



Property Tax Assistance Division  
2023 Report

Review of  
Appraisal  
District  
Appraisal  
Standards,  
Procedures and  
Methodology

# TARGETED APPRAISAL REVIEW PROGRAM

WILLACY COUNTY APPRAISAL DISTRICT



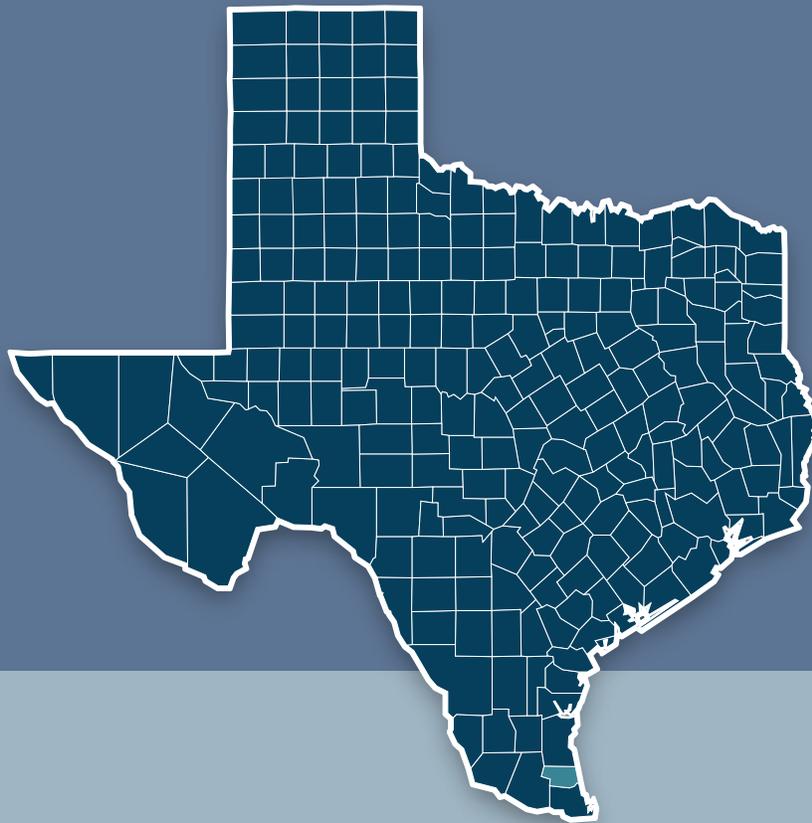
**GLENN HEGAR**  
Texas Comptroller of Public Accounts

# 2023 TARGETED APPRAISAL REVIEW

## WILLACY COUNTY APPRAISAL DISTRICT

Chief Appraiser: Augustin Lopez

Reviewer: Bob Drury





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# Executive Summary

In September 2023, the Texas Comptroller of Public Accounts identified Lasara Independent School District (Lasara ISD), Lyford Independent School District (Lyford ISD), Raymondville Independent School District (Raymondville ISD) located in Willacy County, as three 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 Willacy County Appraisal District (Willacy).

## 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 Willacy. Over the next year, TARP reviewers will work with Willacy 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 Willacy 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 Lasara ISD, Lyford ISD and Raymondville ISD in Willacy 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

#### Willacy SDPVS Results 2020-2022

SDPVS Year	County	School District	Findings	Category*	Ratio
2020	Willacy	Lasara ISD	Invalid	A	0.881
2020	Willacy	Lasara ISD	Invalid	D1	0.9482
2021	Willacy	Lasara ISD	Invalid	A	0.9333
2021	Willacy	Lasara ISD	Invalid	D1	0.9463
2021	Willacy	Lasara ISD	Invalid	E	0.9084
2022	Willacy	Lasara ISD	Invalid	A	0.761
2022	Willacy	Lasara ISD	Invalid	D1	0.9467
2022	Willacy	Lasara ISD	Invalid	E	0.7845
2020	Willacy	Lyford ISD	Invalid	A	0.9135
2020	Willacy	Lyford ISD	Invalid	D1	0.8601
2020	Willacy	Lyford ISD	Invalid	E	0.8531
2021	Willacy	Lyford ISD	Invalid	A	0.8413
2021	Willacy	Lyford ISD	Invalid	D1	0.8335
2021	Willacy	Lyford ISD	Invalid	E	0.7665
2022	Willacy	Lyford ISD	Invalid	A	0.8201
2022	Willacy	Lyford ISD	Invalid	D1	0.8215
2020	Willacy	Raymondville ISD	Invalid	A	0.8628
2020	Willacy	Raymondville ISD	Invalid	E	0.7734
2020	Willacy	Raymondville ISD	Invalid	F1	0.7847
2021	Willacy	Raymondville ISD	Invalid	A	0.8296
2021	Willacy	Raymondville ISD	Invalid	E	0.8717
2021	Willacy	Raymondville ISD	Invalid	F1	0.9106
2022	Willacy	Raymondville ISD	Invalid	A	0.7682
2022	Willacy	Raymondville ISD	Invalid	E	0.8355
2022	Willacy	Raymondville ISD	Invalid	F1	0.9269

