Hemphill County Appraisal District

102 North 5th Street
Canadian, Texas 79014

Telephone (806) 323-8022 - Fax (806) 323-8430

Public Notice Board of Directors Meeting

The Hemphill County Appraisal District Board of Directors will meet on Wednesday, September 10, 2025 at 5:30 p.m. at the Hemphill County Appraisal District office located at 102 N. 5th Street, Canadian, Texas.

Agenda

1. Invocation/Establishment of Quorum
2. Public Comment
3. Executive Session
    a) Conduct Executive Session pursuant to Texas Government Code Sec. 551.071 to consult with legal counsel regarding Update on Palo Duro G&P (Oklahoma) LP, Palo Duro Pipelines (Texas Intrastate) LP, Palo Duro Pipelines (Texas Gathering) LP and Palo Duro Pipelines (Texas Liquids) LP vs. Hemphill County Appraisal District
    b) Reconvene to Open Session and take possible action on any Executive Session Matter
4. Consideration/Possible Action and May Vote on Items discussed in Executive Session.
5. Review and approve June 11, 2025 minutes & Budget Hearing minutes.
6. Review and approve June 2025, July 2025 and August 2025 receipts & disbursements
7. Notify the BOD of the 2025 Certified Appraisal Roll
8. Review previously tabled 2026 Proposed Budget and take possible action
9. Review and approve Renewal of Health Insurance Plan & other Insurance Plans
10. Chief Appraisers report on District Operations
    A. Review and approve the 2025 Certified MASS Appraisal Report
    B. Legislative Update
11. New Business
12. Next meeting Date/Time – tentatively set for December 10th @ 5:30 p.m.
13. Adjourn

Pam Scates

Pam Scates
Chief Appraiser

Posted September 5, 2025

Hemphill County Appraisal District
102 N 5th Street
Canadian, Texas 79014

Telephone (806) 323-8022 - Fax (806) 323-8430

Minutes

The Hemphill County Appraisal District Board of Directors met on Wednesday, June 11, 2025, at the Hemphill County Appraisal District office located at 102 N 5th Street, Canadian, Texas. Board members present were Heath Mitchell, Chairman, Alton Lohberger, Chris Jackson, Andy Orrell, Wendie Cook and Dawn Webb. Appraisal District staff member present was Pam Scates, Chief Appraiser.

1. Heath Mitchell established a quorum, called the meeting to order at 5:33 p.m.
2. Heath Mitchell gave the invocation and there were no guest.
3. No public comment.
4. The board entered into Executive Session with a motion from Andy Orrell, second by Wendie Cook at 5:34 p.m.
   a) Conduct Executive Session pursuant to Texas Government Code Sec. 551.071 to consult with legal counsel regarding DCP Midstream, LP vs. Hemphill County Appraisal District and Palo Duro G&P (Oklahoma) LP, Palo Duro Pipelines (Texas Intrastate) LP, Palo Duro Pipelines (Texas Gathering) LP and Palo Duro Pipelines (Texas Liquids) LP vs. Hemphill County Appraisal District
   b) The board reconvened to Open Session at 6:19 p.m. with a motion from Wendie Cook, second by Dawn Webb.
5. No Action – Executive Session
6. The 2024 Financial Audit from Doshier, Pickens, and Francis, LLC was approved as presented at the previous meeting with a motion by Wendie Cook, second by Alton Lohberger. Passed unanimously.
7. April 23, 2025 Minutes and April and May Financials were reviewed. Wendie Cook made a motion to accept the Minutes as presented. Dawn Webb seconded. Passed unanimously. Andy Orrell made a motion to accept the Financials as presented. Dawn Webb seconded. Passed unanimously.
8. Discussion was held on the 2026 Budget. The Board tabled the item.
9. Chief Appraiser report on District Operations
   A. Pam reported that the June protest hearing was scheduled for June 12th. There will be a July hearing date, but most cases are expected to be settled before then.
   B. Pam gave a report on the 513 bills being watched by a committee she was on in regard to Property Tax. Highlighting the Homestead Exemption bill and BPP.
   C. Pam updated the board on the Palo Duro Pipeline suit as the only active suit in Hemphill.
10. The next meeting was set for Wednesday, September 10, 2025, at 5:30 p.m.
11. The meeting was adjourned at 6:41 p.m. after a motion by Wendie Cook and a seconded by Alton Lohberger. Passed unanimously.

