Review of Appraisal District Appraisal Standards, Procedures and Methodology

TARGETED APPRAISAL REVIEW PROGRAM

UVALDE COUNTY APPRAISAL DISTRICT

GLENN HEGAR
Texas Comptroller of Public Accounts

2023 TARGETED APPRAISAL REVIEW

UVALDE COUNTY APPRAISAL DISTRICT
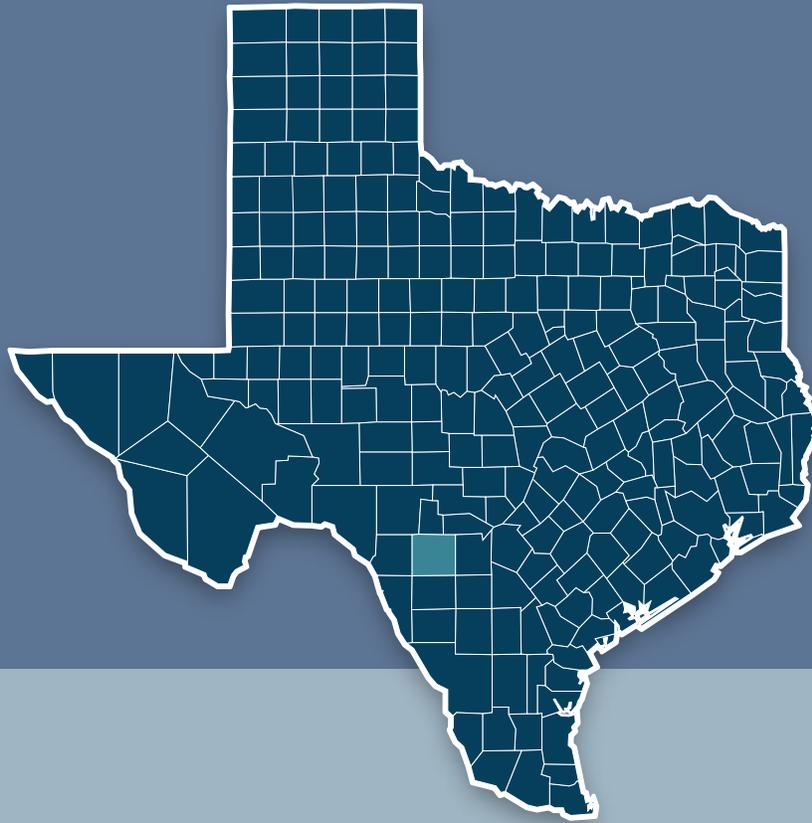
Chief Appraiser: Roberto Valdez

Reviewer: Bob Drury

TABLE OF CONTENTS

Executive Summary

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

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 Uvalde. Over the next year, TARP reviewers will work with Uvalde 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 Uvalde 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 Nueces Canyon ISD in Uvalde 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

Uvalde SDPVS Results 2020-2022

SDPVS Year	County	School District	Findings	Category*	Ratio
2020	Uvalde	Nueces Canyon	Invalid	A	0.8287
2020	Uvalde	Nueces Canyon	Invalid	C1	0.8748
2020	Uvalde	Nueces Canyon	Invalid	E	0.8697
2021	Uvalde	Nueces Canyon	Invalid	C1	0.9073
2021	Uvalde	Nueces Canyon	Invalid	D1	0.8946
2021	Uvalde	Nueces Canyon	Invalid	E	0.7551
2021	Uvalde	Nueces Canyon	Invalid	F1	0.6242
2022	Uvalde	Nueces Canyon	Invalid	D1	0.687

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

- Collect available real estate transfer documents and use third-party sources to gather sales information for ratio studies.
- Use Uvalde local ratio study results to make reappraisal decisions necessary to produce accurate values.
- Delineate market areas appropriately in the reappraisal plan.
- Regularly develop adjustment factors for relevant features based on market analysis.
- Conduct appropriate ratio studies regularly and maintain market value for vacant land properties.

