

HUDSPETH APPRAISAL DISTRICT

2018 MASS APPRAISAL REPORT

1.0 INTRODUCTION

1.1 Scope of responsibility

The Hudspeth Appraisal District has prepared and published this report to provide property owners with a better understanding of the district's responsibilities and activities. This report has several parts which includes a general introduction and several sections describing the appraisal effort by the appraisal district.

The Hudspeth Appraisal District is a political subdivision of the State of Texas created effective January 1, 1980. The Texas Property Tax Code governs the legal, statutory, and administrative requirements of the appraisal district. The governing body of the appraisal district is a 5 member board elected by the voting member taxing units. The chief appraiser, appointed by the board of directors, is the chief administrator of the appraisal district.

The appraisal district is responsible for the local ad valorem appraisal and exemption administration for 10 taxing units which are Hudspeth County, Dell City I.S.D., Fort Hancock I.S.D., Sierra Blanca I.S.D., Culberson-Allamore I.S.D., City of Dell City, Hudspeth County UGWCD #1, Hudspeth County ESD#1, Hudspeth County ESD #2 and the Fort Hancock WCID #1. The appraisal district appraises only the property that is located in Hudspeth County for the Culberson-Allamore I. S. D. Culberson County Appraisal District appraises the property located in Culberson County for the Culberson-Allamore I. S. D.

Each taxing unit sets their own tax rates to generate revenue to pay for government services. Appraisals established by the appraisal district allocates the tax burden on the basis of each taxable property's value as of January 1 of each year. The appraisal district also determines eligibility for various types of special appraisal and exemptions.

All property is appraised at its **market value as of January 1 of each year**. The Texas Property Tax Code defines market value as "the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

exposed for sale on the open market with a reasonable time for the seller to find a buyer;

both the seller and buyer seek know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use, and;

both the seller and buyer seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

The Texas Property Tax Code does allow special appraisal provision for the valuation of certain kinds of properties. These include residential homestead property, agricultural productivity value, real property inventory, dealer inventory, nominal or restricted use properties, and allocation of interstate property.

The Texas Property Tax Code requires each appraisal district to adopt a written plan each even-numbered year for the periodic reappraisal of all property within the boundaries of the district. The written plan provides for the update of appraised values of all taxable property at least once every 3 years. The current policy of the Hudspeth Appraisal District is to conduct a general reappraisal every year. This means the appraisal District will reappraise market areas and property classes as determined by data from the local market. If values are stagnant in a market area, there would be no change of value based on the evidence of local sales.

The appraised value of real estate is calculated using specific information about each property. The district uses computer-assisted appraisal programs and recognized appraisal methods and techniques. Adjustments are made to appraisal tables as determined by sales of properties in the district. The appraisal district follows the standard provided by the Uniform Standards and Professional Appraisal Practice (USPAP) to the extent they are applicable. The district requires the same adherence to similar professional standards by appraisal firms contracted by the district.

1.2 Personnel Resources

The chief appraiser is responsible for overall planning, organizing, staffing, and controlling of district operations. This includes budgeting, finance, records management, purchasing, and any other function vital to the operation of the appraisal office. The chief appraiser is responsible for the valuation of all real and personal property accounts. The Hudspeth Appraisal District allows for the appraisal of utility and complex property to be contracted out to appraisal engineering firms. All staff except the receptionist must be registered with the Texas Department of Licensing and Regulation.

The appraisal district staff consists of 5 employees. Appraisal functions are primarily performed by 2 employees with collection functions performed by 3 employees. Collection personnel may assist the appraisers with functions such as date entry, data collection, and other functions.

The appraisal district staff consists of the following positions:

Chief Appraiser - **Appraisal**

Appraiser - **Appraisal**

Assessor-Collector – Office Manager – Records Manager - **Collections**

Collector - **Collections**

Receptionist – Collector-Appraiser Trainee - **Collections**

1.3 Data

The district is responsible for maintaining around 56,414 property accounts in Hudspeth County. The data includes property characteristics and ownership and exemption information. Property data is updated by annual field inspections. This includes the discovery of new property and the updating of existing properties. The most recent field inspection is reflected on the property card. Sales are gathered by a combination of questionnaires mailed to buyers and seller of property. Information gathered from individual fee appraisal may also be used. Because of the limited number of improved sales in the county, appraisals performed as part of the annual Property Value Study may be used in the development of data. In summary, any valid information may be used in the development of district schedules. Local information is almost always the most valid.