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

- Hire additional staff.
- Update appraisal district maps to reflect all properties.
- Conduct ratio studies by market area and neighborhood, property class or stratum and make appropriate adjustments based on results.
- Use Willacy’s local ratio study results to make reappraisal decisions necessary to produce accurate values.
- Include school districts as market areas in the reappraisal plan.
- Update residential cost schedules regularly.
- Develop valuation procedures and cost schedules for manufactured homes and update them annually.
- Use additional income and expense data for net to land calculations.
- Maintain market value for vacant land properties and review and update land schedules annually.
- Update commercial cost schedules regularly.

# 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 Willacy County in 1911, naming it after State Senator John G. Willacy who played a significant role in creating several counties in South Texas. It is thirty miles north of Mexico and bordered by Kenedy County to the north, Hidalgo County to the south and west, Cameron County to the south and the Gulf of Mexico to the east.

The county includes the Lasara, Lyford Consolidated, Raymondville, San Perlita and South Texas Independent School Districts.

The county population in 2020, according to the United States Census Bureau, was 20,164. Major population centers include the city of Raymondville, with 10,648 residents, along with smaller towns such as Lyford and San Perlita.

Based on the 2020 census population, PTAD classifies Willacy 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

Willacy became active in January 1980. As of July 2024, it has four full-time staff positions and two part-time positions, of which one position is supervisory and two positions are full-time appraisers. Willacy contracts with a vendor for professional appraisal services. **Exhibit 4** presents the Willacy 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.

Willacy provides appraisal services for 18 taxing units, as shown in **Exhibit 5**, and does not perform collections 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: Willacy County Appraisal District



## EXHIBIT 5

**Willacy Taxing Units and Collections**

Name of Taxing Unit	Appraisal District Collects Property Taxes
City of Lyford	No
City of Raymondville	No
City of San Perlita	No
Delta Lake Irrigation District	No
Kenedy County Groundwater Conservation District	No
Lasara Independent School District	No
Lyford Consolidated Independent School District	No
Port Mansfield Utility District	No
Port of Harlingen Authority	No
Raymondville Independent School District	No
San Perlita Independent School District	No
South Texas Independent School District	No
Willacy County	No
Willacy County DD #1	No
Willacy County DD #2	No
Willacy County ESD	No
Willacy County Hospital District	No
Willacy County Navigation 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 Willacy's 2022 budget versus the Tier 2 average 2022 budget (excluding collections) to show how Willacy's budget aligns with the tier average.



## EXHIBIT 6

**Willacy 2022 Budget vs. Tier 2 Average**

Willacy County Appraisal District Budget (2022)	Tier 2 Average Budget (2022)
\$632,511	\$1,541,215

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

In 2022, Willacy operated with a budget of \$632,511, less than half of the Tier 2 average budget of \$1,541,215. This budget comparison highlights the significantly smaller financial resources, as reported by Willacy 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 Willacy's 2022 staffing and the Tier 2 average (excluding collections) to determine how Willacy staffing and salaries compare with the tier average.

## EXHIBIT 7

**Willacy 2022 Staffing and Salaries vs. Tier 2 Average**

	2022	2022 Tier 2 Average
Full Time Staff	4	13
Part Time Staff	2	N/A
Full Time Appraisers	2	7
Lowest Appraiser Salary	\$45,760	\$39,505
Highest Appraiser Salary	\$45,760	\$48,041

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

From 2019 to 2022, Willacy has consistently maintained a full-time staff of four employees, well below the 2022 Tier 2 average of 13. Willacy also employed one to two part-time staff members during this period. The appraisal district employed two full-time appraisers each year, also well below the 2022 Tier 2 average. The lowest appraiser salary increased from \$29,120 in 2019 to \$45,760 in 2022, higher than the 2022 Tier 2 average of \$39,505. The highest appraiser salary rose from \$29,120 in 2019 to \$45,760 in 2022, similar to the 2022 Tier 2 average of \$48,041. A four-year staff and salary history and Tier 2 average comparison is available in **Appendix 2**.