________________________ ____________________
Board Approval Date

Hemphill County Appraisal District
223 Main Street
Canadian, TX 79014
Phone—(806) 323-8022 ~ Fax—(806) 323- 8430
hemphillcad@sbcglobal.net

Budget Hearing
Minutes

The Hemphill County Appraisal District met at 5:30 p.m. on Wednesday, June 11, 2025 on the **2026 proposed budget** at the Hemphill County Appraisal District office located at 102 N 5th Street, Canadian, Texas. Board members present were Heath Mitchell (chairman), Alton Lohberger, Chris Jackson, Andy Orrell, Wendie Cook and Dawn Webb. Pam Scates (Chief Appraiser) was present from the Appraisal District.

1. Heath Mitchell opened the Public Hearing at 5:31 p.m.
2. There were no public comments.

At 5:33 p.m. the Board adjourned the Public Hearing on the Hemphill CAD 2026 proposed budget and went into the regular board meeting.

HEMPHILL COUNTY APPRAISAL DISTRICT
STATEMENT OF INCOME AND EXPENSE
June 30, 2025

	6 Months Ended June 30, 2025	12 Months Ended December 31, 2024	Available Remaining
	Actual	Budget	Budget
Income			
APPRAISAL FEES	$ 399,656.00	$ 799,312.00	$ 399,656.00
INTEREST INCOME	1,226.85	0.00	(1,226.85)
MISCELLANEOUS INCOME	489.00	0.00	(489.00)
Less: Returns & Allowances	0.00	0.00	0.00
Total Income	401,371.85	799,312.00	397,940.15
Total Income	401,371.85	799,312.00	(397,940.15)
Operating Expenses			
ACCOUNTING	8,075.00	8,500.00	425.00
ADVERTISING	70.00	0.00	(70.00)
AERIAL PICTOMETRY	27,248.50	0.00	(27,248.50)
APPRAISAL GUIDS & PUBLICATI	688.20	1,100.00	411.80
AUTO	10,800.00	21,600.00	10,800.00
BANK CHARGES	245.00	0.00	(245.00)
CONTINUING EDUCATION	2,290.00	2,000.00	(290.00)
CONTRACT LABOR	151,650.45	284,083.00	132,432.55
APPRAISER DUES/MEMBERSHIP	0.00	1,000.00	1,000.00
EMPLOYEE BENEFITS-RETIREM	13,261.89	23,309.00	10,047.11
DUES & SUBSCRIPTIONS	110.00	0.00	(110.00)
INSURANCE (BONDS)	8,334.02	7,778.00	(556.02)
INSURANCE (MEDICAL & LIFE)	26,637.08	36,500.00	9,862.92
INSURANCE (WORKERS COMP)	509.00	2,000.00	1,491.00
LEGAL NOTICES	427.00	700.00	273.00
LEGAL	109,510.08	147,900.00	38,389.92
NON-BUDGETED/MISC	6,508.00	200.00	(6,308.00)
MEETING-COFFEE SUPPLIES	438.67	500.00	61.33
OFFICE FURNITURE & EQUIPME	457.30	200.00	(257.30)
OFFICE SUPPLIES	1,808.39	3,000.00	1,191.61
OPERATING SUPPLIES	487.53	0.00	(487.53)
POSTAGE	151.03	1,600.00	1,448.97
RENT	34,376.91	34,377.00	0.09
REPAIRS & MAINTENANCE	623.74	800.00	176.26
JANITORIAL	1,575.78	3,000.00	1,424.22
MAINTENANCE-OFFICE MACHIN	0.00	200.00	200.00
SALARIES	95,347.56	190,695.00	95,347.44
LONGEVITY	2,460.00	4,920.00	2,460.00
ARB EXPENSES	841.55	1,450.00	608.45
TAXES - PAYROLL	1,706.62	2,800.00	1,093.38
TAXES - OTHER	0.00	300.00	300.00
PHONE ALLOWANCE	1,014.56	1,800.00	785.44
TRAVEL-FLIGHT & MILEAGE	2,907.28	4,000.00	1,092.72
TRAVEL-MEALS & LODGING	5,548.36	6,000.00	451.64
UTILITIES	4,421.66	7,000.00	2,578.34
BUILDING RENOVATION & REPAI	75.00	0.00	(75.00)