The district is in the process of providing GIS which should be available to the public which should be complete for 2019. All property tax forms are available at either the appraisal district office or the comptroller's web-site.

1.4 Information Systems

Hudspeth Appraisal District contracts their appraisal and collection software from True Automation. The district uses desktop PC's to access the district's hosted information at the True Automation office in Plano, Texas. The district has determined that such arrangement is both cost effective and efficient. The district's geographical information system should be complete and available in 2019.

2.0 PERFORMANCE TESTS

2.1 Sales Ratio Studies

The major tool used by the appraisal district to measure and improve performance is the internal ratio study. Confirmed Sales when received are sorted by property class and placed on a spreadsheet. The spreadsheet allows appraisal staff to determine level of appraisal and uniformity of appraisal in order to determine where corrections are needed. The ratio study includes the date of sale, sales price, PIDN (allows sorting by neighborhood), square footage and acreage, sales price, time and other adjustments when justified. Deed of Trust information may be used with a positive 10% factor for the estimated amount of down payment. Independent appraisals (normally from the most recent PVS) may be used in the study.

2.2 Management Review Process

Comparisons are made between property class and defined neighborhoods. The primary purpose of the review is to determine that proposed values are uniform and accurate between property classes and neighborhoods. Problems if detected are correct and then tested again.

2.3 Independent Performance Test

The Property Tax Assistance Division of the Texas Comptroller of Public Accounts once every two years conducts a property value study (PVS) in order to determine the taxable value for school districts and to determine the accuracy and uniformity of the appraisals performed by the appraisal district. In the years a PVS is not performed, a study of appraisal district methods and standards is performed.

The PVS findings for Hudspeth County school districts are used the state funding of local education. An invalid finding (low property values) will result in less state funding for our local school districts.

The PVS is reviewed by the chief appraiser and incorrect or invalid information is protested if needed.

3.0 APPRAISAL ACTIVITIES

3.1 Introduction

3.1.1 Appraisal Responsibilities

The chief appraiser is responsible for collecting and maintaining property data for classification, valuation, and other purposes. The accurate valuation of real and personal property requires a physical description of all the relevant characteristics of the property. Data collection includes field inspection of the property as well as data entry collected into the computer system. The goal of the Hudspeth Appraisal District is to field inspect all properties each year in order to note any changes in property from the previous year. Some isolated properties may not be field inspected each year because of logistics, the inability to get access to the property from the owner. The town site areas and the developed rural subdivisions are field inspected each year. If access to property is not provided, the value of property is estimated based on the best information available on the property.

3.1.2 Appraisal Resources

The appraisal activities are conducted by 2 appraisers (chief appraiser and staff). The collection staff does assist appraisal staff with data entry. Thomas Y. Pickett & Co. provides appraisal on utility property (Category J) and some Industrial Property (Category F2 & L2). The data is entered into the Computer Mass Appraisal System (CAMA). The data is printed on an appraisal record card. Other data used includes but is not limited to maps, sales information, independent fee appraisals, OSSF permits, photographs of buildings, income and expense information, cost information, or anything else that may be relevant to the valuation of property.

3.2 Preliminary Analysis

3.2.1 Data Collection/Validation

Data collection includes maintaining data characteristics in the Computer Assisted Mass Appraisal (CAMA) system. This information includes site data, land size, topography, actual and effective year built, square footage of living area, carports, garages, outbuildings, access to the property, land or improvement class from the appraisal district manual, or anything else that may be relevant. The appraisal staff will use the appraisal district appraisal manual to classify and appraise land and buildings. For personal property, the data will include the value for inventory, furniture and fixtures, machinery and equipment, vehicles, the location of the asset, and any other relevant information. The most important source of information is from property owners in the form of personal property rendition filed with the appraisal district.

All data used by the appraisal district which is not confidential is available to the public.

3.2.2 Sources of Data

The sources of data collection for the appraisal district includes but is not limited to field inspections, renditions, newspapers, the yellow pages, OSSF permits, questionnaires, and various types of real estate publications.

