



Property Tax Assistance Division
2023 Report

Review of
Appraisal
District
Appraisal
Standards,
Procedures and
Methodology

TARGETED APPRAISAL REVIEW PROGRAM

REFUGIO COUNTY APPRAISAL DISTRICT



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Texas Comptroller of Public Accounts

2023 TARGETED APPRAISAL REVIEW

REFUGIO COUNTY APPRAISAL DISTRICT

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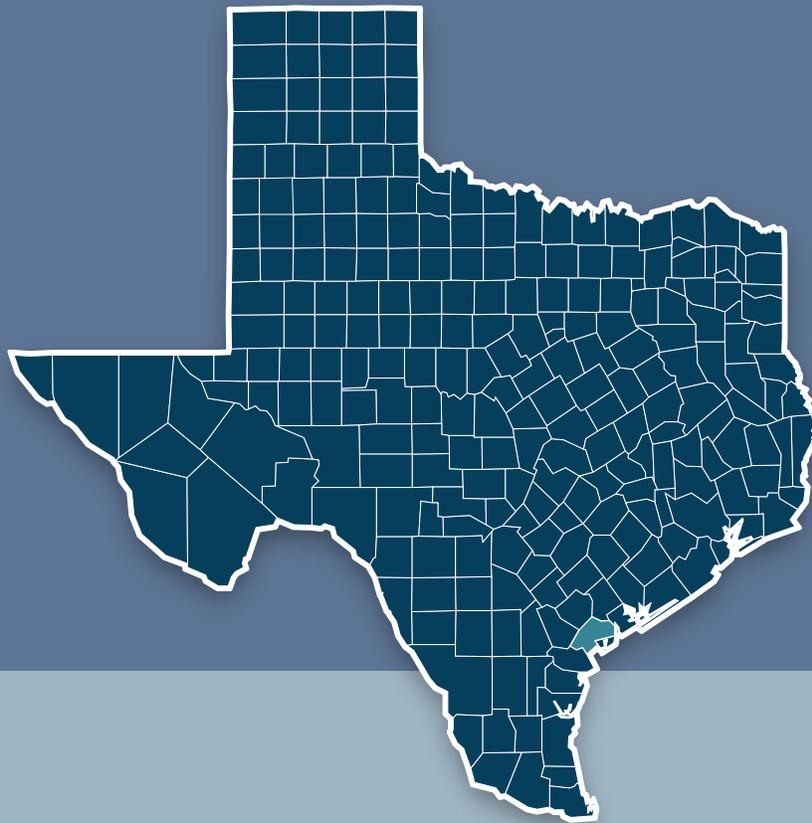




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Executive Summary

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

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 Refugio. Over the next year, TARP reviewers will work with Refugio 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 Refugio 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 Woodsboro ISD in Refugio 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

Refugio SDPVS Results 2020-2022

SDPVS Year	County	School District	Findings	Category*	Ratio
2020	Refugio	Woodsboro ISD	Invalid	A	0.8796
2020	Refugio	Woodsboro ISD	Invalid	C1	0.6719
2020	Refugio	Woodsboro ISD	Invalid	D1	1.0568
2021	Refugio	Woodsboro ISD	Invalid	A	0.8531
2021	Refugio	Woodsboro ISD	Invalid	E	0.8211
2021	Refugio	Woodsboro ISD	Invalid	J	0.9494
2022	Refugio	Woodsboro ISD	Invalid	A	0.8667
2022	Refugio	Woodsboro ISD	Invalid	C1	0.8975

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

- Perform evaluations on staff regularly.
- Hire additional staff to ensure coverage of all critical tasks.
- Conduct salary surveys to establish competitive salaries for the local job market.
- Evaluate the chief appraiser annually.
- Update appraisal district maps in a timely manner to reflect all properties and include all components addressed in IAAO's *Standard on Digital Cadastral Maps and Parcel Identifiers*.
- Make appropriate adjustments based on ratio study results.
- Use Refugio’s local ratio study results to make reappraisal decisions necessary to produce accurate values.
- Complete timely inspections in accordance with the reappraisal plan.
- Review and update residential cost schedules annually.
- Review and update land schedules annually.



