



Property Tax Assistance Division
2023 Report

Review of
Appraisal
District
Appraisal
Standards,
Procedures and
Methodology

TARGETED APPRAISAL REVIEW PROGRAM

UPSHUR COUNTY APPRAISAL DISTRICT



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Texas Comptroller of Public Accounts

2023 TARGETED APPRAISAL REVIEW

UPSHUR COUNTY APPRAISAL DISTRICT

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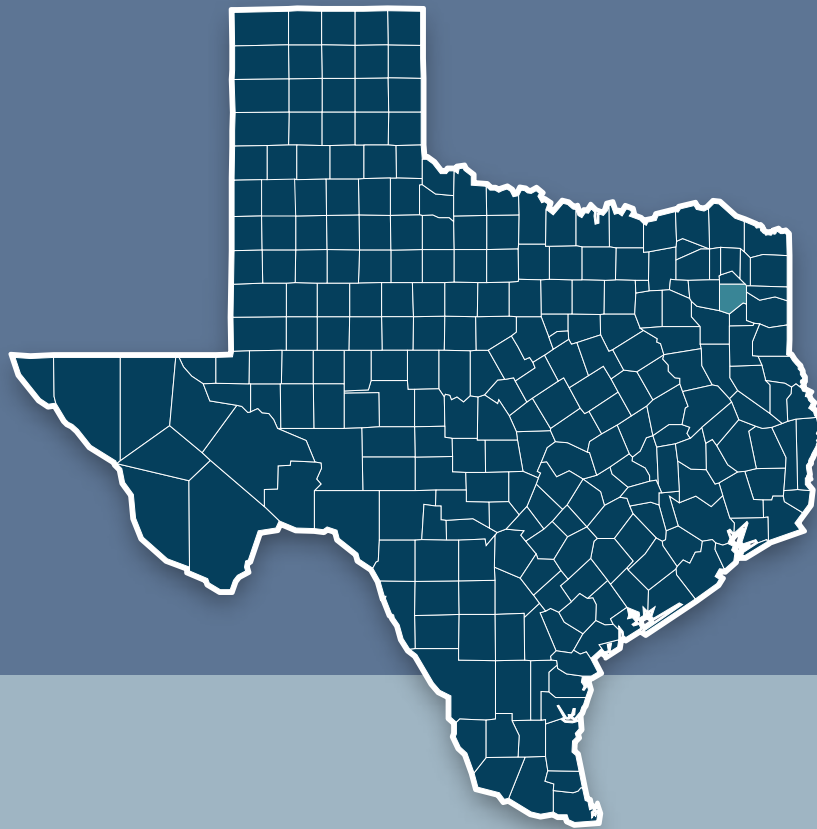




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Executive Summary

In September 2023, the Texas Comptroller of Public Accounts identified Gilmer Independent School District (Gilmer ISD), New Diana Independent School District (New Diana ISD), Ore City Independent School District (Ore City ISD) and Union Grove Independent School District (Union Grove ISD), located in Upshur County, as four 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 Upshur County Appraisal District (Upshur).