The appraisal staff annually drives neighborhoods defined by the district's property identification number (PIDN) which will relate to a specific map. An example is all properties located in Fort Hancock East #1 subdivision will have a (PIDN) prefix of F468 (Fort Hancock East) 001 (Unit number) 0000 (Block number if applicable) 0010 (the lot number). Appraisal district staff will look at each property in the block noting changes and making corrections to the appraisal records.

The property owner is a good source of information. They may notify the appraisal district of changes to the property. In most instances, field inspection will still be needed.

3.2.3 Data Collection Procedures

Data collection procedures have been established for all types of properties. Appraisal staff performs field inspections and records relevant information on the appraisal card. Other information may be noted on the appraisal record by office staff. The chief appraiser has written all district procedures.

3.2.4 Data Maintenance

The chief appraiser and field appraiser are responsible for the verification of data entry of the network. This responsibility includes not only verification of data entry, but also quality.

4.0 INDIVIDUAL VALUE REVIEW PROCEDURES

4.1 Field Review

The date of last inspection, extent of that inspection and the appraiser responsible are listed on the appraisal record. Any other relevant information is also listed on the appraisal card.

4.2 Office Review

Office reviews are completed on properties where information has been received from the owner of the property. In most instances, a field inspection will be required. Property protested is considered having been reviewed because of the nature of such hearing and the evidence reviewed during the process.

4.3 Performance Test

Ratio studies are completed on a continuous basis. Field inspections are sometimes required in insure the data is accurate.

5.0 RESIDENTIAL VALUATION PROCESS

5.1 Introduction

5.1. Scope of Responsibility

The appraisal staff is responsible for developing equal and uniform market values for residential improved and vacant property. There are approximately 1,234 residential properties and 26,371 vacant lots of which 23,275 are considered colonia lots. Under Texas law lots under 10 acres in size which do not have full amenities such as water, electricity, and sewer. The sale of such lots is illegal in various Texas counties. Hudspeth County is one such county.

5.1.2 Appraisal Resources

The chief appraiser and one staff person are the only appraisers of residential property and vacant lots.

5.2 Valuation Approach (Model Specification)

5.2.1 Area Analysis

The appraisal staff uses all data which may pertain to Hudspeth County in order to obtain an economic outlook on the local real estate market. Such data includes but is not limited to demographic patterns, income patterns, general trends in prices and rents, interest rates, and the availability of property. Information comes from data obtained from real estate publications, the financial press, and information obtained by the appraisal district in the form of questionnaires mailed to property owners, deed information, independent appraisals and all other relevant sources.

5.2.2 Neighborhood and Market Analysis

Neighborhood analysis is the examination of how physical, economic, governmental and social influences affect property values. These forces are used to identify, classify, and stratify comparable properties into smaller unit known as neighborhoods. Residential valuation and neighborhood analysis is conducted for the entire county.

Neighborhood analysis identifies properties that share a common trait. Examples would be the towns of Dell City, Fort Hancock, and Sierra Blanca. Others would be areas defined by plats such as Fort Hancock East, Deer Mountain, Sunset Ranches and others.

A neighborhood can be defined as a geographical area where the properties physical, economic, governmental and social forces are uniform and similar. Neighborhoods can be defined by desirability, amenities available, and supply and demand. Neighborhoods can change in time because of factors previously mentioned. Each residential neighborhood will carry the same land class with some adjustments for topography, view,

and size. The unit sales are similar inside a neighborhood; however, there are exceptions which must be taken in consideration such a property over-built for a neighborhood.

5.2.3 Highest and Best Use Analysis

The highest and best use of property is the reasonable and probable use that supports the highest value at the date of appraisal. The highest and best use must be physically possible, legal, financially feasible, and productive to the maximum. The highest and best use of residential property is almost always residential. Although there are no zoning restrictions in Hudspeth County, residential properties are normally clustered together. Some rural subdivisions have restrictive covenants determining the use and type of property allowed. Conditions may change whereas a residential property may be used as a small office but the essential nature of the building is still residential.

5.3 Valuation and statistical Analysis (Model Calibration)

5.3.1 Value Schedules

All residential tracts in the district are valued from identical cost schedules using a comparative unit approach. The district original residential cost schedules originally were adopted from schedules used by the comptroller for the PVS modified to local conditions.

