



Property Tax Assistance Division  
2023 Report

Review of  
Appraisal  
District  
Appraisal  
Standards,  
Procedures and  
Methodology

# TARGETED APPRAISAL REVIEW PROGRAM

SAN AUGUSTINE CENTRAL APPRAISAL DISTRICT



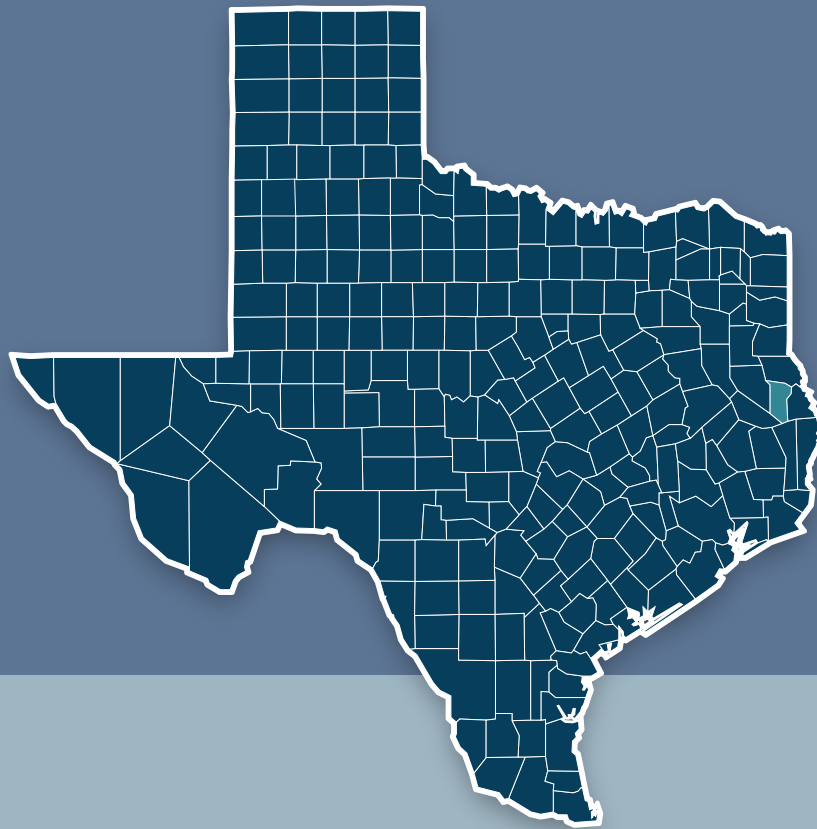
**GLENN HEGAR**  
Texas Comptroller of Public Accounts

# 2023 TARGETED APPRAISAL REVIEW

## SAN AUGUSTINE CENTRAL APPRAISAL DISTRICT

Chief Appraiser: Evelyn Watts

Reviewer: Dwayne Andrews





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# Executive Summary

In September 2023, the Texas Comptroller of Public Accounts identified San Augustine Independent School District (San Augustine ISD), located in San Augustine 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 San Augustine Central Appraisal District (San Augustine).

## 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 San Augustine. Over the next year, TARP reviewers will work with San Augustine 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 San Augustine 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 San Augustine ISD in San Augustine 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

#### San Augustine SDPVS Results 2020-2022

SDPVS Year	County	School District	Findings	Category*	Ratio
2020	San Augustine	San Augustine ISD	Invalid	A	0.8717
2020	San Augustine	San Augustine ISD	Invalid	D1	0.9283
2020	San Augustine	San Augustine ISD	Invalid	E	0.9115
2021	San Augustine	San Augustine ISD	Invalid	A	0.8746
2021	San Augustine	San Augustine ISD	Invalid	D1	0.9131
2022	San Augustine	San Augustine ISD	Invalid	A	0.7093
2022	San Augustine	San Augustine ISD	Invalid	D1	0.9187
2022	San Augustine	San Augustine ISD	Invalid	E	0.8138

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

- Conduct ratio studies at timely intervals and make appropriate adjustments based on results.
- Use San Augustine's local ratio study results to make reappraisal decisions necessary to produce accurate values.
- Review and update residential cost schedules annually.