HEMPHILL COUNTY APPRAISAL DISTRICT
STATEMENT OF INCOME AND EXPENSE
June 30, 2025

	6 Months Ended June 30, 2025	12 Months Ended December 31, 2024	Available Remaining
	Actual	Budget	Budget
Total Operating Expenses	520,606.16	799,312.00	(278,705.84)
Operating Income (Loss)	(119,234.31)	0.00	(119,234.31)
Other Income (Expense)			
Net Income (Loss) Before Ta	(119,234.31)	0.00	(119,234.31)
Net Income (Loss)	$ (119,234.31)	$ 0.00	$ (119,234.31)

For Informational Purposes Only
Not Intended for Final Accounting

Date	Reference T	Description	Beginning Balance	Current Amount	YTD Balance
	1010 HAPPY STATE BANK-OPERATING		34,491.60		
06/01/25	1	Cash Disbursements		(225.21)	
06/01/25	1	Cash Disbursements		(2,734.65)	
06/04/25	1	Cash Disbursements		(342.73)	
06/09/25	1	Cash Disbursements		(1,125.00)	
06/09/25	1	Cash Disbursements		(275.00)	
06/09/25	1	Cash Disbursements		(75.00)	
06/09/25	1	Cash Disbursements		(95.45)	
06/09/25	1	Cash Disbursements		(582.55)	
06/10/25	1	Cash Disbursements		(76.28)	
06/12/25	1	Cash Disbursements		(217.30)	
06/13/25	1	Cash Disbursements		(7,044.07)	
06/13/25	1	Cash Disbursements		(87,248.50)	
06/15/25	1	Cash Disbursements		(2,389.52)	
06/16/25	1	Cash Disbursements		(1,200.81)	
06/16/25	1	Cash Disbursements		(200.00)	
06/30/25	1	Cash Disbursements		(7,725.81)	
06/30/25	1	Cash Disbursements		(504.00)	
06/30/25	1	Cash Disbursements		(7,044.07)	
06/30/25	650	JUNE DEPOSITS		133,203.00	
06/30/25	685	HSB INTEREST		315.04	
				14,412.09	48,903.69
	1045 PETTY CASH		100.00		
				0.00	100.00
	1300 PREPAID EXPENDITURES		12,567.52		
				0.00	12,567.52
	1412 LEASEHOLD IMPROVEMENTS		171,268.05		
				0.00	171,268.05
	1415 EQUIPMENT		205.95		
				0.00	205.95
	1420 OFFICE FURNITURE & FIXTURES		39,032.43		
06/16/25	8075 V	PAM SCATES		1,046.81	
				1,046.81	40,079.24
	1425 LEASED ASSETS-BUILDINGS		253,125.00		
				0.00	253,125.00
	1426 LEASED ASSETS-SOFTWARE		72,950.29		
				0.00	72,950.29
	1430 ACCUM DEPR-MACH & EQUIPMENT		(75,499.35)		
				0.00	(75,499.35)
	1500 NET PENSION ASSET		255,536.00		
				0.00	255,536.00

Date	Reference	T	Description	Beginning Balance	Current Amount	YTD Balance
	1504		**DEFERRED OUTFLOWS-DEFICIENT EARNING**	6,907.00		
					0.00	6,907.00
	1506		**DEFERRED OUTFLOW-CONTRIBUTION**	25,789.82		
					0.00	25,789.82
	1510		**DEFERRED OUTFLOW-CONTRIBUTIONS OPEB**	171.93		
					0.00	171.93
	1512		**DEFERRED OUTFLOW-ECONOMIC LOSS OPEB**	437.00		
					0.00	437.00
	1514		**DEFERRED OUTFLOW-ASSUMPTION CHANGES**	2,888.00		
					0.00	2,888.00
	1650		**CAPITAL LEASE-NON CURRENT**	(253,125.00)		
					0.00	(253,125.00)
	2000		**A/P-TRADE**	(90,110.95)		
					0.00	(90,110.95)
	2003		**A/P- ACCRUED INTEREST**	(10,173.71)		
					0.00	(10,173.71)
	2020		**UNEARNED APPRAISAL FEES**	(249,374.00)		
06/30/25	650		HEMPHILL CO UWCD		(2,146.00)	
06/30/25	650		CISD		(67,083.50)	
06/30/25	650		HEMPHILL CO HOSPITAL DIST		(54,211.50)	
06/30/25	650		CITY OF CANADIAN		(9,273.00)	
06/30/25	690		QUARTERLY ADJ-UNEARNED APP FEES		199,828.00	
					67,114.00	(182,260.00)
	2172		**MEDICARE-EMPLOYEE**	(253.76)		
06/15/25	601	V	INTERNAL REVENUE SERVICE		253.76	
06/13/25	607	V	PAYROLL		(126.88)	
06/30/25	675	V	PAYROLL		(126.88)	
					0.00	(253.76)
	2173		**FEDERAL WH - EMPLOYEE**	(1,882.00)		
06/15/25	601	V	INTERNAL REVENUE SERVICE		1,882.00	
06/13/25	607	V	PAYROLL		(941.00)	
06/30/25	675	V	PAYROLL		(941.00)	
					0.00	(1,882.00)
	2174		**AFLAC - EMPLOYEE**	(869.20)		
06/13/25	607	V	PAYROLL		(108.65)	
06/30/25	675	V	PAYROLL		(108.65)	
					(217.30)	(1,086.50)