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

EXHIBIT 2

Upshur SDPVS Results 2020-2022

SDPVS Year	County	School District	Findings	Category*	Ratio
2020	Upshur	Gilmer ISD	Invalid	A	0.9403
2020	Upshur	Gilmer ISD	Invalid	D1	1.1019
2020	Upshur	Gilmer ISD	Invalid	E	0.8869
2021	Upshur	Gilmer ISD	Invalid	A	0.8967
2021	Upshur	Gilmer ISD	Invalid	D1	1.0806
2021	Upshur	Gilmer ISD	Invalid	E	0.8567
2022	Upshur	Gilmer ISD	Invalid	A	0.899
2022	Upshur	Gilmer ISD	Invalid	E	0.8282
2020	Upshur	New Diana ISD	Invalid	A	0.9305
2020	Upshur	New Diana ISD	Invalid	D1	1.118
2020	Upshur	New Diana ISD	Invalid	E	0.9004
2021	Upshur	New Diana ISD	Invalid	A	0.9002
2021	Upshur	New Diana ISD	Invalid	D1	1.0977
2021	Upshur	New Diana ISD	Invalid	E	0.8335
2022	Upshur	New Diana ISD	Invalid	E	0.8712
2020	Upshur	Ore City ISD	Invalid	D1	1.1287
2020	Upshur	Ore City ISD	Invalid	E	0.8639
2020	Upshur	Ore City ISD	Invalid	F1	0.8809
2021	Upshur	Ore City ISD	Invalid	A	0.8634
2021	Upshur	Ore City ISD	Invalid	D1	1.0741
2021	Upshur	Ore City ISD	Invalid	E	0.8661
2021	Upshur	Ore City ISD	Invalid	F1	0.9164
2022	Upshur	Ore City ISD	Invalid	A	0.8553
2022	Upshur	Ore City ISD	Invalid	D1	1.0679
2022	Upshur	Ore City ISD	Invalid	E	0.7577
2020	Upshur	Union Grove ISD	Invalid	A	0.8976
2020	Upshur	Union Grove ISD	Invalid	D1	1.1559
2021	Upshur	Union Grove ISD	Invalid	A	0.8995
2021	Upshur	Union Grove ISD	Invalid	D1	1.1205
2021	Upshur	Union Grove ISD	Invalid	E	0.9041
2021	Upshur	Union Grove ISD	Invalid	G	0.9183
2022	Upshur	Union Grove ISD	Invalid	A	0.9143
2022	Upshur	Union Grove ISD	Invalid	E	0.8149

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

- Employ adequate support staff to perform administration functions so that appraisers can focus on appraising property.
- Establish procedures and provide cross training to staff to ensure appropriate coverage of all critical tasks when key personnel are absent or abruptly leave the appraisal district.
- Employ adequate appraisal staff to effectively appraise all parcels within the appraisal district.
- Create and implement procedures to review the improvements identified in the aerial photography to discover and add new and/or missing improvements to the appraisal roll.
- Develop and follow written guidelines for sales verification.
- Use Upshur's local ratio study results to make reappraisal decisions necessary to produce accurate values.
- Amend the reappraisal plan to address problematic areas.
- Create and follow quality control procedures as written to ensure that work is complete and updated.



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 Upshur County in 1846 from parts of Harrison and Nacogdoches counties. It is named after Abel Parker Upshur, the secretary of state under President John Tyler.

The county includes the Big Sandy, Gilmer, Gladewater, Harmony, New Diana, Ore City, Pittsburg, Union Grove and Union Hill Independent School Districts. The county population in 2020, according to the United States Census Bureau, was 40,892. Major population centers include the city of Gilmer with 5,000 residents, along with smaller towns such as Big Sandy.

Based on the 2020 census population, PTAD classifies Upshur 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

Upshur became active in January 1980. As of July 2024, it has ten full-time staff positions, not including the chief appraiser, of which one position is supervisory and three positions are full-time appraisers. Upshur contracts with a vendor for professional appraisal services. **Exhibit 4** presents Upshur’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.

Upshur provides appraisal services for 20 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: Upshur County Appraisal District



EXHIBIT 5

Upshur Taxing Units and Collections

Name of Taxing Unit	Appraisal District Collects Property Taxes
Upshur County	No
Big Sandy Independent School District	No
City of Big Sandy	No
City of Clarksville City	No
City of East Mountain	No
City of Gilmer	No
City of Gladewater	No
City of Ore City	No
City of Warren City	No
Emergency Services District #1	No
Emergency Services District #2	No
Gilmer Independent School District	No
Gladewater Independent School District	No
Harmony Independent School District	No
Kilgore Junior College	No
New Diana Independent School District	No
Ore City Independent School District	No
Pittsburg Independent School District	No
Union Grove Independent School District	No
Union Hill 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 Upshur's 2022 budget versus the Tier 2 average 2022 budget (excluding collections) to show how Upshur's budget aligns with the tier average.