Revisions are made to local cost schedules to reflect changes in the local market when justified.

For 2017, the internal ratio study indicated there were under appraisal on certain property classes and action was taken to equalize these various classes. These results were analyzed and corrections were made in schedules where problems of equity and under-appraisal was observed.

5.3.2 Sales Information

All confirmed sales are maintained by the appraisal district. Sales are sorted by property class and category. The major sources of sales information obtained by the appraisal district are sales questionnaires mailed to seller and buyer of property by either the appraisal district or the comptroller. Some information is obtained from fee appraisers. The appraisal district does use Deed of Trust information in their sale file under certain conditions such as lack of information in a property class. Any information pertaining to a sale is maintained.

5.3.3 Land Analysis

Land analysis is conducted by appraisal staff. Appraisal staff determines a land code for a subdivision or neighborhood which will give a base rate to be applied on either a square foot or acre basis. The base rate is adjusted for size based on the land class schedule. Additional adjustments may be given for reasons such as topography as measured by the local market. Abstraction and allocation methods may be used for areas without recent land sales.

5.3.4 Statistical Analysis

Ratio studies are performed for each residential class, land class and commercial properties. Every property class should show roughly the same level of uniformity. If the study shows a median level of appraisal in one neighborhood at 80% of market value as compared to 94% to 101% in other neighborhoods, the neighborhood needs to be reappraised. Same holds true for property class. Other statistical measurements can also be used. **The coefficient of dispersion may not properly measure uniformity in certain land classes in Hudspeth County.**

5.3.5 Market Adjustment or Trending Factors

The ratio study will determine whether neighborhood factors are needed. If the ratio study determines that residential property sells for 10% less in Dell City, the Dell City values need to be adjusted in order to prevent over-appraisal. The ratio study indicated there was not a need to modify any neighborhoods for 2018.

5.4 Treatment of Residence Homesteads

Properties with a residential homestead exemption can not be increased by more than 10% from the pervious year. Properties with a homestead cap are recomputed annually until the capped value is the same as the market value.

5.5 Individual Value Review Procedures

5.5.1 Field Review

Individual properties in need of field review are indicted by the ratio study. Properties identified as potential outliers are inspected to insure that the appraisal record show all the actual characteristics of the property such as correct square footage or property class.

5.5.2 Office Review

Values of each property class are reviewed by the ratio study. If the level of appraisal for any property class deviates from the normal, field inspections are done and corrections to the property class are made as needed.

5.6 Performance Tests

5.6.1 Sales Ratio Studies

5.6.1.1 Source of Sales/Appraisals

Sales are obtained from sales questionnaires mailed either by the comptroller or the appraisal district. Sales obtained from fee appraisers and deed records are also used. Because of the lack of sales, independent appraisal and Deed of Trust information adjusted to reflect estimated sales price may be used.

5.6.1.2 Ratio Study Format

A separate ratio study is performed for each land and improvement class. Each sample in each class will be identified by PIDN, TDC code, property description, date of sale, sales price, adjustment, adjusted price, size of improvements or size of vacant land, sales price by unit, CAD value, and CAD ratio to sales price. The weighted mean ratio, the median level of appraisal, and the COD are calculated for the property class.

5.6.1.3 Time Adjustments

Older sales adjusted for time of sale may be used in the internal ratio study. The time adjustment is calculated by using the average unit price for a year compared to the average unit price in the most recent year is used in the study. If the study indicates an increase of 10% in the average per unit sales price between 2009 and 2010, the 2009 sales are given a positive adjustment of 10%.

5.6.1.4 Date of Ratio Study

The ratio study is updated anytime a new confirmed sale is added to the sample. Individual dates for the ratio study can be performed by sorting sales by date.

5.6.1.5 Date of Ratio Study

The main purpose of the ratio study is to determine what inequities may exist in the current appraisal roll. If a land or improvement class shows a low ratio or high COD, the appraisal district should investigate the reason and take corrective action. Good judgment must be used in determining the corrective action needed. If the weighted mean ratio is 75%, it may be reckless to increase the land class 25% to increase the weighted mean ratio to 100%. The individual sales must be investigated to determine if there are outliers that might give an invalid finding. Sales determined not to be typical to the sample as a whole should not be used in rebuilding a cost schedule. The ratio study will identify outliers in the PVS which need to be protested.