**Q FINDING**

Willacy does not employ adequate staff.

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.



According to Willacy’s 2023 budget, they have two full-time and two part-time clerk positions and two registered appraisers on staff. One of the registered appraisers is the chief appraiser, who should primarily serve as the office administrator. **Exhibit 7** shows the average staffing for a Tier 2 appraisal district, according to Operations Survey Data, is 13. This indicates Willacy is significantly understaffed. **Exhibit 11** in Section 2.1 (Appraisal District Parcel Data) of this report shows Willacy’s parcel data and parcel per appraiser average and compares it to the typical parcel per appraiser average. Willacy’s average of 7,225 parcels per appraiser is higher than the typical parcel per appraiser average of 6,400, indicating a need for additional appraisal staff. Willacy is responsible for valuing five ISD’s and three cities, making this a challenging task with limited staff.

The chief appraiser should consider hiring additional staff to allow appraisers more in-depth analysis of the appraisal district’s defined market areas. This should ensure the appraisal district is able to appraise at market value.

### RECOMMENDATION 1

**Hire additional staff.**

## 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 Willacy’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

### Willacy Training Budget and Number of Trainings

	2022	2021	2020
Training Budget	\$4,000	\$4,000	\$2,000
Number of Trainings Attended	25	21	17

Source: Willacy County Appraisal District

In 2022, Willacy’s training budget increased from \$2,000 to \$4,000. The number of trainings attended by appraisal district staff increased from 17 to 25 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 Willacy’s chief appraiser.



## EXHIBIT 9

**Willacy Chief Appraiser Information****Chief Appraiser**

Is the Chief Appraiser permanent, temporary or interim?	Permanent
Does the Chief Appraiser perform appraisals?	Yes
2022 Base Salary	\$97,250
Chief Appraiser – Years at appraisal district	23
Chief Appraiser – Years as a Chief Appraiser	17
Does the Chief Appraiser receive a car allowance?	Yes
What is the amount of the car allowance? (If applicable)	\$8,400
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 Willacy 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 Willacy 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

**Willacy Contracts**

Type of Contract	Contract Dates	Years with Same Vendor	Does appraisal district actively monitor contract?
Appraisal of Minerals, Industrial, Utility and Personal Property	2019-2024	5 years	Yes
Software	2019-2024	5 years	Yes
Mapping	2019-2024	5 years	Yes
GIS	2019-2024	5 years	Yes
Pictometry	2022-2025	2 years	Yes

Source: Willacy 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 Willacy Parcel Information vs. Typical Parcel Per Appraiser Average**

Parcel Information	Willacy	Typical Parcel Per Appraiser (Rounded)
Parcel Count	18,192	10,001 – 70,000
Parcels per Appraisal Staff	7,225*	6,400**

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

\* Excludes parcels for contracted appraisal services:  
 \*\* Includes all property categories

In 2022, Willacy managed 18,192 parcels placing it on the lower side of appraisal districts with 10,001 to 70,000 parcels. Willacy contracts for appraisal services in Categories G, J and L2. Parcels in these categories are removed from the total parcel count to determine the parcels per appraiser of 7,225. This indicates that Willacy’s parcels per appraiser is higher than the typical parcel per appraiser average, which includes all property categories.

From 2019 to 2022, Willacy managed parcel counts ranging from 17,834 to 19,210 (including all property categories) and the parcels assigned per appraiser for properties appraised in house ranged from 7,164 to 7,225. The total market value of certified parcels increased from \$2,180,000,047 to \$2,867,514,436 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 36 to 53 percent of the total appraised value within the appraisal district, specifically for Categories A, B, C, D, E, F, L1, M, O and S. From 2019 to 2022, Willacy contracted for appraisal services for property Categories G, J and L2. Each year, these contracted firms appraised 47 to 64 percent of the total appraised value within the appraisal district. The cost of these services varied from \$87,500 to \$91,000 over four years. The appraisal district also uses a geographic information system (GIS) but not aerial technology systems. **Exhibit 12** lists Willacy’s contracted appraisal services.