EXHIBIT 6

Upshur 2022 Budget, vs. Tier 2 Average

Upshur County Appraisal District Budget (2022)	Tier 2 Average Budget (2022)
\$927,845	\$1,541,215

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

In 2022, Upshur operated with a budget of \$927,845, significantly lower than the Tier 2 average 2022 budget of \$1,541,215. This budget comparison highlights the substantially smaller financial resources, as reported by Upshur 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 Upshur's 2022 staffing and the Tier 2 average (excluding collections) to determine how Upshur staffing and salaries compare with the tier average.

EXHIBIT 7

Upshur 2022 Staffing and Salaries vs. Tier 2 Average

	2022	2022 Tier 2 Average
Full Time Staff	10	13
Part Time Staff	0	N/A
Full Time Appraisers	3	7
Lowest Appraiser Salary	\$42,815	\$40,040
Highest Appraiser Salary	\$48,215	\$59,181

Source: Texas Comptroller of Public Accounts, 2022 *Appraisal District Operation Survey*

From 2019 to 2022, Upshur has consistently maintained a full-time staff of 10 to 11 employees, which is below the 2022 Tier 2 average of 13. There have been no part-time staff members during this period. The appraisal district employed three full-time appraisers each year, which is significantly below the 2022 Tier 2 average of seven. The lowest appraiser salary increased from \$40,000 in 2019 to \$42,815 in 2022, slightly higher than the 2022 Tier 2 average of \$40,040. The highest appraiser salary increased from \$45,000 in 2019 to \$48,215 in 2022, well below the 2022 Tier 2 average of \$59,181. A four-year staff and salary history and Tier 2 average comparison is available in **Appendix 2**.



FINDING

Upshur does not employ adequate support staff to perform administration functions so that appraisers can focus on appraising property.

IAAO's *Standard on Mass Appraisal*, Section 6.2.1, Staffing, states that the staff should be a mix of individuals skilled in general administration, supervision, appraisal, mapping, data processing and clerical functions. It also highlights the importance of flexibility in the staffing structure, as the staffing needs can vary significantly based on factors such as the frequency of reappraisals.

The chief appraiser stated that both support staff and appraisal staff face heavy workloads due to an increase in protests, higher customer service demands and rising property values. Upshur plans to add a clerical position and another appraiser to address these challenges.

The appraisal district must maintain adequate appraisal staffing levels to ensure appraisals are performed and completed effectively. Insufficient staffing can hinder the completion of necessary tasks and make it difficult to maintain accurate market values.

RECOMMENDATION 1

Employ adequate support staff to perform administration functions so that appraisers can focus on appraising property.

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 Upshur'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

Upshur Training Budget and Number of Trainings

	2022	2021	2020
Training Budget	\$9,665	\$7,350	\$6,825
Number of Trainings Attended	3	3	3

Source: Upshur County Appraisal District

In 2022, Upshur's training budget increased steadily from \$6,825 to \$9,665. The number of trainings attended by appraisal district staff remained steady at three each year over the three-year review period.

FINDING

Upshur does not have procedures or provide cross training to staff to 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 acknowledged that the appraisal district had not previously implemented cross-training or coverage for critical appraisal tasks. However, in the past year, the appraisal district initiated cross-training efforts to ensure coverage of critical tasks during staff absences or departures.

The chief appraiser is responsible for operations and must establish an organizational structure that guarantees the performance of critical tasks despite personnel absences or departures. Employees should be cross trained to cover appraisal tasks, with each function having a backup. Without cross-training, the appraisal district will struggle to maintain coverage of critical tasks when staff members are absent or leave.

RECOMMENDATION 2

Establish procedures and provide cross training to staff to ensure appropriate coverage of all critical tasks when key personnel are absent or abruptly leave the 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 Upshur's chief appraiser.