# Section 1 – Overview of County Appraisal District

## 1.1 COUNTY HISTORY AND DEMOGRAPHICS

According to *The Handbook of Texas Online*, the Texas State Legislature established San Augustine in 1837, making it one of the oldest counties in Texas. San Augustine County is in extreme East Texas, twenty-three miles from the eastern state boundary. It is bordered by the Attoyac River on the west, Sabine County on the east, Shelby County to the north and Sam Rayburn Reservoir to the south.

The county includes the Broadus, Brookeland, Chireno and San Augustine Independent School Districts, which serves its educational needs.

As of the 2020 U.S. Census, San Augustine County had a population of 8,286 residents. The largest city, also named San Augustine, is the county seat and the main population center, with 1,897 residents.

Based on the 2020 census population, PTAD classifies San Augustine as Tier 3 for comparison with appraisal districts of similar population size. **Exhibit 3** shows the population brackets for each tier.

## 1.2 APPRAISAL DISTRICT ORGANIZATION AND STAFFING

San Augustine became active in January 1980. As of July 2024, it has six full-time staff positions, of which one is supervisory and two are full-time appraisers. San Augustine contracts with a vendor for certain professional appraisal services. **Exhibit 4** presents San Augustine’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.

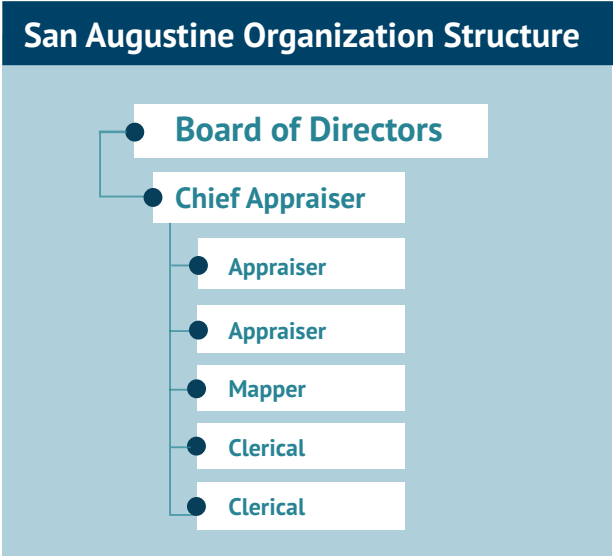
San Augustine provides appraisal services for seven taxing units, as shown in **Exhibit 5** and does not perform collection services.

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



Source: San Augustine Central Appraisal District



## EXHIBIT 5

**San Augustine Taxing Units and Collections**

Name of Taxing Unit	Appraisal District Collects Property Taxes
Broaddus Independent School District	No
Brookeland Independent School District	No
Chireno Independent School District	No
City of San Augustine	No
San Augustine County	No
San Augustine County HD	No
San Augustine 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. 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 San Augustine's 2022 budget versus the Tier 3 average 2022 budget (excluding collections) to show how San Augustine's budget aligns with the tier average.

## EXHIBIT 6

**San Augustine 2022 Budget vs. Tier 3 Average**

San Augustine Central Appraisal District Budget (2022)	Tier 3 Average Budget (2022)
\$466,065	\$547,673

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

In 2022, San Augustine operated with a budget of \$466,065, which is lower than the Tier 3 average budget of \$547,673. This budget comparison highlights the more limited financial resources, as reported by San Augustine 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 San Augustine's 2022 staffing and the Tier 3 average (excluding collections) to determine how San Augustine staffing and salaries compare with the tier average.

### EXHIBIT 7

#### San Augustine 2022 Staffing and Salaries vs. Tier 3 Average

	2022	2022 Tier 3 Average
Full Time Staff	6	4
Part Time Staff	0	N/A
Full Time Appraisers	3	3
Lowest Appraiser Salary	\$29,000	\$39,505
Highest Appraiser Salary	\$29,255	\$48,041

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

From 2019 to 2022, San Augustine has maintained a full-time staff of five to six employees, higher than the 2022 Tier 3 average of four. There have been no part-time staff members during this period. From 2019 to 2022, San Augustine employed two to three full-time appraisers each year, similar to the 2022 Tier 3 average. The lowest appraiser salary increased from \$24,762 in 2019 to \$29,000 in 2022, significantly lower than the 2022 Tier 3 average of \$39,505. The highest appraiser salary rose from \$24,762 in 2019 to \$29,255 in 2022, significantly below the 2022 Tier 3 average of \$48,041. San Augustine conducted salary surveys in 2020 and 2022. A four-year staff and salary history and Tier 3 average comparison is available in **Appendix 2**.