Date	Reference	T	Description	Beginning Balance	Current Amount	YTD Balance
	2175 RETIREMENT-EMPLOYEE			(2,043.32)		
06/13/25	607	V	PAYROLL		(638.40)	
06/30/25	675	V	PAYROLL		(638.40)	
					(1,276.80)	(3,320.12)
	2176 FSA - EMPLOYEE			(8,666.41)		
06/13/25	607	V	PAYROLL		(266.63)	
06/30/25	675	V	PAYROLL		(266.63)	
					(533.26)	(9,199.67)
	2503 TOTAL OPEB LIABILITY			(14,536.00)		
					0.00	(14,536.00)
	2504 ACCRUED VACATION TIME			(32,325.20)		
					0.00	(32,325.20)
	2505 DEFERRED INFLOW-SBITA PAYABLE			(46,371.00)		
					0.00	(46,371.00)
	2506 DEFERRED INFLOW-ECONOMIC GAIN OPEB			(1,860.00)		
					0.00	(1,860.00)
	2507 DEFERRED INLFOW-ASSUMPTION CHANGE			(3,566.00)		
					0.00	(3,566.00)
	2508 DEFERRED INFLOW-ACTUARIAL GAIN			(50,040.00)		
					0.00	(50,040.00)
	2510 DEFERRED INFLOW-ASSUMPTION CHANGES			(702.00)		
					0.00	(702.00)
	3500 EQUITY			(229,435.54)		
					0.00	(229,435.54)
	3550 EQUITY/ACCOUNT GROUPS			(4,417.00)		
					0.00	(4,417.00)
	4000 APPRAISAL FEES			(199,828.00)		
06/30/25	690		CISD		(67,083.50)	
06/30/25	690		CITY OF CANADIAN		(9,273.00)	
06/30/25	690		FT ELLIOTT CISD		(17,568.00)	
06/30/25	690		HEMPHILL CO		(49,546.00)	
06/30/25	690		HC HOSPITAL		(54,211.50)	
06/30/25	690		HC UWCD		(2,146.00)	
					(199,828.00)	(399,656.00)
	4400 INTEREST INCOME			(911.81)		
06/30/25	685		HSB INTEREST		(315.04)	

Date	Reference T	Description	Beginning Balance	Current Amount	YTD Balance
	4400 INTEREST INCOME (cont.)				
				(315.04)	(1,226.85)
	4550 MISCELLANEOUS INCOME		0.00		
06/30/25	650	CLOSE 5TH & MAIN HOLDING ACCOUNT		(489.00)	
				(489.00)	(489.00)
	7020 ACCOUNTING		7,525.00		
06/09/25	8065 V	KAREN SCHAFER BOOKKEEPING		275.00	
06/09/25	8067 V	KAREN SCHAFER BOOKKEEPING		275.00	
				550.00	8,075.00
	7050 ADVERTISING		70.00		
				0.00	70.00
	7052 AERIAL PICTOMETRY		0.00		
06/13/25	8073 V	PICTOMETRY INTL CORP		27,248.50	
				27,248.50	27,248.50
	7055 APPRAISAL GUIDS & PUBLICATIONS		688.20		
				0.00	688.20
	7060 AUTO		9,000.00		
06/13/25	607 V	PAYROLL		900.00	
06/30/25	675 V	PAYROLL		900.00	
				1,800.00	10,800.00
	7090 BANK CHARGES		245.00		
				0.00	245.00
	7340 CONTINUING EDUCATION		1,755.00		
06/30/25	8089 V	TCDRS ATTN LISA IZZI		280.00	
06/30/25	8090 V	TEXAS RURAL CHIEF APPRAISERS		255.00	
				535.00	2,290.00
	7360 CONTRACT LABOR		90,800.45		
06/09/25	8066 V	PRITCHARD & ABBOTT INC		850.00	
06/13/25	8074 V	PRITCHARD & ABBOTT INC		60,000.00	
				60,850.00	151,650.45
	7510 EMPLOYEE BENEFITS-RETIREMENT		13,261.89		
				0.00	13,261.89
	7550 DUES & SUBSCRIPTIONS		110.00		
				0.00	110.00
	7830 INSURANCE (BONDS)		3,840.02		
06/30/25	8091 V	THE HARTFORD		4,494.00	