EXHIBIT 9

Upshur Chief Appraiser Information

Chief Appraiser

Is the Chief Appraiser permanent, temporary or interim?	Permanent
Does the Chief Appraiser perform appraisals?	No
2022 Base Salary	\$82,366
Chief Appraiser – Years at appraisal district	10
Chief Appraiser – Years as a Chief Appraiser	4
Does the Chief Appraiser receive a car allowance?	Yes
What is the amount of the car allowance? (If applicable)	\$4,800
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 Upshur 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 Upshur contracts, which are discussed in more detail throughout this report.

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

Upshur Contracts

Type of Contract	Contract Dates	Years with Same Vendor	Does appraisal district actively monitor contract?
Appraisal of Minerals, Utilities and Industrial	2022-2023	16 years	Yes
Software	2018-2023	18 years	Yes
GIS	2023	10 years	Yes
Mapping	2023	10 years	Yes
Pictometry	2023-2028	15 years	Yes

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

Parcel Information	Upshur	Typical Parcel Per Appraiser (Rounded)
Parcel Count	69,042	10,001 – 70,000 parcels
Parcels per Appraisal Staff	12,957*	6,400**

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

* Excludes parcels for contracted appraisal services:

** Includes all property categories

In 2022, Upshur managed 69,042 parcels placing it on the high side of appraisal districts with 10,001 to 70,000 parcels. Upshur contracts for appraisal services in Categories F2, G and J. Parcels in these categories are removed from the total parcel count to determine the parcels per appraiser of 12,957. This indicates that Upshur's parcels per appraiser is double the typical parcel per appraiser average, which includes all property categories.

From 2019 to 2022, Upshur managed parcel counts ranging from 61,422 to 71,055 (including all property categories) and the parcels assigned per appraiser for properties appraised in house ranged from 12,555 to 12,957. The total market value of certified parcels increased from \$3,517,595,951 to \$4,524,049,303 between 2019 and 2022. **Appendix 3** provides the appraisal district's parcel data over the four-year review period.

FINDING

Upshur does not have adequate appraiser staff to effectively appraise all parcels within the appraisal district.

IAAO's *Standard on Mass Appraisal*, Section 6.2.1, Staffing, states that the staff should be a mix of individuals skilled in general administration, supervision, appraisal, mapping, data processing and clerical functions. It also highlights the importance of flexibility in the staffing structure, as the staffing needs can vary significantly based on factors such as the frequency of reappraisals.

Data from Electronic Appraisal Roll Submissions (EARS) and Operations Survey Data indicate that appraisal districts with parcel counts from 10,001 to 70,000 average 6,400 parcels per appraiser, for all categories of property. Upshur contracts for appraisal services in Categories F2, G and J. Upshur had approximately 69,042 total parcels in 2022 with three full-time appraisers, resulting in a ratio of 12,957 parcels per appraiser (excluding parcels appraised by contractor), which is significantly higher than the average.

An appraisal district must maintain adequate appraisal staffing levels to ensure appraisal tasks are completed effectively. Insufficient staffing can hinder the completion of necessary tasks and make it challenging to maintain accurate market values.

RECOMMENDATION 3

Employ adequate appraisal staff to effectively appraise all parcels within the appraisal district.



2.2 CONTRACTED APPRAISAL SERVICES

From 2019 to 2022, appraisal district staff appraised 90 to 92 percent of the total appraised value within the appraisal district, specifically for Categories A, B, C, D, E, F1, M, O and S. From 2019 to 2022, Upshur contracted for appraisal services for property Categories F2, G and J. Each year, these contracted firms appraised 8 to 10 percent of the total appraised value within the appraisal district. The cost of these services varied from \$89,200 to \$92,000 over four years. Additionally, the appraisal district uses a geographic information system (GIS) and aerial technology systems.