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 Uvalde County on February 8, 1850, originally from a portion of Bexar County. However, it wasn't permanently organized until February 2, 1856. The county was named after Juan de Ugalde, a Spanish colonial governor.

Uvalde County is located in southwest Texas, between San Antonio and Del Rio and is bordered to the north by Bandera, Real and Edwards Counties, to the west by Kinney County, to the south by Zavala County and to the east by Medina County.

The county includes the Knippa, Leakey, Nueces Canyon Consolidated, Sabinal, Utopia and Uvalde Consolidated Independent School Districts. The population of Uvalde County in 2020, according to the United States Census Bureau, was 24,564. The city of Uvalde is the major population center, with a population of 15,217 residents.

Based on the 2020 census population, PTAD classifies Uvalde 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

Uvalde became active in January 1980. As of July 2024, it has 14 full-time staff positions and no part time positions, of which three positions are supervisory and nine positions are full-time appraisers. Uvalde contracts with a vendor for professional appraisal services. **Exhibit 4** presents the Uvalde 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.

Uvalde provides appraisal services for 14 taxing units, as shown in **Exhibit 5** and does provide collection services for some of those units.

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

Uvalde Organization Structure

- **Board of Directors**
- **Chief Appraiser**
  - **Deputy Tax Assessor/Collector**
    - **Tax Collection & Exemption Clerk**
    - **Tax Collection & Exemption Clerk**
    - **Tax Collection & Exemption Clerk**
    - **Bookkeeper / ARB Coordinator/Exemptions Recordsr**
  - **Appraisal Supervisor**
    - **Appraiser (Data Entry)**
    - **Appraiser**
    - **Appraiser**
    - **Appraiser**
    - **Appraiser (OPEN)**
    - **Appraiser (OPEN)**
    - **Ownership/Deed Researcher/Mapper**
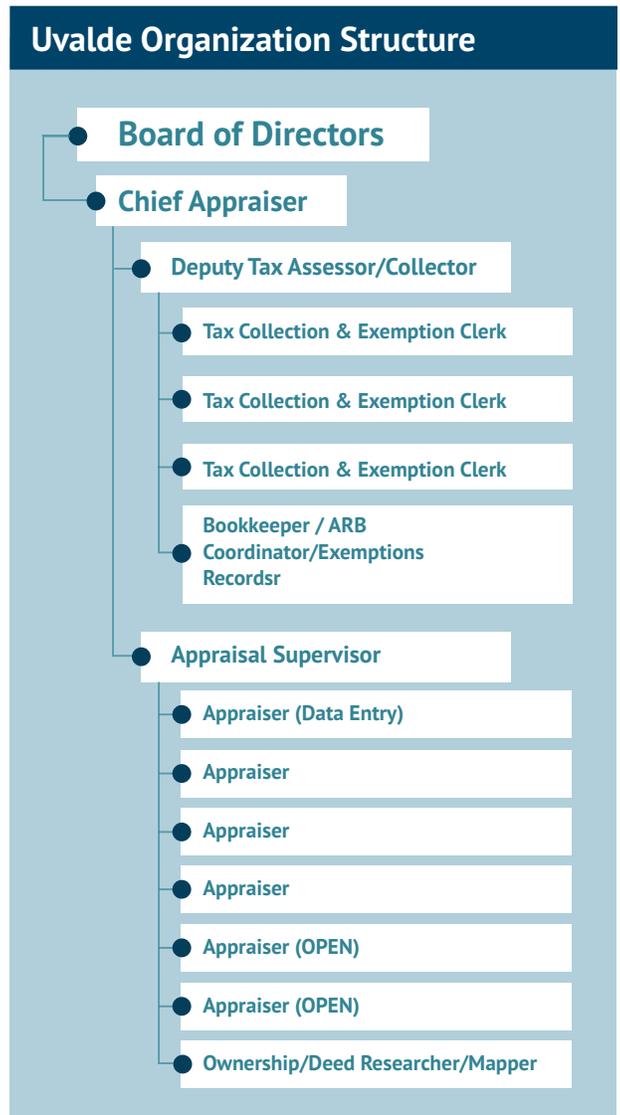
Source: Uvalde County Appraisal District