## 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 San Augustine'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

#### San Augustine Training Budget and Number of Trainings

	2022	2021	2020
Training Budget	\$4,500	\$4,000	\$3,500
Number of Trainings Attended	2-3	2-3	2-3

Source: San Augustine Central Appraisal District





## 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 San Augustine's chief appraiser.

### EXHIBIT 9

#### San Augustine Chief Appraiser Information

##### Chief Appraiser

Is the Chief Appraiser permanent, temporary or interim?	Permanent
Does the Chief Appraiser perform appraisals?	Yes
2022 Base Salary	\$76,030
Chief Appraiser – Years at appraisal district	40
Chief Appraiser – Years as a Chief Appraiser	8
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?	No
Does the Chief Appraiser receive medical insurance benefits?	Yes

Source: Texas Comptroller of Public Accounts, *Appraisal District Operation Survey* and San Augustine Central 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 San Augustine'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. San Augustine does regularly go out for new contract bids depending on the terms and length of the contract.



## EXHIBIT 10

## San Augustine Contracts

Type of Contract	Contract Dates	Years with Same Vendor	Does appraisal district actively monitor contract?
Appraisal of Minerals, Utilities and Industrial	2021-2022	20+ years	Yes
Software	2020-2023	20+ years	Yes
Mapping	2018-2023	5 years	Yes
Pictometry	2016-2023	7 years	Yes

Source: San Augustine Central 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 San Augustine Parcel Information vs. Typical Parcel Per Appraiser Average

Parcel Information	San Augustine	Typical Parcel Per Appraiser (Rounded)
Parcel Count	34,701	10,001-70,000
Parcels per Appraisal Staff	4,915*	6,400**

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

\* Excludes parcels for contracted appraisal services:

\*\* Includes all property categories

In 2022, San Augustine managed 34,701 parcels placing it in the middle of appraisal districts with 10,001-70,000 parcels. San Augustine contracts for appraisal services in Categories F2, G, J and L2. Parcels in these categories are removed from the total parcel count to determine the parcels per appraiser of 4,915. This indicates that San Augustine's parcels per appraiser is lower than the typical parcel per appraiser average, which includes all property categories.

From 2019 to 2022, San Augustine managed parcel counts ranging from 31,087 to 34,701 and the parcels assigned per appraiser ranged from a high of 7,314 in 2021 to a low of 4,915 in 2022. The total market value of certified parcels increased from \$1,640,690,558 to \$2,073,837,172 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 29 to 61 percent of the total appraised value specifically for Categories A, B, C, D1, E1, F1, L1, M, O and S. From 2019 to 2022, San Augustine contracted for appraisal services for property Categories F2, G, J and L2 and these contracted firms appraised between 39 to 71 percent of the total appraised value within the appraisal district. The cost of these services varied from \$28,400 to \$32,200 over four years. Additionally, San Augustine does not use a geographic information system (GIS) but it does use aerial technology systems. San Augustine's contracted appraisal services are listed in **Exhibit 12**.

EXHIBIT 12

### San Augustine's Contracted Appraisal Services

	2022	2021	2020	2019
Appraisal Services Contract	Yes	Yes	Yes	Yes
Contracted Property Categories	F2, G, J and L2	F2, G, J and L2	F2, G, J and L2	F2, G, J and L2
Percentage of total appraised value appraised by contracted appraisal firms	42%	39%	68%	71%
Appraisal Contract Cost	\$32,200	\$30,600	\$29,000	\$28,400

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.



## SAN AUGUSTINE RATIO STUDIES

### FINDING

San Augustine does not conduct ratio studies at timely intervals during the valuation process or use ratio study results to determine if adjustments should be made.

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

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

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

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

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

From Jan. 1, 2022, through Nov. 27, 2023, San Augustine conducted county-wide sales ratio reports, revealing fewer than 30 sales in Categories A and E, fewer than 10 sales in Category C and fewer than 50 sales for Category D. The reports noted one Category F sale. Although the appraisal district reviewed ratios in prior years, they did not make changes promptly based on the results.