Exhibit 12 lists Upshur's contracted appraisal services.

EXHIBIT 12

Upshur's Contracted Appraisal Services

	2022	2021	2020	2019
Appraisal Services Contract	Yes	Yes	Yes	Yes
Contracted Property Categories	F2, G and J	F2, G and J	F2, G and J	F2, G and J
Percentage of total appraised value appraised by contracted appraisal firms	9%	8%	9%	10%
Appraisal Contract Cost	\$92,000	\$92,000	\$92,000	\$89,200

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

2.3 MAPPING AND/OR AERIAL PHOTOGRAPH

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

Comptroller Rule 9.3002 requires all appraisal offices and tax offices appraising property for ad valorem purposes to develop and maintain a system of tax maps covering the entire area of the taxing units for whom each office appraises property. Tax maps should be drawn to scale and delineated for lot lines or property lines or both, with dimensions or areas and identifying numbers, letters, or names for all delineated lots or parcels. Each parcel must be assigned parcel identification numbers (PIN) and the PIN recorded on the corresponding appraisal card. The tax map system should be updated annually.

FINDING

Upshur does not have a formal procedure to review the improvements identified in the aerial photography to discover and add new and/or missing improvements to the appraisal roll.

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



Upshur contracts for aerial photography and change detection services with county flyovers conducted every two years. The chief appraiser and the three staff appraisers review the aerial images and notate visible changes; however, Upshur does not have or follow any specific or official procedures. The chief appraiser acknowledged that Upshur does not have formal procedures to review improvements identified as missing from aerial photos or to notate them in the CAMA system or on the appraisal district maps.

An appraisal district should use aerial photography and change detection to identify improvements and add missing ones to the appraisal roll. Having procedures in place for reviewing these improvements ensures that staff can execute related tasks effectively. Without such procedures, staff may not be using uniform techniques to locate property, leading to inaccuracies and leaving the potential for property to be omitted from the appraisal roll.

RECOMMENDATION 4

Create and implement procedures to review the improvements identified in the aerial photography to discover and add new and/or missing improvements to the appraisal roll.

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.*



UPSHUR RATIO STUDIES

FINDING

Upshur does not properly verify sales.

IAAO's *Standard on Ratio Studies*, Section A.3.1, Importance of Confirmation of Sales, states that the appraisal district should routinely confirm sales data or verify the sales data by contacting buyers, sellers, or other knowledgeable participants. The usefulness of sales data is directly related to its completeness and accuracy.

IAAO's *Standard on Verification and Adjustment of Sales*, Section 6, Adjustments states that the appraisal district should adjust sales to represent only the value of the real property as of the appraisal date prior to model calibration and ratio studies. Adjustments to sale price can result from factors underlying the transaction, property conditions at the time of the sale and market trends.

Upshur uses a coding system in its CAMA system for sales validation, with terms such as invalid, valid, family, changes after sale, etc. Sales prices can be adjusted for items such as personal property in the CAMA system. The chief appraiser stated that staff knows how to validate and adjust sales, but the appraisal district lacks formal procedures for this process. By not having procedures for sales verification, Upshur staff may not all be following the same process which could affect the accuracy of ratio analysis.

RECOMMENDATION 5

Develop and follow written guidelines for sales verification.

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 Upshur in 2022.