Section 1 – Overview of County Appraisal District

1.1 COUNTY HISTORY AND DEMOGRAPHICS

According to *The Handbook of Texas Online*, Refugio County was organized as one of the thirteen original counties of the Republic of Texas in 1835. The county was named for Nuestra Señora del Refugio Mission. Refugio County is on the lower Gulf Coast in the Coastal Prairies region, bounded on the south by San Patricio County, on the west by Bee and Goliad counties, on the north by Victoria and Calhoun counties and on the east by Aransas County and by Hynes and Copano bays.

The county includes the Austwell-Tivoli, Refugio and Woodsboro Independent School Districts.

The county population in 2020, according to the United States Census Bureau, was 6,741. The major population center is the city of Refugio, with approximately 2,700 residents. Other notable cities include Woodsboro, with around 1,400 residents and Austwell, with fewer than 200 residents.

Based on the 2020 census population, PTAD classifies Refugio as Tier 3 for comparison with appraisal districts of similar population size.

Exhibit 3 shows the population brackets for each tier.

EXHIBIT 3

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

Source: Texas Comptroller of Public Accounts

EXHIBIT 4



Source: Refugio County Appraisal District

1.2 APPRAISAL DISTRICT ORGANIZATION AND STAFFING

Refugio became active in January 1980. As of July 2024, it has two full-time staff positions, of which one position is supervisory and one is administrative. Refugio contracts with a vendor for professional appraisal services. **Exhibit 4** presents Refugio’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. Refugio provides appraisal services for 13 taxing units, as shown in **Exhibit 5** and does not perform collection services.



EXHIBIT 5

Refugio Taxing Units and Collections

Name of Taxing Unit	Appraisal District Collects Property Taxes
Austwell-Tivoli Independent School District	No
Refugio County	No
Refugio County DD #1	No
Refugio County Memorial HD	No
Refugio County WCID #1	No
Refugio County WCID #2	No
Refugio Groundwater Conservation District	No
Refugio Independent School District	No
Town of Austwell	No
Town of Bayside	No
Town of Refugio	No
Town of Woodsboro	No
Woodsboro Independent School District	No

Source: Texas Comptroller of Public Accounts

1.4 APPRAISAL DISTRICT BUDGET INFORMATION

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

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

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

EXHIBIT 6

Refugio 2022 Budget vs. Tier 3 Average

Refugio County Appraisal District Budget (2022)	Tier 3 Average Budget (2022)
\$560,421	\$547,673

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

In 2022, Refugio operated with a budget of \$560,421 comparable to the Tier 3 average budget of \$547,673. This budget comparison highlights the relatively similar financial resources, as reported by Refugio 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 Refugio’s 2022 staffing and the Tier 3 average (excluding collections) to determine how Refugio staffing and salaries compare with the tier average.

EXHIBIT 7

Refugio 2022 Staffing and Salaries vs. Tier 3 Average

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

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

From 2019 to 2022, Refugio has consistently maintained two to three full-time employees, below the 2022 Tier 3 average of four. There were no part-time staff members during this period. The appraisal district contracts for all appraisal work, therefore Refugio has no appraiser information to report.

A four-year staff and salary history and Tier 3 average comparison is available in **Appendix 2**.

FINDING

Refugio does not conduct 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. Supervisors should give employees regular feedback on their job performance.

Refugio’s personnel files indicate that staff evaluations have been conducted sporadically over the years, rather than annually. Historically, Refugio has operated with two to three staff members, including the chief appraiser, deputy chief appraiser and a front desk clerk. For most of 2021, the chief appraiser and the deputy chief appraiser were the only staff members.

Governmental entities should routinely evaluate staff performance. As the administrator of the appraisal district, the chief appraiser must consistently evaluate the staff. Implementing a regular evaluation system is essential for establishing oversight and maintaining checks and balances within the appraisal district and the chief appraiser’s role.

RECOMMENDATION 1

Perform evaluations on staff regularly.



FINDING

Refugio’s organizational structure does not ensure appropriate coverage of all critical tasks 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.

The chief appraiser and deputy chief appraiser are both cross trained and can handle most of the appraisal district’s daily functions. The deputy chief appraiser suggested that an additional person is needed to oversee mapping, as she currently manages most of the daily operational tasks. Despite having operated this way for a long time, they believe they could still complete key administrative and appraisal tasks if someone were to leave unexpectedly. Refugio contracts out for all appraisal work. The appraisal district recently hired a front desk clerk, however it appears that at least one additional staff member is necessary.