5.6.1.6 Use of the Ratio Study in the Protest of the PVS

The internal ratio study is a valuable tool in correcting excessive valuations in the PVS. The PVS and the internal ratio study should have a similar finding. If they do not, the reason will appear in the internal ratio study. If the median per acre sales price for a land class \$500 per acre and 3 sales out of 9 sales appear in the PVS with values over \$600 per acre, the Comptroller's finding is probably invalid and the sales should not be included in the study

5.6.1.7 Use of the Ratio Study In Defending Appraisal District Values Before the ARB

The internal ratio study is a valuable tool in defending appraisal district values before the ARB. Before any informal hearing or ARB hearing, the appraisal district will mail the ratio study for the class of the property under protest. This information will provide to the property owner the information he should need to protest his as over market value or unequal to similar properties.

6.0 COMMERCIAL VALUATION PROCESS

6.1 Introduction

6.1.1 Appraisal Responsibility

All commercial property in Hudspeth County is appraised by appraisal staff. Commercial property is appraised at market value as are other types of property. Schedules are based on the schedules used by the comptroller modified for local conditions. There are only 336 commercial properties in the county out of a total parcel count of 56,414. The 2018 total value for this category is \$6,741,586 which represents only 1.09% of the total countywide appraisal base. The category is not tested as part of the property value study performed by the Comptroller of Public Accounts (PTAD).

6.1.2 Appraisal Resources

Improved appraisals are categorized according to property types such as retail store, motel, warehouse, and such. There are few viable commercial properties in Dell City and Fort Hancock. The majority of commercial properties are found in Sierra Blanca. There are many commercial properties in Dell City, Fort Hancock, and Sierra Blanca that have been vacant for years with little because of the lack of demand. Maintenance of these properties normally has been neglected for years.

Because of the small size of the communities, there is not much data for commercial property in Hudspeth County. The appraisal district follows the same procedures to confirm sales as they do with residential property. Because of the lack of sale information on commercial property, the appraisal district includes independent fee appraisals if available and appraisals used in the comptroller's PVS to determine accuracy and uniformity of appraisal. Income and expense information is almost non-existent. If available, income and expense information is used as part of the appraisal process.

6.2 Preliminary Analysis

The internal ratio for commercial normally can consist of PVS appraisals if such appraisals were performed. Local value should track closely to the values included in the PVS. The Comptroller (PTAD) as previously mentioned does not test commercial property in Hudspeth County as part of the PVS. There are a limited number of commercial sales of properties. Most of these properties sell for very little and normally are not viable for any commercial use.

6.3 Valuation Approach (Model Specification)

6.3.1 Area Analysis

Data on economic forces such as demographic patterns, employment, income, interest rate, and availability of property is taken into consideration. Data on regional economic forces, demographic patterns, local income, local property prices and rents, interest rates, are collected from any available sources.

6.3.2 Neighborhood Analysis

Neighborhoods are geographical areas which can be defined by economic, political, physical and social boundaries. Neighborhood analysis requires identification of properties that are affected by these boundaries. There are basically three neighborhoods for commercial property in the county. These are Dell City, Fort Hancock, and Sierra Blanca. Dell City is a farming community with a declining population which has resulted in a depressed commercial real estate market. Local residents will travel the 90 miles to El Paso or Carlsbad for most of their retail needs. Fort Hancock is growing faster than the other areas of the county; however, there has not been an increase in the demand for commercial properties. The reason for this is close proximity to Fabens and El Paso. Most of commercial value for Fort Hancock is located on the I-10 interchange. At the present time, there are plans to build a Family Dollar Store which may be on the appraisal roll for 2018. Sierra Blanca has best job market in the county with almost all jobs being government related. These jobs are provided by the U. S. Border Patrol, Hudspeth County, the Sierra Blanca I. S. D. and a private prison. The majority of commercial value in the county is located in Sierra Blanca; however, there has been little demand for commercial property. Many people having jobs in Sierra Blanca have chosen not to live in the community and residents have chosen to travel to Van Horn or El Paso for their shopping needs. There are many commercial properties that have been vacant for years. The maintenance of these properties has been neglected. Economic development in Sierra Blanca in the last twenty years has included nuclear waste, sewer sludge, and private prisons.