### EXHIBIT 12

#### Willacy’s Contracted Appraisal Services

	2022	2021	2020	2019
Appraisal Services Contract	Yes	Yes	Yes	Yes
Contracted Property Categories	G, J and L2			
Percentage of total appraised value appraised by contracted appraisal firms	47%	52%	57%	64%
Appraisal Contract Cost	\$91,000	\$88,000	\$89,500	\$87,500

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

Willacy’s maps do not provide the information specified in IAAO’s *Standard on Digital Cadastral Maps and Parcel Identifiers*.

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

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



IAAO's *Standard on Digital Cadastral Maps*, Section 3.5, Map Products, advises the appraisal district to maintain a variety of additional map overlays which support the appraisal district's work and other users such as municipalities or other taxing units.

Out of 75 sampled properties, the reviewer was unable to locate eight properties (11 percent) on Willacy's maps.

## RECOMMENDATION 2

**Update appraisal district maps to reflect all properties.**

### 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.

**Exhibit 13** presents Ratio Study Uniformity Standards indicating acceptable general quality.

#### 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.*

### WILLACY RATIO STUDIES

#### FINDING

Willacy does not run ratio studies by market area and neighborhood, property class or stratum and does not 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

IAAO's *Standard on Ratio Studies*, Section 3.3, Stratification states Stratification divides all the properties within the scope of the study into two or more groups or strata. Stratification facilitates a more complete and detailed picture of appraisal performance and can enhance sample representativeness.

Each type of property subject to a distinct level of assessment could constitute a stratum. Other property groups, such as market areas, school districts and tax units, could constitute additional strata.

The appraisal district should choose strata consistent with factors in the mass appraisal model. When the study's purpose is to evaluate appraisal quality, flexibility in stratification is essential. The general goal is to identify areas in which the assessment levels are too low or lack uniformity and property groups for which the appraisal district may require additional reappraisal work. In such cases, it is also highly desirable to stratify based on more than one characteristic.

Stratification can help identify differences in appraisal levels between property groups. In large appraisal districts, stratification by market areas is generally more appropriate for residential properties. In contrast, stratification of commercial properties by either geographic area or property subtypes (e.g., office, retail and warehouse/industrial) can be more effective.

Willacy's ratio studies lack important statistical measures of uniformity by not utilizing the full capabilities of the ratio reports available in the CAMA system. Consolidating all sales data into a single ratio study fails to provide the appraisal district with the necessary information to make accurate adjustments based on property category, classification, submarket and strata. The appraisal district did not increase values from 2019 to 2022.

An appraisal district is responsible for appraising property within its jurisdiction for ad valorem tax purposes for each taxing unit that imposes ad valorem taxes on property in the appraisal district (Tax Code Section 6.01(b)).

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 3**

**Conduct ratio studies by market area and neighborhood, property class or stratum 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 14** shows the data from PTAD's Appraisal District Ratio Study for Willacy in 2021.

## EXHIBIT 14

**PTAD's Appraisal District Ratio Study, Willacy 2021**

Category	Number of Ratios**	2021 CAD Reported Appraisal Value	Median Level of Appraisal	Coefficient of Dispersion	% Ratios within (+/-) 10 % of Median	% Ratios within (+/-) 25 % of Median	Price - Related Differential
A. SINGLE-FAMILY RES	224	290,825,054	0.88	21.44	28.13	68.30	1.09
B. MULTI-FAMILY RES	0	5,352,076	*	*	*	*	*
C1. VACANT LOTS	0	17,555,451	*	*	*	*	*
C2. COLONIA LOTS	0	0	*	*	*	*	*
D2. FARM/RANCH IMP	0	4,574,627	*	*	*	*	*
E. RURAL-NON-QUAL	62	73,241,776	0.94	24.21	40.32	61.29	1.06
F1. COMMERCIAL REAL	49	99,492,970	*	*	*	*	*
F2. INDUSTRIAL REAL	0	5,010,171	*	*	*	*	*
G. OIL, GAS, MINERALS	0	19,164,000	*	*	*	*	*
J. UTILITIES	9	916,730,968	0.96	3.71	77.78	100.00	1.03
L1. COMMERCIAL PER	27	302,174,815	*	*	*	*	*
L2. INDUSTRIAL PER	0	6,529,577	*	*	*	*	*
M. OTHER PERSONAL	0	2,812,368	*	*	*	*	*
O. RESIDENTIAL INV	0	0	*	*	*	*	*
S. SPECIAL INVENTORY	0	1,335,326	*	*	*	*	*
OVERALL	371	1,744,799,179	0.93	19.27	42.86	73.05	0.98