An appraisal district must maintain adequate appraisal staffing levels to ensure appraisal tasks are performed and completed accurately. Insufficient staffing can lead to deficiencies in daily operations, as the workload may not allow enough time to complete tasks properly.

RECOMMENDATION 2

Hire additional staff to ensure coverage of all critical tasks.

FINDING

Refugio board of directors has not conducted a salary survey in the previous five years.

IAAO’s *Introduction to Assessment Administration*, Chapter 3, Organization for Assessment Administration, recommends that salary schedules be competitive with the market if the budget permits and that salaries should be equitable. Appraisal districts can gather salary information through operations surveys and comparisons with other appraisal districts to establish competitive salaries.

Discussions with the deputy chief appraiser on site revealed that the board of directors has collected survey information. The exact date of the information was undetermined, but appears to have been information from 2023. There was no information regarding whether or not changes to salaries were warranted.

RECOMMENDATION 3

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

1.6 TRAINING

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

Exhibit 8 provides Refugio’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

Refugio Training Budget and Number of Trainings

	2022	2021	2020
Training Budget	\$3,000	\$3,000	\$3,000
Number of Trainings Attended	1 to 2	1 to 2	1 to 2

Source: Refugio County Appraisal District

In 2022, Refugio’s training budget remained steady at \$3,000 and the trainings attended ranged from 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 Refugio’s chief appraiser.

EXHIBIT 9

Refugio Chief Appraiser Information

Chief Appraiser

Is the Chief Appraiser permanent, temporary or interim?	Permanent
Does the Chief Appraiser perform appraisals?	No
2022 Base Salary	\$73,000
Chief Appraiser – Years at appraisal district	2
Chief Appraiser – Years as a Chief Appraiser	2
Does the Chief Appraiser receive a car allowance?	Yes
What is the amount of the car allowance? (If applicable)	\$6,000
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 Refugio County Appraisal District

FINDING

The Refugio board of directors does not annually evaluate the chief appraiser.

Tax Code, Section 6.05(c), explains that the chief appraiser is the chief administrator of the appraisal office. Except as provided by Section 6.0501, the chief appraiser is appointed by and serves at the pleasure of the appraisal district board of directors.



IAAO's *Introduction to Assessment Administration*, Chapter 3, Organization for Assessment Administration, specifies that evaluating each employee's performance is necessary and important in office administration. Organizations and employees benefit from a regular performance evaluation process.

Refugio was unable to produce annual evaluations for the chief appraiser beyond June 1, 2021. The board of directors appears to evaluate the chief appraiser's performance every two years, with the previous evaluation conducted on July 2, 2019.

Chief appraisers should regularly evaluate staff to ensure work completion and correct performance issues. Similarly, the board of directors should evaluate the chief appraiser's performance to ensure adequate performance of the position's duties and responsibilities.



RECOMMENDATION 4

Evaluate the chief appraiser annually.

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 Refugio'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 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. Refugio will go out for new contract bids as necessary.

EXHIBIT 10

Refugio Contracts

Type of Contract	Contract Dates	Years with Same Vendor	Does appraisal district actively monitor contract?
Appraisal of Minerals, Industrial, Utilities, Personal Property and Real Property	2018-2024	20+ years	Yes
Software	2019-2024	20+ years	Yes
Mapping	2019-2024	20+ years	Yes
GIS	2021-2022	20+ years	Yes

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

Parcel Information	Refugio	Typical Parcel Per Appraiser (Rounded)
Parcel Count	16,789	10,001 – 70,000
Parcels per Appraisal Staff	0*	6,400**

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

* Excludes parcels for contracted appraisal services.

** Includes all property categories.

From 2019 to 2022, Refugio managed parcel counts ranging from 16,541 to 17,805, placing it on the low side of appraisal districts with 10,001 to 70,000 parcels. Refugio contracts out for all appraisal work each year. Parcels in these categories are removed from the total parcel count to determine the parcels per appraiser of 0. The total market value of certified parcels increased from \$43,392,580 to \$138,371,430 from 2019 and 2022. **Appendix 3** provides the appraisal district’s parcel data over the four-year review period.