6.3.3 Highest and Best Use Analysis

The highest and best use is the most reasonable and probable use that generates the highest present value of real estate as of the date of appraisal. The highest and best use of any given property must be physically possible, legally permissible, financially feasible, and maximally productive. For improved properties, highest and best use is evaluated as improved and if the site was still vacant. This assists in determining if the existing improvements have more than one use. In most cases, the current use is the highest and best use for properties located in Hudspeth County.

6.3.4 Market Analysis

The district does a market analysis to determine market forces affecting supply and demand. A large number of poorly maintained vacant commercial buildings and the lack of new construction is evidence that supply has far exceeded the demand for commercial real estate in Hudspeth County.

6.4 Data Collection/Validation

Data validation is done on a continuous basis. Sales information from any sources and income and expensed information is used when available. All information collected by the appraisal district is open to the public unless the information is confidential at the request of the person providing the data.

6.5 Cost Schedules

The cost approach to value is typically used to appraise improved commercial property using a comparative unit approach. Appraisal district cost schedules are developed using the adjusted schedules used by the Comptroller of Public Accounts (Marshall Swift Valuation Service) adjusted to local conditions. The schedules determine the replacement cost new (RCN) depreciated for effected age, physical condition and any other factor affecting the property. Additional factors can be applied for various forms of obsolescence. The sales comparison approach is used to determine land value.

6.5.1 Income Models

The income approach can be applied to those properties considered income-producing. The income approach involves income data analysis normally received from property owners. The information would include economic rent, vacancy, and expenses reflected in the following formula:

$$\text{Value} = \text{Net Operating Income} / \text{Cap Rate}$$

6.6 Individual Vale Review Procedures

6.6.1 Field Review

The date of the last inspection, the appraiser responsible for the inspection, and any notes concerning the inspection entered into the computer. A field review is almost always required. If access to the property is not possible, a value estimate is arrived at based on the best information available. This would include, but not limited to available aerial photographs of the structure. The vast majority of commercial properties are located in the town site areas of Dell City, Fort Hancock, and Sierra Blanca and are reviewed annually.

7.0 INDUSTRIAL VALUATION PROCESS

7.1 Introduction

7.1.1 Appraisal Responsibility

Appraisal district staff is responsible for the appraisal of property reported to the Comptroller of Public Accounts as Category F2 (Industrial Real Property or L2 (Industrial Personal Property. Thomas Y. Pickett & Co. may be used for complex commercial properties.

7.1.2 Appraisal Resources

Personnel

Because of the low number of industrial properties in the appraisal district, appraisal district staff is responsible for developing uniform and fair values for this type of property. The appraisal district may use Thomas Y. Pickett & Co. to appraise complex properties.

Data

The appraisal district or contract appraisal staff inspects the properties to obtain information about buildings, site improvements, process and shop equipment, and various items of personal property. The appraisal district staff or contract appraisal staff obtains information from the property owners concerning the cost to purchase, install, and construct items of real and personal property. The property owner will almost always be the best source of information for this type of property. The individual characteristics of the property being appraised are the main factors that determine the appraised value.

7.2 Valuation Approach

7.2.1 Area Analysis

Regional considerations are not important. There is not property which would be considered as exclusively industrial land in Hudspeth County. The most important factors would include amenities available to the land such as infrastructure. The same procedures are used for industrial properties as are used to appraise other types of properties.

7.2.2 Neighborhood Analysis

Industrial properties do not have type of generic that is appropriate for neighborhood analysis.

7.2.3 Highest and Best Use Analysis

The highest and best use of real or personal property is the most reasonable and probable use of the property on the date of appraisal that is physically and financially feasible, legal, and that derives maximum production from the property. The current use of industrial properties in Hudspeth County is the highest and best use.

7.2.4 Market Analysis

Market analysis is the basis for finalizing value estimates for this type of property. The type of industrial property located in Hudspeth County is unique in nature and difficult to compare to similar properties. Because of the single use purpose of industrial real estate in Hudspeth County, these properties would have little value except for the current use (Talc mine).