EXHIBIT 5

Uvalde Taxing Units and Collections	
Name of Taxing Unit	Appraisal District Collects Property Taxes
City of Sabinal	Yes
City of Uvalde	Yes
Knippa Independent School District	Yes
Leakey Independent School District	No
Nueces Canyon Consolidated Independent School District	No
Sabinal Independent School District	Yes
Southwest Texas Junior College	Yes
Utopia Independent School District	No
Utopia/Vanderpool ESD#1	Yes
Uvalde County	Yes
Uvalde County ESD #2	Yes
Uvalde County Underground Water Conservation District	Yes
Uvalde Independent School District	Yes
Uvalde Road & Flood	Yes

Source: Texas Comptroller of Public Accounts

1.4 APPRAISAL DISTRICT BUDGET INFORMATION

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

Chapter 5 of the International Association of Assessing Officer's (IAAO's) *Assessment Administration* explains that the budget is the crucial link in an appraisal district's ability to make set rational priorities. A budget typically details how resources will be used to accomplish the appraisal district's goals and objectives. 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 Uvalde's 2022 budget (excluding collections) versus the Tier 2 average 2022 budget (excluding collections) to show how Uvalde's budget aligns with the tier average.

EXHIBIT 6

Uvalde 2022 Budget vs. Tier 2 Average	
Uvalde County Appraisal District Budget (2022)	Tier 2 Average Budget (2022)
$976,899	$1,541,215

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

In 2022, Uvalde operated with a budget of $976,899, significantly lower than the 2022 Tier 2 average budget of $1,541,215. This budget comparison highlights the smaller financial resources compared to other Tier 2 appraisal districts, as reported by Uvalde 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 Uvalde's 2022 staffing (excluding collections) and the Tier 2 average (excluding collections) to determine how Uvalde staffing and salaries compare with the tier average.

EXHIBIT 7

Uvalde 2022 Staffing and Salaries vs. Tier 2 Average		
	2022	**2022 Tier 2 Average**
Full Time Staff	14	13
Part Time Staff	0	N/A
Full Time Appraisers	9	7
Lowest Appraiser Salary	$34,755	$40,040
Highest Appraiser Salary	$51,726	$59,181

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

From 2019 to 2022, Uvalde has maintained a full-time staff of 10 to 14 employees, which is above the 2022 Tier 2 average of 13. There have been no part-time staff members during this period. From 2019 to 2022, the appraisal district employed eight to nine full-time appraisers each year, slightly higher than the 2022 Tier 2 average. The lowest appraiser salary increased from $33,202 in 2019 to $34,755 in 2022, which is less than the 2022 Tier 2 average of $40,040. The highest appraiser salary increased from $46,431 in 2019 to $51,726 in 2022, also 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**.

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 Uvalde'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

Uvalde Training Budget and Number of Trainings			
	2022	**2021**	**2020**
Training Budget	$35,330	$30,541	$35,330
Number of Trainings Attended	72	75	58

Source: Uvalde County Appraisal District

In 2022, Uvalde's training budget remained at $35,330. The number of trainings attended by appraisal district staff varied from 58 to 75 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 Uvalde's chief appraiser.