Date	Reference	T	Description	Beginning Balance	Current Amount	YTD Balance
	7830 INSURANCE (BONDS) (cont.)					
					4,494.00	8,334.02
	7840 INSURANCE (MEDICAL & LIFE)			23,399.42		
06/01/25	603	V	PLIC		225.21	
06/01/25	605	V	INS CO OF SCOTT & WHITE (ICSW)		2,734.65	
06/12/25	606	V	AFLAC		217.30	
06/30/25	8092	V	WAGE WORKS INC		60.50	
					3,237.66	26,637.08
	7845 INSURANCE (WORKERS COMP)			509.00		
					0.00	509.00
	8000 LEGAL NOTICES			0.00		
06/09/25	8069	V	COUNTY STAR NEWS		427.00	
					427.00	427.00
	8010 LEGAL			108,009.18		
06/30/25	8082	V	GREER HERZ & ADAMS		225.00	
06/30/25	8083	V	GREER HERZ & ADAMS		448.54	
06/30/25	8084	V	GREER HERZ & ADAMS		258.60	
06/30/25	8085	V	GREER HERZ & ADAMS		568.76	
					1,500.90	109,510.08
	8060 NON-BUDGETED/MISC			6,508.00		
					0.00	6,508.00
	8100 MEETING-COFFEE SUPPLIES			338.34		
06/30/25	8081	V	BUSINESS CARD		12.45	
06/30/25	8081	V	WAL MART		40.41	
06/30/25	8088	V	SIERRA SPRINGS		47.47	
					100.33	438.67
	8139 OFFICE FURNITURE & EQUIPMENT			457.30		
					0.00	457.30
	8140 OFFICE SUPPLIES			1,583.05		
06/09/25	8071	V	MAYFIELD PAPER COMPANY		79.77	
06/30/25	8086	V	PERRYTON OFFICE SUPPLY		145.57	
					225.34	1,808.39
	8160 OPERATING SUPPLIES			487.53		
					0.00	487.53
	8180 POSTAGE			116.73		
06/30/25	8081	V	USPS		34.30	
					34.30	151.03
	8200 RENT			34,376.91		

Date	Reference	T	Description	Beginning Balance	Current Amount	YTD Balance
	8200 RENT (cont.)					
					0.00	34,376.91
	8230 REPAIRS & MAINTENANCE			422.96		
06/09/25	8068	V	BRIAN BECK		75.00	
06/09/25	8070	V	GREAT PLAIN PEST CONTROL		75.78	
06/30/25	8080	V	BRIAN BECK		50.00	
					200.78	623.74
	8240 JANITORIAL			1,325.78		
06/30/25	8087	V	RACHAEL BARTLETT		250.00	
					250.00	1,575.78
	8500 SALARIES			79,456.30		
06/13/25	607	V	PAYROLL		7,945.63	
06/30/25	675	V	PAYROLL		7,945.63	
					15,891.26	95,347.56
	8505 LONGEVITY			2,050.00		
06/13/25	607	V	PAYROLL		205.00	
06/30/25	675	V	PAYROLL		205.00	
					410.00	2,460.00
	8550 ARB EXPENSES			500.00		
06/16/25	8076	V	DARRELL NARRON		100.00	
06/16/25	8077	V	JOCELYN TIMMONS		100.00	
06/30/25	8081	V	BROWN BAG ROASTERS		92.01	
06/30/25	8081	V	LOWES		49.54	
					341.55	841.55
	8610 TAXES - PAYROLL			1,452.86		
06/15/25	601	V	INTERNAL REVENUE SERVICE		253.76	
					253.76	1,706.62
	8650 PHONE ALLOWANCE			864.56		
06/13/25	607	V	PAYROLL		75.00	
06/30/25	675	V	PAYROLL		75.00	
					150.00	1,014.56
	8680 TRAVEL-FLIGHT & MILEAGE			2,115.62		
06/16/25	8075	V	LOWES-REFRIGERATOR		154.00	
06/30/25	8081	V	SW AIRLINES EARLY BIRD		32.00	
06/30/25	8081	V	SW AIRLINES-ALICE		381.66	
06/30/25	8093	V	ALICE BENTLEY		224.00	
					791.66	2,907.28
	8690 TRAVEL-MEALS & LODGING			5,268.36		
06/30/25	8093	V	ALICE AMA TAAO TNT CLASS		280.00	
					280.00	5,548.36