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

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

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

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



## FINDING

Willacy 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 Willacy has an overall low median level of appraisal (0.93) and a low median level of appraisal in Category A (0.88) and Category E (0.94). 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 Willacy has a reasonably good overall COD (19.27) and a high COD in Category A (21.44) and Category E (24.21) and a low COD in Category J (3.71), 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 a good overall PRD (0.98), but a high PRD in Category A (1.09) and Category E (1.06) indicating regressivity or that lower valued properties in those categories are relatively over-appraised compared to higher valued properties.

Low median levels of appraisal, combined with high CODs and high PRDs indicates that a reappraisal of all property would be prudent. Because ADRS only reviews certain property categories, Willacy 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 4

**Use Willacy’s local ratio study results to make reappraisal decisions necessary to produce accurate values.**

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### 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

Willacy 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.

Willacy’s current reappraisal plan identifies the market area as the entire county. A review of Willacy’s 2021-2022 reappraisal plan indicated that the four ISDs within the county should, at a minimum, be defined as market areas. Willacy also has six cities that could serve as market areas or sub-markets. While some areas may be combined if valid sales data is lacking, the appraisal district should still analyze them separately.

## RECOMMENDATION 5

**Include school districts as market areas in the reappraisal plan.**

# Section 3 – Categories of Valuation in the SDPVS

PTAD found Lasara ISD, Lyford ISD and Raymondville ISD Categories A, 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, C1, G, J and L1 to be valid in all three 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
Lasara	A and D1	A, D1 and E	A, D1 and E
Lyford	A, D1 and E	A, D1 and E	A and D1
Raymondville	A, E and F1	A, E and F1	A, E and F1

Source: Texas Comptroller of Public Accounts, [School District Property Value Study Final Findings](#)

**3.1 CATEGORY A – SINGLE-FAMILY RESIDENTIAL PROPERTY VALUATION**

The Comptroller’s [Texas Property Tax Assistance Property Classification Guide](#) states Category A property includes single-family residential improvements and land on which the improvements are situated. They may or may not be within the city limits or in close proximity to a city.

**Q FINDING**

Willacy does not regularly update residential cost schedules.

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

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

Willacy did not increase cost schedules in 2022. The primary issue is the appraisal district’s practice of including multiple property categories in a single ratio study. At a minimum, Willacy should run ratio studies by school district and then by separate categories and classes. Within these parameters, the appraisal district can further stratify the reports by value. Without these specific ratio studies, Willacy will find it difficult to make appropriate adjustments to cost schedules.

Due to the ineffective execution of ratio studies, Willacy struggles to apply the necessary changes to maintain market value of properties. Willacy should conduct ratio reports by school district, sub-markets, category, class and strata. Without these changes, the appraisal district will continue to struggle to keep pace with the market.

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 6**

**Update residential cost schedules regularly.**

**FINDING**

Willacy does not have procedures for the valuation of mobile/manufactured homes.

IAAO's *Standard on Mass Appraisal*, Section 4.6.2, Manufactured Housing, states the appraisal district can value manufactured or mobile homes in several ways depending on the local market and ownership status. Often, mobile homes are purchased separately and situated in a rented space in a mobile home park. In this case, the best strategy is to model the mobile homes separately from the land. At other times, mobile homes are situated on individual lots and bought and sold similarly to stick-built homes. The mobile homes may be intermixed with stick-built homes, particularly in rural areas. In these cases, they can be modeled like that for other residential properties and included in the same models, if the model includes variables to distinguish them and recognize any relevant differences from other homes (e.g., mobile homes may appreciate at a rate different from that for stick-built homes).

Willacy maintains cost schedules for appraising mobile homes but does not have procedures or updated schedules. It is essential to gather sales information and maintain current cost schedules to ensure valuations align with true market values.

Despite limited sales data, the appraisal district can keep cost schedules current by using the most current cost data from Marshall and Swift, or by checking the NADA valuation service annually.