EXHIBIT 9

Uvalde Chief Appraiser Information	
Chief Appraiser	
Is the Chief Appraiser permanent, temporary or interim?	Permanent
Does the Chief Appraiser perform appraisals?	Yes
2022 Base Salary	$72,973
Chief Appraiser – Years at appraisal district	7
Chief Appraiser – Years as a Chief Appraiser	7
Does the Chief Appraiser receive a car allowance?	No
What is the amount of the car allowance? (If applicable)	N/A
Does the Chief Appraiser receive retirement benefits?	Yes
Does the Chief Appraiser receive medical insurance benefits?	Yes

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

Uvalde Contracts			
Type of Contract	Contract Dates	Years with Same Vendor	Does appraisal district actively monitor contract?
Appraisal of Minerals, Industrial, Utility and Personal Property	2023-2024	5+ years	Yes
Software	2005-2024	19 years	Yes
Mapping	2020-2024	4 years	Yes
GIS	2020-2024	4 years	Yes
Pictometry	2017-2024	7 years	Yes

Source: Uvalde 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 Uvalde Parcel Information vs. Typical Parcel Per Appraiser Average		
Parcel Information	Uvalde	Typical Parcel Per Appraiser (Rounded)
Parcel Count	25,343	10,001 – 70,000
Parcels per Appraisal Staff	2,779*	6,400**

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

  * Excludes parcels for contracted appraisal services.
 ** Includes all property categories.

In 2022, Uvalde managed 25,343 parcels placing it on the low side of appraisal districts in its typical parcel per appraiser range of 10,001 to 70,000 parcels. Uvalde 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 2,779. This indicates that Uvalde's parcels per appraiser is lower than the typical parcel per appraiser range, which includes all property categories.

From 2019 to 2022, Uvalde managed parcel counts ranging from 25,061 to 25,480 (including all property categories) and the parcels assigned per appraiser for properties appraised in house ranged from 2,779 to 3,149. The total market value of certified parcels increased from $4,182,823,980 to $5,141,887,668 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 92 to 95 percent of the total appraised value within the appraisal district, specifically for Categories A, B, C, D, E, F1, L1, M, O and S. From 2019 to 2022, Uvalde contracted for appraisal services for property Categories F2, G, J and L2. Each year, these contracted firms appraised five to eight percent of the total appraised value within the appraisal district. The cost of these services varied from $16,200 to $17,000 over these four years. Additionally, the appraisal district uses a geographic information system (GIS) and aerial technology systems. Uvalde's contracted appraisal services are listed in **Exhibit 12**.

EXHIBIT 12

Uvalde'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	5%	6%	7%	8%
Appraisal Contract Cost	$17,000	$16,200	$16,200	$16,200

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.

UVALDE RATIO STUDIES

🔍 FINDING

Uvalde does not gather available real estate transfer documents and use available third-party sources in gathering sales information for ratio studies.

IAAO's *Standard on Verification and Adjustment of Sales*, Section 3.3, Parties to the Sale and Third-Party Sources, advises that appraisal districts contact buyers and sellers of real property directly to secure or confirm sales data. When buyers or sellers are parties to the sale, contacting all parties to verify agreement on the data is essential.

Third-party sources are a source of sales data and are especially important when transfer and disclosure documents do not provide full disclosure or omit essential data. The following is a partial listing of third-party sources:

  i.   Multiple listing services
  ii. Title companies
  iii. Financial institutions
  iv. Leasing agencies
  v.   Property managers
  vi. Real estate brokers and agencies
  vii. Government and private fee appraisers
  viii. Attorneys
  ix. Appraisal organizations

Uvalde faces ongoing challenges with verified sales data in the split-district of Nueces Canyon ISD, a remote area in the northwest corner of the county. The lack of sufficient sales hinders the identification of accurate market values.

To address this issue, Uvalde may collaborate with the Edwards and Real appraisal districts, which also share the split-district Nueces Canyon ISD. This partnership may assist in collecting comprehensive sales data to ensure property is appraised at market value.

💡 RECOMMENDATION 1

Collect available real estate transfer documents and use third-party sources to gather sales information for ratio studies.

PTAD'S APPRAISAL DISTRICT RATIO STUDY (ADRS)

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

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

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

The published report provides ratio study results for each appraisal district studied that year and includes:
- the median levels of appraisal for each major property category.
- the coefficient of dispersion (COD) around the median level of appraisal for each major property category; and
- other appropriate statistical measures.

