13 employees, comparable to the 2022 Tier 2 average of 13. There have been no part-time staff members during this period. From 2019 to 2022, in the appraisal division, the appraisal district employed seven full-time appraisers each year, which is the same as the 2022 Tier 2 average. The lowest appraiser salary decreased from \$43,900 in 2019 to \$31,500 in 2022, well below the 2022 Tier 2 average of \$40,040. The highest appraiser salary rose from \$70,500 in 2019 to \$77,000 in 2022, well above 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

Medina has not conducted annual staff evaluations for all employees.

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.

The chief appraiser indicated that staff evaluations were conducted in 2023 but had not been performed regularly in previous years.

The chief appraiser oversees the operations of the appraisal district, including staff evaluations. Conducting annual evaluations provides employees with yearly feedback and identifies areas needing improvement. Without annual evaluations, employees may remain unaware of performance deficiencies that require correction.

RECOMMENDATION 1

Conduct annual staff evaluations.

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 Medina’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

Medina Training Budget and Number of Trainings

	2022	2021	2020
Training Budget	\$20,000	\$20,000	\$15,000
Number of Trainings Attended	1-2	1-2	1-2

Source: Medina County Appraisal District

In 2022, Medina’s training budget increased from \$15,000 to \$20,000. The number of trainings attended by appraisal district staff remained steady at one to two per year 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 Medina’s chief appraiser.



EXHIBIT 9

Medina Chief Appraiser Information**Chief Appraiser**

Is the Chief Appraiser permanent, temporary or interim?	Permanent
Does the Chief Appraiser perform appraisals?	No
2022 Base Salary	\$114,100
Chief Appraiser – Years at appraisal district	40
Chief Appraiser – Years as a Chief Appraiser	9
Does the Chief Appraiser receive a car allowance?	Yes
What is the amount of the car allowance? (If applicable)	\$9,600
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 Medina 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 Medina's contracts, which are discussed in more detail in throughout this report. Medina puts contracts out for bid, generally in two to three year spans and depending on the length of the contract.

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

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

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

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



EXHIBIT 10

Medina Contracts

Type of Contract	Contract Dates	Years with Same Vendor	Does appraisal district actively monitor contract?
Appraisal of Real Property - Commercial	2019-2023	5+ years	Yes
Appraisal of Minerals, Industrial and Utilities	2022-2023	20+ years	Yes
Software	2016-2023	8 years	Yes
Pictometry	2016-2023	7 years	Yes

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

Parcel Information	Medina	Typical Parcel Per Appraiser (Rounded)
Parcel Count	46,360	10,001-70,000
Parcels per Appraisal Staff	6,610*	6,400**

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

* Excludes parcels for contracted appraisal services:

** Includes all property categories

In 2022, Medina managed 46,360 parcels placing it above the middle of appraisal districts with 10,001 to 70,000 parcels. Medina contracted for appraisal services in Categories B, F, G, J and L2 in 2022. Parcels in these categories are removed from the total parcel count to determine the parcels per appraiser of 6,610. This indicates that Medina's parcels per appraiser is higher than the typical parcel per appraiser average, which includes all property categories.

From 2019 to 2022, Medina managed parcel counts ranging from 44,125 to 46,360 (including all parcels) and the parcels assigned per appraiser for properties appraised in house ranged from 6,291 to 6,610. The total market value of certified parcels increased from \$6,644,675,508 to \$9,683,672,262 between 2019 and 2022. **Appendix 3** provides the appraisal district's parcel data over the four-year review period.



2.2 CONTRACTED APPRAISAL SERVICES

In 2022, appraisal district staff appraised 95 percent of the total appraised value within the appraisal district, specifically for Categories A, C1, D1, E, L1, M, O and S. In 2022, Medina contracted for appraisal services for property Categories B, F, G, J and L2. From 2019 to 2021, Medina contracted for appraisal services for property Categories G, J and L2. Each year from 2019 to 2022, these contracted firms appraised between 4 to 10 percent of the total appraised value within the appraisal district. The cost of these services varied from \$92,800 to \$104,200 over four years. Additionally, the appraisal district uses a geographic information system (GIS) and aerial technology systems.

Medina's contracted appraisal services are listed in **Exhibit 12**.

EXHIBIT 12

Medina's Contracted Appraisal Services

	2022	2021	2020	2019
Appraisal Services Contract	Yes	Yes	Yes	Yes
Contracted Property Categories	B, F, G, J and L2	G, J and L2	G, J and L2	G, J and L2
Percentage of total appraised value appraised by contracted appraisal firms	5%	10%	4%	10.14%
Appraisal Contract Cost	\$104,200	\$101,000	\$93,800	\$92,800

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. Ratio Study Uniformity Standards indicating acceptable general quality are presented in **Exhibit 13**.