EXHIBIT 14

PTAD's Appraisal District Ratio Study, Upshur 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	591	1,399,509,789	0.92	19.85	32.99	71.74	1.03
B. MULTI-FAMILY RES	0	37,900,501	*	*	*	*	*
C1. VACANT LOTS	0	23,327,036	*	*	*	*	*
C2. COLONIA LOTS	0	0	*	*	*	*	*
D2. FARM/RANCH IMP	21	47,803,378	*	*	*	*	*
E. RURAL-NON-QUAL	192	1,063,577,342	0.77	28.85	24.48	55.21	1.01
F1. COMMERCIAL REAL	98	176,597,455	*	*	*	*	*
F2. INDUSTRIAL REAL	0	28,840,410	*	*	*	*	*
G. OIL, GAS, MINERALS	31	145,130,213	*	*	*	*	*
J. UTILITIES	3	131,635,350	*	*	*	*	*
L1. COMMERCIAL PER	0	57,100,872	*	*	*	*	*
L2. INDUSTRIAL PER	0	96,172,940	*	*	*	*	*
M. OTHER PERSONAL	0	44,981,915	*	*	*	*	*
O. RESIDENTIAL INV	0	769,450	*	*	*	*	*
S. SPECIAL INVENTORY	0	2,179,510	*	*	*	*	*
OVERALL	936	3,255,526,161	0.93	19.66	36.54	73.18	1.01

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

Upshur 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 Upshur has an overall low median level of appraisal (0.93) and a low median level of appraisal in Category A (0.92) and Category E (0.77). 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 Upshur has a good COD overall (19.66) and in Category A (19.85) with a high COD in Category E (28.85), indicating uniformity issues for this property type. These figures indicate higher variability in appraisal ratios, suggesting inconsistencies in valuation. This level of dispersion suggests the average deviation of the ratios from the median is excessive, potentially affecting the reliability of the appraisal assessments.

The Price-Related Differential (PRD) is a measure of vertical equity, comparing the appraisal of higher valued properties to the appraisal of lower valued properties. IAAO states that anything outside of the PRD range of 0.98-1.03 indicates vertical inequity or treating higher and lower priced properties differently. **Exhibit 14** shows the PRD overall (1.01) and for Category A (1.03) and Category (E) (1.01) to be within the appropriate range, suggesting that Upshur is treating higher and lower valued properties similarly.

Because ADRS only reviews certain property categories, Upshur 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 6

Use Upshur'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 as on Jan. 1.



FINDING

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

IAAO's *Standard on Mass Appraisal*, Section 4.8, Frequency of Reappraisals, states the analysis of ratio study data can suggest groups or strata of properties in greatest need of physical review. Market adjustments can effectively maintain equity when appraisals are uniform within strata and recalibration can provide even greater accuracy. However, only physical reviews can correct data errors and, as stated in Sections 3.3.4 and 3.3.5, property characteristics data should be reviewed and updated at least every 4 to 6 years. The appraisal district can accomplish this in at least three ways:

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

Upshur's reappraisal plan does not mention any problematic areas. Upshur also provided no evidence that ratio studies were conducted to identified problem areas. The chief appraiser revealed that problem areas in the county exist, such as discrepancies in values between the city of Big Sandy and areas outside of the city and where certain subdivisions values do not match the larger area.

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



RECOMMENDATION 7

Amend the reappraisal plan to address problematic areas.

2.6 QUALITY CONTROL

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

FINDING

Upshur does not have written quality control procedures that ensure work is complete and updated.

IAAO's *Standard on Mass Appraisal*, Section 3.3.2.5, Data Collection Quality Control, states that a quality control program is necessary to ensure data accuracy standards are achieved and maintained. The appraisal district should perform independent quality control inspections immediately after the data collection phase begins. The inspections should review random samples of finished work for completeness and accuracy and keep tabulations of items coded correctly or incorrectly so that the appraisal district can use the statistical tests to determine whether accuracy standards have been achieved. Stratification by geographic area, property type, or individual data collector can help detect patterns of data error.

IAAO's *Standard on Mass Appraisal*, Section 5, Model Testing, Quality Assurance and Value Defense, states mass appraisal allows for model testing and quality assurance measures that provide feedback on the reliability of valuation models and the overall accuracy of estimated values. Appraisal district staff must be familiar with these diagnostics to evaluate valuation performance properly and make improvements where needed.

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

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

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

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



The chief appraiser stated that Upshur does not have written quality control procedures. Although the staff performs some quality control functions, such as reviewing zero value and edit reports and appraiser work, no official quality control procedures are in place to verify that work earmarked for review is complete and updated, leading to inconsistencies.