2.2 CONTRACTED APPRAISAL SERVICES

Appraisal district staff does not appraise any properties. From 2019 to 2022, Refugio contracted for appraisal services for property Categories A, B, C, D, E, F, G, J, L, M, O and S. Each year, these contracted firms appraised 100 percent of the total appraised value within the appraisal district. The cost of these services remained consistent at \$231,600 over four years. Additionally, the appraisal district uses a geographic information system (GIS) and aerial technology systems. Refugio’s contracted appraisal services are listed in **Exhibit 12**.

EXHIBIT 12

Refugio’s Contracted Appraisal Services

	2022	2021	2020	2019
Appraisal Services Contract	Yes	Yes	Yes	Yes
Contracted Property Categories	All	All	All	All
Percentage of total appraised value appraised by contracted appraisal firms	100%	100%	100%	100%
Appraisal Contract Cost	\$231,600	\$231,600	\$231,600	\$231,600

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 appraisees property. Tax maps should be drawn to scale and delineated for lot lines or property lines or both, with dimensions or areas and identifying numbers, letters, or names for all delineated lots or parcels. Each parcel must be assigned parcel identification numbers (PIN) and the PIN recorded on the corresponding appraisal card. The tax map system should be updated annually.

FINDING

Refugio's maps do not provide the information specified in IAAO's *Standard on Digital Cadastral Maps and Parcel Identifiers*. They do not update mapping changes in a timely manner.

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

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

IAAO's *Standard on Digital Cadastral Maps*, Section 5.1, Ownership Maintenance, states that the current owner and parties of interest for each parcel should be identified. In addition, the basis of ownership (recorded deed, contract, court decree and so on) should be documented, should cite an instrument number, record book, page, volume and so on of the source document and should be linked to the cadastral parcel via a unique parcel identifier. A record of prior ownership (ownership history) should be maintained. Deeds and other ownership documents should be processed within two weeks of recording. Ownership information should then be published. Procedure manuals should provide detailed step-by-step instruction.

Out of 75 sampled properties, the reviewer was unable to locate eighteen properties (24 percent) on Refugio's maps. The reviewer did not receive mapping changes or samples. The deputy explained that she failed to provide these on time due to her workload and other responsibilities. She noted that most of the information sent to the mapping contractor likely fell outside the required ranges and acknowledged the appraisal district's need to improve its procedures for tracking the necessary changes.

Appraisal districts must promptly update their maps to reflect changes. Delays in updating maps can result in important property changes not being reflected, leading to inaccuracies in the data.

RECOMMENDATION 5

Update appraisal district maps in a timely manner to reflect all properties and include all components addressed in IAAO's *Standard on Digital Cadastral Maps and Parcel Identifiers*.



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. 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.*

REFUGIO RATIO STUDIES

FINDING

Refugio does not use ratio study results to determine if adjustments should be made.

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

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

The current chief appraiser, hired in 2022, noted that property values in the Bayside Area (Woodsboro ISD) remained stagnant in recent years. Refugio increased values in this waterfront area based on sales data after determining that the land values were too low. Property values were increased in 2022, remained stable in 2023 and were increased again in 2024. Although values are now trending upward, they had not been updated for some time.

Refugio appears to have used recent sales data but also relied on historical trends, lower ratio adjustments and outdated information. While value increases were made, they were not significant enough to reflect the actual market trend.

It is crucial to collect regular sales data, conduct ratio studies and evaluate cost schedules based on these findings to accurately assess reliable market trends and establish developing market values.

RECOMMENDATION 6

Make appropriate adjustments based on ratio study results.

PTAD'S APPRAISAL DISTRICT RATIO STUDY (ADRS)

Tax Code Section 5.10 requires PTAD to conduct a ratio study to measure the performance of each appraisal district in Texas at least once every two years and to publish the results.

The purpose of the Appraisal District Ratio Study (ADRS) is to measure the uniformity and median level of appraisals performed by an appraisal district within each major category of property.

To conduct the ADRS, PTAD applies appropriate standard statistical analysis techniques to data collected through the SDPVS required by Government Code Section 403.302.

The published report provides ratio study results for each appraisal district studied that year and includes:

- the median levels of appraisal for each major property category.
- the coefficient of dispersion (COD) around the median level of appraisal for each major property category; and
- other appropriate statistical measures.

Exhibit 14 shows the data from PTAD's Appraisal District Ratio Study for Refugio in 2021.