**RECOMMENDATION 7**

**Develop valuation procedures and cost schedules for manufactured homes and update them annually.**

**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.

**FINDING**

Willacy does not use acceptable income and expense data in its calculations of net to land.

Tax Code, Section 23.51(4) requires the chief appraiser to calculate net to land by considering the income that would be due to the owner of the land under cash lease, share lease, or whatever lease arrangement is typical in that area for that category of land and all expenses directly attributable to the agricultural use of the land by the owner shall be subtracted from this owner income and the results shall be used in income capitalization.

Willacy collects income and expense data on agricultural land through surveys and its Agricultural Advisory Board. Willacy uses this data to calculate net to land values. The agriculture calculations, however, have caused the appraisal district to have statistically invalid values in Category D1, with values being too low one year and too high the next.



The primary issue appears to be with cropland and irrigated cropland in Lyford ISD. According to the chief appraiser, Lyford is predominantly comprised of sugar cane fields. With the closure of the sugar mill, farmers are struggling to transition to other crops, directly affecting net to land valuations. In contrast, Lasara ISD and Raymondville ISD do not face the same challenges and their values are more aligned with the market value.

Willacy must continue to gather accurate income and expense data while working closely with its Agricultural Advisory Board. Willacy should consider expanding their agricultural lease questionnaire to include a wider group of agricultural properties in the county to obtain additional lease data to calculate accurate agricultural values.

### RECOMMENDATION 8

**Use additional income and expense data for net to land calculations.**

## 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.

### FINDING

Willacy does not conduct ratio studies regularly for vacant land properties and does not review and update land schedules.

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

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.

Willacy did not update land values from 2019 to 2022. They updated some land values in 2023 for the first time in five years, however their values were still not at market value.

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

### RECOMMENDATION 9

**Maintain market value for vacant land properties and review and update land schedules annually.**



### 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.

#### FINDING

Willacy does not annually review commercial cost schedules.

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

Willacy lacks sufficient commercial sales data to conduct a ratio study, yet they should still review and update commercial cost schedules using cost data from the external valuation services. The appraisal district did not update commercial cost schedules from 2019 to 2022 and should have adjusted for increased construction costs.

The appraisal district can annually update cost schedules through a subscription valuation service. The appraisal district can also analyze changes in commercial markets by using sales information from multiple years data from neighboring appraisal districts. Commercial real estate subscriptions are another way to track market value trends and obtain commercial data.

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.

The appraisal district can develop construction cost schedules in-house based on a systematic study of local construction costs, obtained from firms specializing in such information, or custom-generated by a contractor. The appraisal district should verify the cost schedules for accuracy by applying them to recently constructed improvements of known cost. The appraisal district should also update construction costs before each assessment cycle.

#### RECOMMENDATION 10

**Update commercial cost schedules regularly.**



# APPENDICES

## APPENDIX 1

### Appraisal District Budget

	2022	2021	2020	2019	Tier 2 Average 2019-2022	Tier 2 Average 2022
Total Budget (Excluding Collections)	\$632,511	\$623,544	\$623,511	\$607,721	\$1,404,998	\$1,541,215
Total Property Taxes Levied (All Jurisdictions)	\$20,100,312	\$22,427,521	\$22,427,521	\$22,202,336	\$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	4	4	4	4	13	13
Part Time Staff	2	2	1	1	N/A	N/A

#### Appraisal Staff

	2022	2021	2020	2019	Tier 2 Average 2019-2022	Tier 2 Average 2022
Full Time Appraisers	2	2	2	2	7	7
Lowest Appraiser Salary	\$45,760	\$41,600	\$35,360	\$29,120	\$40,079	\$39,505
Highest Appraiser Salary	\$45,760	\$41,600	\$35,360	\$29,120	\$46,417	\$48,041

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



## APPENDIX 3

**Appraisal District Parcel Information**

<b>Willacy</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Parcel Count*	18,192	17,834	17,961	19,210
Number Taxing Units	18	18	18	18
Parcels per Appraisal Staff**	7,225	7,214	7,210	7,164
Total Market Value Certified	\$2,867,514,436	\$2,765,275,181	\$2,194,016,694	\$2,180,000,047

**Parcels per Appraisal Staff Averages**

<b>Parcels</b>	<b>Parcels/Appraiser</b>
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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