Proper quality control analysis is essential in determining reliable market trends and developing market values. The appraisal district should have written procedures outlining how to perform a proper quality analysis to avoid errors in the general process.

RECOMMENDATION 8

Create and follow quality control procedures as written to ensure that work is complete and updated.

Section 3 – Categories of Valuation in the SDPVS

PTAD found A, D1, E, F1 and G in Gilmer ISD, New Diana ISD, Ore City ISD and Union Grove ISD 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, F2, J and L1 to be valid in the four school districts and they are *not* included in the scope of this TARP review.

EXHIBIT 15

SDPVS Invalid Property Categories 2020-22

ISD	2020	2021	2022
Gilmer	A, D1 and E	A, D1 and E	A and E
New Diana	A, D1 and E	A, D1 and E	E
Ore City	D1, E and F1	A, D1, E and F1	A, D1 and E
Union Grove	A and D1	A, D1, E and G	A 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.

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



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.

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

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.

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

3.4 CATEGORY F1 – COMMERCIAL REAL PROPERTY VALUATION

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

Upshur's Category F1 property values were statistically invalid in 2020 to 2021. Upshur undervalued Category F1 properties from 2020 to 2021, even though Upshur followed steps outlined. A recommendation related to this category can be found earlier in this report under the Ratio Studies section.



3.5 CATEGORY G – OIL AND GAS, MINERALS AND OTHER SUBSURFACE INTERESTS PROPERTY VALUATION

The Comptroller's [*Texas Property Tax Assistance Property Classification Guide*](#) states Category G property includes the non-exempt value of oil and gas, other minerals and certain interests in subsurface land. Mines, quarries, limestone, sand, caliche, gravel and other substances that are part of the land are not minerals, but they are classified in Category G as subsurface interests in land.

Upshur's Category G property values were statistically invalid in 2021. The same appraisal services contractor has appraised Upshur's mineral property for 16 years. Upshur should actively monitor the proposed market values produced by the appraisal contractor to ensure the contractor is performing appraisal and related services for the appraisal district and that such appraisal services comply with Tax Code Section 23.01 relating to the Uniform Standards of Professional Appraisal Practice (USPAP) as it applies to the described properties in the appraisal services contract.



APPENDICES

APPENDIX 1

Appraisal District Budget

	2022	2021	2020	2019	Tier 2 Average 2019-2022	Tier 2 Average 2022
Total Budget (Excluding Collections)	\$927,845	\$924,606	\$894,910	\$888,721	\$1,404,998	\$1,541,215
Total Property Taxes Levied (All Jurisdictions)	\$45,726,914	\$45,726,914	\$44,613,289	\$42,418,279	\$114,774,433	\$181,458,903
Does the appraisal district collect taxes?	No	No	No	No	N/A	N/A
Number of Taxing Units Appraisal District Collects For (If Applicable)	0	0	0	0	N/A	N/A

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

APPENDIX 2

Appraisal District Staffing

Appraisal District Staff

	2022	2021	2020	2019	Tier 2 Average 2019-2022	Tier 2 Average 2022
Full Time Staff	10	10	11	11	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	3	3	3	3	7	7
Lowest Appraiser Salary	\$42,815	\$30,000	\$41,000	\$40,000	\$41,834	\$40,040
Highest Appraiser Salary	\$48,215	\$43,000	\$43,000	\$45,000	\$57,417	\$59,181

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



APPENDIX 3

Appraisal District Parcel Information

Upshur	2022	2021	2020	2019
Parcel Count*	69,042	61,422	66,631	71,055
Number Taxing Units	20	20	19	19
Parcels per Appraisal Staff**	12,957	12,831	12,693	12,555
Total Market Value Certified	\$4,524,049,303	\$3,672,687,904	\$3,566,134,049	\$3,517,595,951

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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