EXHIBIT 13

Ratio Study Uniformity Standards

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

Source: IAAO's *Standard on Ratio Studies*

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

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

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 Medina in 2022.



EXHIBIT 14

PTAD's Appraisal District Ratio Study, Medina 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	489	3,443,257,150	0.97	12.91	54.60	86.50	1.01
B. MULTI-FAMILY RES	0	26,953,640	*	*	*	*	*
C1. VACANT LOTS	222	473,460,795	0.89	22.14	32.43	59.91	0.96
C2. COLONIA LOTS	0	0	*	*	*	*	*
D2. FARM/RANCH IMP	0	59,966,548	*	*	*	*	*
E. RURAL-NON-QUAL	105	856,499,287	0.98	16.36	42.86	76.19	1.02
F1. COMMERCIAL REAL	63	321,986,402	*	*	*	*	*
F2. INDUSTRIAL REAL	0	96,088,170	*	*	*	*	*
G. OIL, GAS, MINERALS	0	6,894,340	*	*	*	*	*
J. UTILITIES	0	143,163,460	*	*	*	*	*
L1. COMMERCIAL PER	0	84,711,580	*	*	*	*	*
L2. INDUSTRIAL PER	0	261,649,410	*	*	*	*	*
M. OTHER PERSONAL	0	119,390,799	*	*	*	*	*
O. RESIDENTIAL INV	0	14,570,180	*	*	*	*	*
S. SPECIAL INVENTORY	0	29,851,230	*	*	*	*	*
OVERALL	879	5,938,442,991	0.95	16.36	44.37	77.82	1.04

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

Medina is not appraising property equitably at market value.

Appraisal districts should measure the level of appraisal and uniformity of appraisal for the overall jurisdiction, individual mass appraisal neighborhoods/market areas, types of properties, or any other significant segment that will assist in determining reappraisal priorities.

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 Medina has a slightly lower overall median level of appraisal (0.95) and also in Category A (0.97), Category C1 (0.89) and Category E (0.98). 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 Medina has a slightly high overall COD (16.36) and a particularly high COD in Category C1 (22.14), suggesting excessive variability in appraisals.

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 overall PRD for Categories A and E to be within the appropriate range, suggesting that Medina is treating higher valued and lower valued properties similarly in those categories. The PRD for Category C1 (0.96) is lower than the IAAO suggested PRD range, indicating progressivity or that low valued properties are relatively under-appraised compared to higher valued properties in that category.

Exhibit 14 indicates Medina is appraising uniformly across all tested categories with the exception of Category C1. The low median level of appraisal (0.89) combined with a low PRD (0.96) for Category C1 property suggests a lack of uniformity and potential bias for those types of properties.

Low median levels of appraisal, combined with high CODs and low PRDs indicates that a trend factor might resolve any uniformity and equity issues. Because ADRS only reviews certain property categories, Medina 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 2

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

Section 3 – Categories of Valuation in the SDPVS

PTAD found Devine ISD's Categories A, C1, D1, E 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 B, F2, G, J and L1 in Devine 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
Medina	A, C1, D1 and E	A, C1, D1, E and F1	C1, D1, E and F1

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.



Medina's Category A property values were statistically invalid in 2020 to 2021. Overall adjustments to land and improvement values for Category A properties were lower than the market suggested in years 2020 and 2021. Based on the ratio report numbers for Medina, they were on track and slightly increasing in the right direction to where it appears they achieved the proper adjustment and reached a valid status in 2022.

3.2 CATEGORY C1 – VACANT LOTS AND TRACTS PROPERTY VALUATION

The Comptroller's [*Texas Property Tax Assistance Property Classification Guide*](#) states Category C1 property is generally small vacant tracts of land that are typically most suited for use as a building site and do not have the potential to qualify for agricultural use. These properties may be idle tracts in some stage of development or awaiting construction, tracts planned for residential structures, recreational lots or commercial and industrial building sites. Because property use determines classification, there is no minimum or maximum size requirement for Category C1.

Medina's Category C1 property values were statistically invalid in 2020 to 2022. Adjustments and ratios were high in 2020 and 2021. Medina decreased their Category C1 values in 2022 which made the ratios substantially lower than market and caused them to remain invalid.

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.