San Augustine calculated ratios for land, residential and one commercial sale, including a mean, median, absolute and average deviation, standard deviation and coefficient of dispersion. In 2021, the chief appraiser acknowledged market changes and began reviewing third party data to update land schedules for Categories D and E properties and residential properties. These updates, however, were not implemented promptly.

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 1

**Conduct ratio studies at timely intervals and make appropriate adjustments based on 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 15** shows the data from PTADs Appraisal District Ratio Study for San Augustine in 2022.

#### EXHIBIT 14

### PTAD's Appraisal District Ratio Study, San Augustine 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	140	235,915,720	0.72	33.50	18.57	40.71	1.12
B. MULTI-FAMILY RES	0	1,163,040	*	*	*	*	*
C1. VACANT LOTS	0	22,983,240	*	*	*	*	*
C2. COLONIA LOTS	0	0	*	*	*	*	*
D2. FARM/RANCH IMP	0	13,520,650	*	*	*	*	*
E. RURAL-NON-QUAL	51	133,167,670	0.67	33.75	25.49	56.86	1.00
F1. COMMERCIAL REAL	0	27,068,850	*	*	*	*	*
F2. INDUSTRIAL REAL	0	4,313,310	*	*	*	*	*
G. OIL, GAS, MINERALS	38	626,247,500	1.01	1.49	97.37	100.00	1.00
J. UTILITIES	1	209,000,280	*	*	*	*	*
L1. COMMERCIAL PER	0	13,318,200	*	*	*	*	*
L2. INDUSTRIAL PER	0	41,169,560	*	*	*	*	*
M. OTHER PERSONAL	0	11,844,560	*	*	*	*	*
O. RESIDENTIAL INV	0	198,750	*	*	*	*	*
S. SPECIAL INVENTORY	0	1,690,100	*	*	*	*	*
OVERALL	230	1,341,601,430	0.77	31.61	15.22	38.70	0.82

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

San Augustine 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 level of appraisal measures the accuracy of an appraisal district's appraisals in relation to the standard of 100 percent of market value. According to the IAAO, the median is the appropriate measure of central tendency for evaluating appraisal performance. The median level of appraisal standard is 0.95-1.05 to indicate accurate market value appraisals. **Exhibit 14** shows San Augustine has an overall low median level of appraisal (0.77) and a low median level of appraisal in Category A (0.72) and Category E (0.67). These low ratios indicate that properties in these categories are appraised significantly 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 San Augustine has a high overall COD (31.61) and also in Category A (33.50) and Category E (33.75) and a very low COD in Category G (1.49) indicating uniformity issues across major property types. These figures indicate higher variability in appraisal ratios, suggesting inconsistencies in valuation. This level of dispersion suggests the average deviation of the ratios from the median is excessive, potentially affecting the reliability of the appraisal assessments.

The Price-Related Differential (PRD) is a measure of vertical equity, comparing the appraisal of higher valued properties to the appraisal of lower valued properties. IAAO states that anything outside of the PRD range of 0.98-1.03 indicates vertical inequity or treating higher and lower priced properties differently. **Exhibit 14** shows the overall PRD to be low (0.82) and the PRD in Category A to be high (1.12), while the PRD for Categories E and G are at a perfect 1 ratio. This suggest San Augustine is treating higher valued property differently than lower valued property in Category A and overall.

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, San Augustine 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 San Augustine's local ratio study results to make reappraisal decisions necessary to produce accurate values.**



## Section 3 – Categories of Valuation in the SDPVS

PTAD found San Augustine ISD's Categories A, D1 and E 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, J and L1 in San Augustine ISD to be valid and they are *not* included in the scope of this TARP review.

### EXHIBIT 14

#### SDPVS Invalid Property Categories 2020-22

ISD	2020	2021	2022
San Augustine	A, D1 and E	A and D1	A, D1 and E

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

San Augustine does not update residential cost schedules.

IAAO's *Standard on Mass Appraisal*, Section 4.2, The Cost Approach states the cost approach applies to virtually all improved parcels and, if used properly, can produce accurate valuations. The cost approach is more reliable for newer standard materials, design and workmanship structures. It produces an estimate of the value of the fee simple interest in a property.