EXHIBIT 14

PTAD's Appraisal District Ratio Study, Refugio 2021

Category	Number of Ratios**	2021 CAD Reported Appraisal Value	Median Level of Appraisal	Coefficient of Dispersion	% Ratios within (+/-) 10 % of Median	% Ratios within (+/-) 25 % of Median	Price - Related Differential
A. SINGLE-FAMILY RES	153	170,075,500	0.99	13.93	54.25	83.01	1.05
B. MULTI-FAMILY RES	0	2,279,489	*	*	*	*	*
C1. VACANT LOTS	0	16,041,000	*	*	*	*	*
C2. COLONIA LOTS	0	0	*	*	*	*	*
D2. FARM/RANCH IMP	0	1,747,250	*	*	*	*	*
E. RURAL-NON-QUAL	40	55,765,520	1.00	20.45	45.00	67.50	1.12
F1. COMMERCIAL REAL	26	22,943,625	0.96	17.59	46.15	65.38	1.03
F2. INDUSTRIAL REAL	0	301,646,600	*	*	*	*	*
G. OIL, GAS, MINERALS	16	117,250,820	0.98	1.72	100.00	100.00	1.00
J. UTILITIES	15	250,650,120	0.95	11.21	53.33	93.33	0.94
L1. COMMERCIAL PERSONAL	21	18,416,400	1.04	12.19	47.62	85.71	0.96
L2. INDUSTRIAL PERSONAL	0	20,238,600	*	*	*	*	*
M. OTHER PERSONAL	0	4,249,900	*	*	*	*	*
O. SPECIAL INVENTORY	0	0	*	*	*	*	*
S. SPECIAL INVENTORY	0	883,620	*	*	*	*	*
OVERALL	271	982,188,444	0.98	14.58	53.51	80.44	0.98

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

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

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

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



FINDING

Refugio 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 Refugio has a good overall median level of appraisal (0.98).

The Coefficient of Dispersion (COD) is a measure of appraisal uniformity. **Exhibit 13** shows the IAAO suggested COD standards. **Exhibit 14** shows that Refugio has a good overall COD (14.58) and good CODs in Category A (13.93), Category F1 (17.59), Category J (11.21) and Category L1 (12.19). The COD for Category E (20.45), however, is slightly high and the COD for Category G (1.72) is low, indicating uniformity issues across these property types. These figures indicate higher variability in appraisal ratios, suggesting inconsistencies in valuation.

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 (1.05) and Category E (1.12) to be high suggesting that high-value properties in those categories are under-appraised compared to low-value properties (regressivity). The PRD for Category J (0.94) and Category L1 (0.96) are low suggesting high-value properties in those categories are relatively over-appraised compared to low-value properties (progressivity). These ratios indicate Refugio is treating higher and lower valued properties differently.

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

RECOMMENDATION 7

Use Refugio’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

Refugio does not identify parcels in the most recent reappraisal plan for reappraisal and complete timely inspections in accordance with the plan

Tax Code Section 25.18 states:

- (a) Each appraisal office shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05(i).
- (b) The plan shall provide for the following reappraisal activities for all real and personal property in the appraisal district at least once every three years:
 - (1) identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps and property sketches;
 - (2) identifying and updating relevant characteristics of each property in the appraisal records;
 - (3) defining market areas in the appraisal district;
 - (4) identifying property characteristics that affect property value in each market area, including:
 - (A) the location and market area of property;
 - (B) physical attributes of property, such as size, age and condition;
 - (C) legal and economic attributes; and
 - (D) easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances, or legal restrictions;
 - (5) developing an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and determines the contribution of individual property characteristics;
 - (6) applying the conclusions reflected in the model to the characteristics of the properties being appraised; and
 - (7) reviewing the appraisal results to determine value.

Sample accounts pulled from Woodsboro ISD revealed that several inspection dates on the cards were from 2017, making them more than six years old. A review of 15 properties in Woodsboro ISD showed that only two of the sample accounts were reappraised timely according to the reappraisal plan.

The appraisal district must ensure that appraisers accurately identify and update relevant property characteristics in the appraisal records and verify that account information, including inspection dates, is current. Inaccuracies in appraisal records can lead to overvalued or undervalued properties, disputes and potential legal actions between taxpayers and the appraisal district. Such inaccuracies can also damage the credibility of both the appraisers and the appraisal district.