Main items of personal property, such as furniture and fixtures, computers, mobile machinery and equipment, and vehicles are generic in construction, but individual characteristics may affect value such as usage, maintenance, and obsolescence may have an effect on the final value estimate. Cost data provided on the property by rendition or other reliable information is used for the valuation of plant.

7.3 Data Collection/Validation

7.3.1 Sources of Data

Most of the information for the valuation of this type of property has been provided by the property owner. This would include date of acquisition and original cost.

8.0 BUSINESS PERSONAL PROPERTY VALUATION PROCESS

8.1 Introduction

8.1.1 Appraisal Responsibility

Business personal property reported to the Comptroller as Category L1 or L2 represents such a small portion of the overall value the category is not tested in the PVS. For 2018 there is only 123 business personal property account with a value of \$2,782,386 which represents 0.45% of the total appraisal roll. There are 54 industrial personal property accounts with a value of \$11,434,310 which represents 1.86% of the total appraisal roll. Many of the industrial accounts are towers.

8.1.2 Appraisal Resources

Most of the business appraisal accounts are appraised by appraisal district staff. Almost all of the industrial business appraisals are performed by Thomas Y. Pickett & Company.

8.2 Valuation Approach

8.2.1 Highest and Best Use Analysis

The highest and use of property is the reasonable and probable use that supports the highest present value on the date of the appraisal. The highest and best use must be physically possible, legal, financially feasible, and productive. The highest and best use of business personal property is normally the current use.

8.3 Data Collection/Validation

8.3.1 Data Collection Procedures

Personal property data collection procedures are part of the district's appraisal manual and are reviewed annually.

8.3.2 Sources of Data

Sources of data includes but is not limited to physical inspection of property, yellow pages, the local newspaper, property renditions, and all other relevant information.

8.3.3 Leased and Multi-Location Assets

The primary source of information for this property is by property owner renditions and field inspections. In most instances, a separate account is created for each location. An exception would be leased equipment located at separate businesses inside the same taxing district.

8.4 Valuation and Statistical Analysis

8.4.1 Cost Schedules

Cost schedules are developed by property type. Cost schedules are developed from renditions and published guides. Normally used when property is not rendered or as check on rendered values.

8.4.2 Depreciation Schedule and Trending Factor

The reported cost new reported by the property owner when available is depreciated by the remaining economic life of the asset. The Hudspeth Appraisal District does not trend values. Trending does not always take into consideration such factors as obsolescence. The depreciation tables are part of the appraisal district cost schedules. Different schedules are used on long life assets, average life assets, short life assets, and vehicles. Similar businesses are compared to each other to determined uniformity of appraisal.

8.5 Performance Tests

8.5.1 Ratio Studies

Every other year the Comptroller of Public Accounts (PTAD) performs a ratio study to determine the level of appraisal for most categories of property. Because of the low number of business personal property accounts and the small amount of value, business personal property is not tested in Hudspeth County and all the taxing units receive local value.

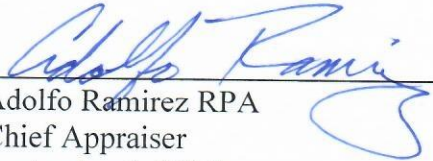
9.0 LIMITING CONDITIONS

The appraised value estimates provided by the district are subject to the following conditions.

1. The appraisal was prepared exclusively for ad valorem tax purposes.
2. The property characteristic data upon which the appraisals are based is assumed to be correct. Exterior inspections of property appraised are performed by appraisal staff as resources and time allowed.
3. Validation of sales transactions was by questionnaires, independent appraisals, deed information, and sources considered reliable.
4. I am the only person responsible for signing of this certification.
5. Attached are the district's latest ratio study results.

10.0 CERTIFICATION STATEMENT:

"I, Adolfo Ramirez, Chief Appraiser of the Hudspeth Appraisal District, solemnly swear that I have made a diligent inquiry to ascertain all property in the district subject to appraisal by me, and that I have included in the records all property that I am aware of at an appraised value which, to the best of my knowledge and belief, was determined as required by law."