Reliable cost data are imperative in any successful application of the cost approach. The data must be complete, typical and current. Current construction costs should be based on the cost of replacing a structure with one of equal utility, using current materials, design and building standards. In addition to specific property types, cost models should include the cost of individual construction components and building items to adjust for features that differ from base specifications. The appraisal district should incorporate these costs into a construction cost manual and related computer software. The software can perform the valuation function. The appraisal district can use the manual when nonautomated calculations are required and provide additional documentation.

Although San Augustine conducted ratios annually, it did not update cost schedules each year due to the low number of sales. From 2020 to 2022, several accounts showed no changes in cost per square foot. Category A sales, combined with the county's rural nature and diverse housing stock made it increasingly difficult to identify a true trend. A sample of appraisal cards revealed no value changes over the three-year history.

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 3**

**Review and update residential cost schedules annually.**

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## **3.2 CATEGORY (D) D1 – QUALIFIED OPEN-SPACE LAND PROPERTY VALUATION AND CATEGORY D2 – FARM AND RANCH IMPROVEMENTS SPECIAL USE VALUATION**

The Comptroller's [\*Texas Property Tax Assistance Property Classification Guide\*](#) states Category D1 includes all acreage qualified for productivity valuation under Texas Constitution, Article VIII, 1-d or 1-d-1 and Tax Code Chapter 23, Subchapters C, D, E and H.

It also states Category D2 includes improvements, other than residences, associated with land reported as Category D1. These improvements include all barns, sheds, silos, garages and other improvements associated with farming or ranching.

San Augustine's Category D1 property values were statistically invalid in 2020 to 2022. While San Augustine followed the steps outlined, they should make efforts to obtain additional income and expense data in its calculation of net to land. San Augustine uses available active leases and information from its Agricultural Advisory Board to derive agricultural values, but should also consider information from other resources such as the Natural Resources Conservation Service (NRCS) and Texas A&M AgriLife Extension Service.

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## **3.3 CATEGORY E – RURAL LAND, NOT QUALIFIED FOR OPEN-SPACE APPRAISAL PROPERTY VALUATION**

The Comptroller's [\*Texas Property Tax Assistance Property Classification Guide\*](#) states Category E includes only rural land that is not qualified for productivity valuation and the improvements on that land, including residences. Appraisal districts may report any size tract in Category E.

As always, primary use is the determining factor in classifying property. If the land is used as residential inventory, commercial, industrial, or other purposes, classify the property by that use. Likewise, if the land qualifies as open-space land for productivity appraisal, the use determines its classification as Category D1. If the land does not fit in these other categories, report it in Category E.

San Augustine's Category E property values were statistically invalid in 2020 and 2022. San Augustine did not make proper adjustments to schedules in 2020 and 2022. While adjustments were made, Category E overall adjustments to land and improvements were less than the market suggested. Recommendations for this issue can be found earlier in this report under the Ratio Studies section. Significant market increases occurred in 2020 and 2022 and San Augustine did not make timely adjustments.





# APPENDICES

## APPENDIX 1

### Appraisal District Budget

	2022	2021	2020	2019	Tier 3 Average 2019-2022	Tier 3 Average 2022
Total Budget (Excluding Collections)	\$466,065	\$409,050	\$389,294	\$389,294	\$512,391	\$547,673
Total Property Taxes Levied (All Jurisdictions)	\$19,896,466	\$18,702,760	\$17,115,372	\$12,729,279	\$60,025,749	\$50,052,925
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	6	5	5	5	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	3	2	2	2	3	3
Lowest Appraiser Salary	\$29,000	\$27,300	\$26,000	\$24,762	\$40,079	\$39,505
Highest Appraiser Salary	\$29,255	\$27,300	\$26,000	\$24,762	\$46,417	\$48,041

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



## APPENDIX 3

## Appraisal District Parcel Information

San Augustine	2022	2021	2020	2019
Parcel Count*	34,701	31,600	31,087	33,779
Number Taxing Units	7	7	7	7
Parcels per Appraisal Staff**	4,915	7,314	7,290	7,281
Total Market Value Certified	\$2,073,837,172	\$1,793,250,409	\$1,831,779,019	\$1,640,690,558

## 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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