Date	Reference	T	Description	Beginning Balance	Current Amount	YTD Balance
	8750 UTILITIES			3,907.20		
06/10/25	602	V	CITY OF CANADIAN		76.28	
06/04/25	604	V	PTCI		342.73	
06/09/25	608	V	XCEL		95.45	
					514.46	4,421.66
	8800 BUILDING RENOVATION & REPAIRS			75.00		
					0.00	75.00

Current Profit/(Loss) 80,545.54 YTD Profit/(Loss) (119,234.31)

Number of Transactions 94

The General Ledger is in balance 0.00

HEMPHILL COUNTY APPRAISAL DISTRICT
STATEMENT OF INCOME AND EXPENSE
July 31, 2025

	7 Months Ended July 31, 2025	12 Months Ended December 31, 2024	Available Remaining
	Actual	Budget	Budget
Income			
APPRAISAL FEES	$ 399,656.00	$ 799,312.00	$ 399,656.00
INTEREST INCOME	1,382.82	0.00	(1,382.82)
MISCELLANEOUS INCOME	489.00	0.00	(489.00)
Less: Returns & Allowances	0.00	0.00	0.00
Total Income	401,527.82	799,312.00	397,784.18
Total Income	401,527.82	799,312.00	(397,784.18)
Operating Expenses			
ACCOUNTING	8,350.00	8,500.00	150.00
ADVERTISING	70.00	0.00	(70.00)
AERIAL PICTOMETRY	27,248.50	0.00	(27,248.50)
APPRAISAL GUIDS & PUBLICATI	688.20	1,100.00	411.80
AUTO	12,600.00	21,600.00	9,000.00
BANK CHARGES	245.00	0.00	(245.00)
CONTINUING EDUCATION	2,290.00	2,000.00	(290.00)
CONTRACT LABOR	157,475.45	284,083.00	126,607.55
APPRAISER DUES/MEMBERSHIP	0.00	1,000.00	1,000.00
EMPLOYEE BENEFITS-RETIREM	15,479.42	23,309.00	7,829.58
DUES & SUBSCRIPTIONS	110.00	0.00	(110.00)
INSURANCE (BONDS)	4,120.02	7,778.00	3,657.98
INSURANCE (MEDICAL & LIFE)	30,059.74	36,500.00	6,440.26
INSURANCE (WORKERS COMP)	5,003.00	2,000.00	(3,003.00)
LEGAL NOTICES	427.00	700.00	273.00
LEGAL	112,607.16	147,900.00	35,292.84
NON-BUDGETED/MISC	6,508.00	200.00	(6,308.00)
MEETING-COFFEE SUPPLIES	438.67	500.00	61.33
OFFICE FURNITURE & EQUIPME	457.30	200.00	(257.30)
OFFICE SUPPLIES	1,817.86	3,000.00	1,182.14
OPERATING SUPPLIES	487.53	0.00	(487.53)
POSTAGE	170.95	1,600.00	1,429.05
RENT	34,376.91	34,377.00	0.09
REPAIRS & MAINTENANCE	683.74	800.00	116.26
JANITORIAL	1,825.78	3,000.00	1,174.22
MAINTENANCE-OFFICE MACHIN	0.00	200.00	200.00
SALARIES	111,238.82	190,695.00	79,456.18
LONGEVITY	2,870.00	4,920.00	2,050.00
ARB EXPENSES	1,289.96	1,450.00	160.04
TAXES - PAYROLL	1,960.38	2,800.00	839.62
TAXES - OTHER	154.00	300.00	146.00
PHONE ALLOWANCE	1,164.56	1,800.00	635.44
TRAVEL-FLIGHT & MILEAGE	4,008.34	4,000.00	(8.34)
TRAVEL-MEALS & LODGING	6,257.14	6,000.00	(257.14)
UTILITIES	4,947.53	7,000.00	2,052.47
BUILDING RENOVATION & REPAI	1,882.36	0.00	(1,882.36)