Adolfo Ramirez RPA
Chief Appraiser
September 1, 2018
Texas Department of Licensing and Regulation #69679

RATIO STUDY

This ratio study is performed for internal appraisal district use. Real estate markets are always changing depending on economic conditions and supply and demand considerations. For this reason, there will be information included in this study which other appraisers may exclude. This includes but is not limited to older sales, independent appraisals, deed of trust information, and any other information considered relevant by appraisal district staff. Older information is useful to see trends and deed of trust information may provide information as to what a property sold for. Improved sales may be used to check indicated land value by subtracting the indicating improvement value from the total sales price of the property. The appraiser must use good judgment when using any residential technique. If the indicated land value does not match similar land sales only, there may be a problem with the improvement schedule and the indicated land value is invalid.

A rearview mirror only shows where you have been and not where you need to go. For this reason, the ratio study shall be updated every time a new sale is confirmed.

This document shall be open to the public, this information will be essential in the creation of valuation schedules, the defense of values before the Comptroller, the taxing units, the property owner and the Appraisal Review Board.

An excel spreadsheet is used because of the ability to customize information in a format which appraisal district staff may deem useful. Examples would be the ability to sort samples by geographic location, by time, square footage, ratio, or any other format. This allows appraisal district staff to see trends in value and identification of invalid sales such as obvious outliers.

In summary, there is no reason to perform a ratio study just to say one was performed. The ratio study shall be a living document showing the current trends by time, market area, or other important factors. The ratio study shall be the main tool in the development of schedules and in the defense of values.

2018 HUDSPETH APPRAISAL DISTRICT RATIO STUDY

MAY 15, 2018

CLASS	CAD VALUE	STUDY VALUE	MEAN	MEDIAN	TYPE	STATE CODE
CLASS 1	\$105,406.00	\$115,435.00	91%	70%	RESIDENTIAL	A
CLASS 6	\$478,912.00	\$680,298.00	62%	70%	RURAL VACANT LOT	C
RU1B	\$151,397.00	\$178,082.00	85%	77%	RURAL VACANT LOT	E
RU75A	\$571,854.00	\$609,305.00	94%	82%	RURAL VACANT LOT	C
CLASS 2	\$364,152.00	\$418,104.00	87%	86%	RESIDENTIAL	A
RU1A	\$174,729.00	\$180,699.00	97%	87%	RURAL VACANT LOT	E
DDC	\$21,119.00	\$23,368.00	90%	88%	DELL CITY VACANT LOT	C
CLASS 3	\$750,296.00	\$877,868.00	85%	90%	RESIDENTIAL	A
FHL	\$44,303.00	\$49,160.00	90%	90%	FT HANCOCK VACANT LOT	C
RU20	\$112,641.00	\$126,355.00	89%	91%	RURAL VACANT LOT	C
DCR	\$46,213.00	\$53,113.00	87%	91%	DELL CITY VACANT LOT	C
CLASS 5	\$1,442,430.00	\$1,619,322.00	89%	92%	RESIDENTIAL	A
SBL	\$30,736.00	\$34,035.00	90%	92%	SIERRA BLANCA VACANT LOT	C
CLASS 4	\$1,946,689.00	\$2,145,552.00	91%	92%	RESIDENTIAL	A
CLASS 13	\$1,276,905.00	\$1,366,081.00	93%	93%	MOBILE HOME	A
RU500	\$312,535.00	\$335,887.00	93%	95%	RESIDENTIAL	C
RU250	\$819,775.00	\$827,812.00	99%	97%	RURAL VACANT LOT	C
UL10A	\$166,903.00	\$176,415.00	95%	97%	RURAL VACANT LOT	C
RU1C	\$176,016.00	\$193,022.00	91%	99%	RUAL VANCANT LOT	E
CLASS 12	\$601,056.00	\$574,330.00	105%	101%	MOBILE HOME	A
RU1D	\$871,185.00	\$824,103.00	106%	101%	RURAL VACANT LOT	E
CLASS 11	\$336,036.00	\$327,672.00	103%	102%	MOBILE HOME	A
RU1	\$347,299.00	\$343,229.00	93%	103%	RURAL VACANT LOT	E
RU15A	\$165,000.00	\$146,500.00	113%	110%	RURAL VACANT LOT	C
COMMERCIAL	\$500,097.00	\$523,060.00	96%	131%	COMMERCIAL REAL ESTATE	F
TOTALS	\$11,813,684.00	\$12,748,807.00	93%			