Medina's Category D1 property values were statistically invalid in 2020 to 2022. In 2020 to 2022 the values reported by Medina for wildlife management were not the same as the values they reported for Category D1. Medina should also consider information from other resources such as the Natural Resources Conservation Service (NRCS) and Texas A&M AgriLife Extension Service for income and expense data.

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.

Medina's Category E property values were statistically invalid in 2020 to 2022. Adjustments to land (and improvement) values for Category E were lower than the suggested market value. Although Medina made slight increases to values it was not enough to align them with the actual market and caused them to remain invalid. Recommendations for this issue can be found earlier in this report under the Ratio Studies section.



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.

FINDING

Medina does not employ the three approaches to value in appraising commercial property.

IAAO's *Standard on Mass Appraisal*, Section 4.6.4, Commercial and Industrial Property, states that the income approach is the most appropriate method in valuing commercial and industrial property if sufficient income data are available. Direct sales comparison models can be equally effective in large jurisdictions with sufficient sales. When a sufficient supply of sales data and income data is not available, the cost approach should be applied. However, the appraisal district should check the values generated against available sales data. The district should keep cost factors, land values and depreciation schedules current through periodic review.

Medina sends income surveys to property owners of offices, retail spaces, multifamily units and hotels, usually receiving minimal responses. Due to a lack of income data, the appraisal district primarily relies on the cost and sales approaches for valuing these property types. Although there is little sales data, it is combined with cost data to develop modifiers and determine final values. Currently, the income approach is only applied to hotel/motel properties, as income and expense information can be obtained through the Comptroller's office. Medina also collaborates with an appraisal contractor for valuations and schedule updates for commercial properties.

Despite the lack of sufficient sales data for market value determination using the sales approach, Medina can better use its valuation service to verify the appraisal contractor's values and collaborate in value development. Subscribing to commercial real estate industry publications, multiple listing services and continuing to send out income and expense surveys can help develop an income approach for more property types. Additionally, gathering information from neighboring appraisal districts can assist in developing income valuations for commercial property.

RECOMMENDATION 3

Consider all three approaches to value in appraising commercial property.

FINDING

Medina collects very limited local income and expense information.

IAAO's *Standard on Mass Appraisal*, Section 3.5, Income and Expense Data, states that the appraisal district must collect income and expense data for income-producing property and review it with qualified appraisers to ensure their accuracy and usability for valuation analysis. *Mass Appraisal of Real Property*, Chapter 2 and *Fundamentals of Mass Appraisal*, Chapter 2, have guidelines for addressing the collection and processing of income and expense data.



Medina sends income surveys to property owners of offices, retail spaces, multifamily units and hotels, usually receiving minimal responses. Due to this lack of data, the appraisal district primarily relies on the cost and sales approaches for valuing these property types. Although there is little sales data, it is used with cost data to develop modifiers and determine final values. Out of over 100 surveys sent, only 8 or 9 responses were received. Medina also collaborates with an appraisal contractor for valuations and schedule updates for commercial properties.

To improve market value determination using the sales approach, the appraisal district can better use its valuation service to verify contractor values and collaborate on value development. Additionally, subscribing to commercial real estate industry publications, multiple listing services and continuing to send out income and expense surveys can aid in developing an income approach for more property types. Gathering information from neighboring appraisal districts can also assist in developing income valuations for commercial properties.



RECOMMENDATION 4

Collect local income and expense data.



APPENDICES

APPENDIX 1

Appraisal District Budget

	2022	2021	2020	2019	Tier 2 Average 2019-2022	Tier 2 Average 2022
Total Budget (Excluding Collections)	\$1,455,700	\$1,377,200	\$1,255,780	\$1,292,900	\$1,404,998	\$1,541,215
Total Property Taxes Levied (All Jurisdictions)	\$99,920,210	\$88,963,636	\$77,898,042	\$72,798,523	\$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	12	12	13	12	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	7	7	7	7	7	7
Lowest Appraiser Salary	\$31,500	\$33,400	\$32,700	\$43,900	\$41,834	\$40,040
Highest Appraiser Salary	\$77,000	\$48,000	\$45,900	\$70,500	\$57,417	\$59,181

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



APPENDIX 3

Appraisal District Parcel Information

Medina	2022	2021	2020	2019
Parcel Count*	46,360	45,087	44,475	44,125
Number Taxing Units	25	25	25	25
Parcels per Appraisal Staff**	6,610	6,482	6,388	6,291
Total Market Value Certified	\$9,683,672,262	\$8,053,997,469	\$7,056,096,061	\$6,644,675,508

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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