For Informational Purposes Only
Not Intended for Final Accounting

HEMPHILL COUNTY APPRAISAL DISTRICT
STATEMENT OF INCOME AND EXPENSE
July 31, 2025

	7 Months Ended July 31, 2025	12 Months Ended December 31, 2024	Available Remaining
	Actual	Budget	Budget
Total Operating Expenses	559,313.32	799,312.00	(239,998.68)
Operating Income (Loss)	(157,785.50)	0.00	(157,785.50)
Other Income (Expense)			
Net Income (Loss) Before Ta	(157,785.50)	0.00	(157,785.50)
Net Income (Loss)	$ (157,785.50)	$ 0.00	$ (157,785.50)

Date	Reference T	Description	Beginning Balance	Current Amount	YTD Balance
	1010 HAPPY STATE BANK-OPERATING		53,397.69		
07/01/25	1	Cash Disbursements		(6,454.98)	
07/02/25	1	Cash Disbursements		(342.17)	
07/02/25	1	Cash Disbursements		(545.00)	
07/08/25	1	Cash Disbursements		(150.00)	
07/08/25	1	Cash Disbursements		(275.00)	
07/08/25	1	Cash Disbursements		(3,949.00)	
07/09/25	1	Cash Disbursements		(1,333.50)	
07/09/25	1	Cash Disbursements		(5,825.00)	
07/10/25	1	Cash Disbursements		(76.28)	
07/10/25	1	Cash Disbursements		(324.72)	
07/14/25	1	Cash Disbursements		(300.00)	
07/15/25	1	Cash Disbursements		(9,433.59)	
07/15/25	1	Cash Disbursements		(1,807.36)	
07/23/25	1	Cash Disbursements		(60.00)	
07/28/25	1	Cash Disbursements		(4,530.72)	
07/31/25	1	Cash Disbursements		(7,044.07)	
07/03/25	751	JULY DEPOSITS		17,568.00	
07/31/25	752	JULY INTEREST		155.97	
				(24,727.42)	28,670.27
	1045 PETTY CASH		100.00		
				0.00	100.00
	1300 PREPAID EXPENDITURES		12,567.52		
				0.00	12,567.52
	1412 LEASEHOLD IMPROVEMENTS		171,268.05		
				0.00	171,268.05
	1415 EQUIPMENT		205.95		
				0.00	205.95
	1420 OFFICE FURNITURE & FIXTURES		40,079.24		
				0.00	40,079.24
	1425 LEASED ASSETS-BUILDINGS		253,125.00		
				0.00	253,125.00
	1426 LEASED ASSETS-SOFTWARE		72,950.29		
				0.00	72,950.29
	1430 ACCUM DEPR-MACH & EQUIPMENT		(75,499.35)		
				0.00	(75,499.35)
	1500 NET PENSION ASSET		255,536.00		
				0.00	255,536.00
	1504 DEFERRED OUTFLOWS-DEFICIENT EARNING		6,907.00		
				0.00	6,907.00

Date	Reference T	Description	Beginning Balance	Current Amount	YTD Balance
	1506 DEFERRED OUTFLOW-CONTRIBUTION		25,789.82		
				0.00	25,789.82
	1510 DEFERRED OUTFLOW-CONTRIBUTIONS OPEB		171.93		
				0.00	171.93
	1512 DEFERRED OUTFLOW-ECONOMIC LOSS OPEB		437.00		
				0.00	437.00
	1514 DEFERRED OUTFLOW-ASSUMPTION CHANGES		2,888.00		
				0.00	2,888.00
	1650 CAPITAL LEASE-NON CURRENT		(253,125.00)		
				0.00	(253,125.00)
	2000 A/P-TRADE		(90,110.95)		
				0.00	(90,110.95)
	2003 A/P- ACCRUED INTEREST		(10,173.71)		
				0.00	(10,173.71)
	2020 UNEARNED APPRAISAL FEES		(182,260.00)		
07/03/25	751	FT ELLIOTT CISD		(17,568.00)	
				(17,568.00)	(199,828.00)
	2172 MEDICARE-EMPLOYEE		(253.76)		
07/15/25	705 V	PAYROLL		(126.88)	
07/15/25	706 V	INTERNAL REVENUE SERVICE		253.76	
07/31/25	731 V	PAYROLL		(126.88)	
				0.00	(253.76)
	2173 FEDERAL WH - EMPLOYEE		(1,882.00)		
07/15/25	705 V	PAYROLL		(941.00)	
07/15/25	706 V	INTERNAL REVENUE SERVICE		1,882.00	
07/31/25	731 V	PAYROLL		(941.00)	
				0.00	(1,882.00)
	2174 AFLAC - EMPLOYEE		(1,086.50)		
07/15/25	705 V	PAYROLL		(108.65)	
07/31/25	731 V	PAYROLL		(108.65)	
				(217.30)	(1,303.80)
	2175 RETIREMENT-EMPLOYEE		(3,320.12)		
07/15/25	705 V	PAYROLL		(638.40)	
07/01/25	707 V	TCDRS		1,277.59	
07/31/25	731 V	PAYROLL		(638.40)	
				0.79	(3,319.33)