RECOMMENDATION 8

Complete timely inspections in accordance with the reappraisal plan.

Section 3 – Categories of Valuation in the SDPVS

PTAD found Woodsboro ISD’s Categories A, C1, 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, F, G and L1 in Woodsboro 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
Woodsboro	A, C1 and D1	A, E and J	A and C1

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

Refugio does not update residential 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.

A review of accounts in Woodsboro ISD to ensure changes were reflected in cost and land schedules from 2020 to 2022 indicated that values remained generally stable in 2020 and 2021, with substantial increases in 2022. Land values followed a similar pattern, although some were noted as low at \$1,700.00, with most ranging between \$4,000.00 and \$5,000.00. While ratios were run and cost schedules adjusted annually, these adjustments appear to have fallen short of actual market rates. The appraisal district acquired TransUnion data in 2022 and uses Costar for commercial sales data, yet the number of sales remained low even with these resources. Substantial adjustments were made in 2022, but they did not fully capture the market appreciation for 2021 and 2022.

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

 RECOMMENDATION 9

Review and update residential cost schedules annually.



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.

FINDING

Refugio does not review and update land schedules.

IAAO’s *Standard on Mass Appraisal*, Section 4.5, Land Valuation, states that state or local laws may require the appraisal district to separate the value of an improved parcel into land and improvement components. When the appraisal district uses the sales comparison or income approach, an independent land value estimate can be subtracted from the total property value to obtain a residual improvement value. Some computerized valuation techniques separate total value into land and building components.

Refugio updated and adjusted cost schedules over the past few years based on sales data. Some values, however, remained relatively low from 2020 to 2022. The appraisal district recognized the issue and is currently updating and increasing schedules for 2023 and beyond.

The appraisal district should annually review values. At least once every four to six years, the properties should be physically inspected and revalued. The sales comparison approach is the primary approach to land valuation and is always preferred when sufficient sales are available. In the absence of adequate sales, the appraisal district can use other techniques in land appraisal including allocation, abstraction, anticipated use, capitalization of ground rents and land residual capitalization.

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

RECOMMENDATION 10

Review and update land 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.

Refugio’s Category D1 property values were statistically invalid in 2020. Refugio overvalued Category D1 properties in 2020, even though Refugio followed steps outlined. Refugio’s D1 values were valid in 2021 and 2022. Refugio should make efforts to obtain additional lease data to calculate accurate agricultural values by expanding their agricultural lease questionnaire to include a wider group of agricultural properties in the county.



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.

Refugio’s Category E property values were statistically invalid in 2021. The appraisal district has historically updated and adjusted land and improvement schedules over the past few years based on sales data, however appraised values remained relatively low in 2021 compared to market values. In 2022, Refugio made adjustments to bring appraised values in line with market values. Refugio’s Category E values were valid in 2022.

3.5 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.

Refugio’s Category J property values were statistically invalid in 2021. The same appraisal services contractor has appraised Refugio’s utility property for more than 20 years. Refugio 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 3 Average 2019-2022	Tier 3 Average 2022
Total Budget (Excluding Collections)	\$560,421	\$544,197	\$488,489	\$488,489	\$512,391	\$547,673
Total Property Taxes Levied (All Jurisdictions)	\$23,504,814	\$23,630,913	\$25,192,724	\$23,726,128	\$60,025,749	\$50,025,925
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 3 Average 2019-2022	Tier 3 Average 2022
Full Time Staff	2	3	3	3	4	4
Part Time Staff	0	0	0	0	N/A	N/A

Appraisal Staff

	2022	2021	2020	2019	Tier 3 Average 2019-2022	Tier 3 Average 2022
Full Time Appraisers	0	0	0	0	3	3
Lowest Appraiser Salary	N/A	N/A	N/A	N/A	\$40,079	\$39,505
Highest Appraiser Salary	N/A	N/A	N/A	N/A	\$46,417	\$48,041

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



APPENDIX 3

Appraisal District Parcel Information

Refugio	2022	2021	2020	2019
Parcel Count*	16,789	16,541	17,047	17,805
Number Taxing Units	13	13	13	13
Parcels per Appraisal Staff**	0	0	0	0
Total Market Value Certified	\$138,371,430	\$103,303,260	\$26,218,840	\$43,392,580

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.

Texas Comptroller of Public Accounts
Publication #96-1786-C196 February 2025

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