Exhibit 14 shows the data from PTADs Appraisal District Ratio Study for Uvalde in 2022.

EXHIBIT 14

PTAD's Appraisal District Ratio Study, Uvalde 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	337	1,183,575,130	1.00	18.17	48.96	75.07	1.02
B. MULTI-FAMILY RES	0	46,746,643	*	*	*	*	*
C1. VACANT LOTS	106	117,176,817	*	*	*	*	*
C2. COLONIA LOTS	0	0	*	*	*	*	*
D2. FARM/RANCH IMP	0	12,156,543	*	*	*	*	*
E. RURAL-NON-QUAL	109	434,941,404	1.01	22.60	42.20	69.72	1.11
F1. COMMERCIAL REAL	82	418,639,926	0.94	16.54	46.34	80.49	1.07
F2. INDUSTRIAL REAL	0	2,536,195	*	*	*	*	*
G. OIL, GAS, MINERALS	0	0	*	*	*	*	*
J. UTILITIES	0	158,328,717	*	*	*	*	*
L1. COMMERCIAL PER	34	118,272,309	*	*	*	*	*
L2. INDUSTRIAL PER	0	114,470,083	*	*	*	*	*
M. OTHER PERSONAL	0	24,186,748	*	*	*	*	*
O. RESIDENTIAL INV	0	1,895,574	*	*	*	*	*
S. SPECIAL INVENTORY	0	6,135,512	*	*	*	*	*
OVERALL	668	2,639,061,601	1.00	18.18	48.80	75.75	1.11

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

Uvalde 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 Uvalde has an overall median level of appraisal of (1.00), indicating an accurate alignment with market values across property categories A (1.00) and E (1.01). Category F1 (0.94) has a slightly low median level of appraisal.

The Coefficient of Dispersion (COD) is a measure of appraisal uniformity. **Exhibit 13** shows the IAAO suggested COD standards. **Exhibit 14** shows that Uvalde has a high overall COD (18.18). The COD for A (18.17) and Category E (22.60) are above IAAO recommended standards. These high COD values suggest a lack of consistency in appraisals within these categories, highlighting potential issues in uniform valuation practices.

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 an overall PRD (1.11) indicating some level of appraisal regressivity. This suggests that higher-valued properties might be under-appraised relative to lower-valued properties.

⚲ RECOMMENDATION 2
Use Uvalde local ratio study results to make reappraisal decisions necessary to produce accurate values.

2.4 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

Uvalde does not timely inspect parcels identified for reappraisal in the most recent reappraisal 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.

Uvalde's 2023 to 2024 reappraisal plan does not include defined market areas. Even when valid sales data is insufficient, the appraisal district should conduct separate analyses rather than combining areas. The appraisal district could benefit from analyzing data by ISD, at a minimum.

Expanding the definitions of market areas will improve the quality of the ratio studies currently being conducted, leading to improved outcomes on the SDPVS.

RECOMMENDATION 3

Delineate market areas appropriately in the reappraisal plan.

Section 3 – Categories of Valuation in the SDPVS

PTAD found Nueces Canyon ISD's Categories A, C1, D1, E and F1 to be invalid in the years indicated in **Exhibit 15**. Because these property categories had invalid ratios in at least one of the three review years, these property categories are the basis of this TARP review.

PTAD found Categories B, F2, G, J and L1 in Nueces Canyon 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**
Nueces Canyon	A, C1 and E	C1, D1, E and F1	D1

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

Uvalde does not regularly develop adjustment factors for relevant features based on market analysis.

IAAO's *Standard on Mass Appraisal*, Section 4.8, Frequency of Reappraisals, states that Section 5.1 of the *Standard on Property Tax Policy* states that current market value implies an annual assessment of all property. Annual assessment does not necessarily mean the appraisal district must re-examine each property yearly. Instead, the appraisal district can recalibrate models or market adjustment factors derived from ratio studies or other market analyses based on criteria such as property type, location, size and age.

Uvalde faces ongoing challenges with verified sales data in the split-district of Nueces Canyon ISD, a remote area in the northwest corner of the county that lacks a sufficient sales sample for accurate market value assessments. Uvalde makes adjustments to land schedules and develops neighborhood adjustments based on sales ratio analysis. However, the capture of additional sales data is crucial for more precise adjustments in the split Nueces Canyon ISD.

To address this issue, Uvalde may collaborate with the Edwards and Real appraisal districts, which also share the split-district Nueces Canyon ISD. This partnership may assist in gathering comprehensive sales data and gaining insights into factors contributing to Nueces Canyon ISD's market value.

RECOMMENDATION 4

Regularly develop adjustment factors for relevant features based on market analysis.

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.

Uvalde's Category C1 property values were statistically invalid in 2020 and 2021. Uvalde undervalued appraisals during the rapidly appreciating market in 2020 and 2021. A recommendation related to this category can be found earlier in this report under the Ratio Studies section.

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.

Uvalde's Category D1 property values were statistically invalid in 2021 and 2022. Uvalde undervalued appraisals during the rapidly appreciating market in 2021 and 2022. While Uvalde followed the steps outlined, they should make efforts to obtain additional income and expense data in its calculation of net to land. Uvalde 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.

3.4 CATEGORY E – RURAL LAND, NOT QUALIFIED FOR OPEN-SPACE APPRAISAL PROPERTY VALUATION

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

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

🔍 FINDING

Uvalde does not conduct appropriate ratio studies regularly for vacant land properties.

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.

The appraisal district should annually review and adjust values. Each appraisal office must implement the plan for periodic reappraisal of property and the plan must provide for the reappraisal activities for all real and personal property in the appraisal district at least once every three years. 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.

Uvalde continues to encounter difficulties with verified sales data in the split-district of Nueces Canyon ISD, a remote area in the northwest corner of the county that lacks adequate market value assessments Although Uvalde performs sales analysis throughout the year, they need to capture more sales data for Nueces Canyon ISD to produce more accurate land values.

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

RECOMMENDATION 5
Conduct appropriate ratio studies regularly and maintain market value for vacant land properties.

3.5 CATEGORY F1 – COMMERCIAL REAL PROPERTY VALUATION

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

Uvalde's Category F1 property values were statistically invalid in 2021. Uvalde undervalued appraisals during the rapidly appreciating market in 2021. A recommendation related to this category can be found earlier in this report under the Ratio Studies section.

APPENDICES

APPENDIX 1

Appraisal District Budget

	2022	2021	2020	2019	Tier 2 Average 2019-2022	Tier 2 Average 2022
Total Budget (Excluding Collections)	$976,899	$932,321	$866,041	$813,073	$1,404,998	$1,541,215
Total Property Taxes Levied (All Jurisdictions)	$48,938,865	$46,195,940	$43,611,315	$42,947,249	$114,774,433	$181,458,903
Does the appraisal district collect taxes?	Yes	Yes	Yes	Yes	N/A	N/A
Number of Taxing Units Appraisal District Collects For (If Applicable)	11	11	11	11	N/A	N/A

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

APPENDIX 2

Appraisal District Staffing

Appraisal District Staff						
	2022	2021	2020	2019	Tier 2 Average 2019-2022	Tier 2 Average 2022
Full Time Staff	14	10	10	10	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	9	8	8	8	7	7
Lowest Appraiser Salary	$34,755	$32,265	$28,870	$33,202	$41,834	$40,040
Highest Appraiser Salary	$51,726	$49,737	$47,824	$46,431	$57,417	$59,181

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

APPENDIX 3

Appraisal District Parcel Information

Uvalde	2022	2021	2020	2019
Parcel Count*	25,343	25,480	25,347	25,061
Number Taxing Units	13	13	13	13
Parcels per Appraisal Staff**	2,779	3,149	3,121	3,099
Total Market Value Certified	$5,141,887,668	$4,616,241,334	$4,232,410,788	$4,182,823,980

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.