Date	Reference T	Description	Beginning Balance	Current Amount	YTD Balance
	2176 FSA - EMPLOYEE		(9,199.67)		
07/15/25	705 V	PAYROLL		(266.63)	
07/31/25	731 V	PAYROLL		(266.63)	
				(533.26)	(9,732.93)
	2503 TOTAL OPEB LIABILITY		(14,536.00)		
				0.00	(14,536.00)
	2504 ACCRUED VACATION TIME		(32,325.20)		
				0.00	(32,325.20)
	2505 DEFERRED INFLOW-SBITA PAYABLE		(46,371.00)		
				0.00	(46,371.00)
	2506 DEFERRED INFLOW-ECONOMIC GAIN OPEB		(1,860.00)		
				0.00	(1,860.00)
	2507 DEFERRED INLFOW-ASSUMPTION CHANGE		(3,566.00)		
				0.00	(3,566.00)
	2508 DEFERRED INFLOW-ACTUARIAL GAIN		(50,040.00)		
				0.00	(50,040.00)
	2510 DEFERRED INFLOW-ASSUMPTION CHANGES		(702.00)		
				0.00	(702.00)
	3500 EQUITY		(229,435.54)		
				0.00	(229,435.54)
	3550 EQUITY/ACCOUNT GROUPS		(4,417.00)		
				0.00	(4,417.00)
	4000 APPRAISAL FEES		(399,656.00)		
				0.00	(399,656.00)
	4400 INTEREST INCOME		(1,226.85)		
07/31/25	752	HSB		(155.97)	
				(155.97)	(1,382.82)
	4550 MISCELLANEOUS INCOME		(489.00)		
				0.00	(489.00)
	7020 ACCOUNTING		8,075.00		
07/08/25	8100 V	KAREN SCHAFER BOOKKEEPING		275.00	
				275.00	8,350.00

Date	Reference T	Description	Beginning Balance	Current Amount	YTD Balance
	7050 ADVERTISING		70.00		
				0.00	70.00
	7052 AERIAL PICTOMETRY		27,248.50		
				0.00	27,248.50
	7055 APPRAISAL GUIDS & PUBLICATIONS		688.20		
				0.00	688.20
	7060 AUTO		10,800.00		
07/15/25	705 V	PAYROLL		900.00	
07/31/25	731 V	PAYROLL		900.00	
				1,800.00	12,600.00
	7090 BANK CHARGES		245.00		
				0.00	245.00
	7340 CONTINUING EDUCATION		2,290.00		
				0.00	2,290.00
	7360 CONTRACT LABOR		151,650.45		
07/09/25	8104 V	PRITCHARD & ABBOTT INC		850.00	
07/09/25	8105 V	PRITCHARD & ABBOTT INC		4,975.00	
				5,825.00	157,475.45
	7510 EMPLOYEE BENEFITS-RETIREMENT		13,261.89		
07/01/25	707 V	TCDRS		2,217.53	
				2,217.53	15,479.42
	7550 DUES & SUBSCRIPTIONS		110.00		
				0.00	110.00
	7830 INSURANCE (BONDS)		3,840.02		
07/28/25	8110 V	ARTHUR J GALLAGHER RISK MGMT		280.00	
				280.00	4,120.02
	7840 INSURANCE (MEDICAL & LIFE)		26,637.08		
07/01/25	702 V	PLIC		225.21	
07/01/25	703 V	INS CO OF SCOTT & WHITE (ICSW)		2,734.65	
07/10/25	708 V	AFLAC		217.30	
07/08/25	8099 V	WAGE WORKS INC		150.00	
07/28/25	8116 V	WAGE WORKS INC		60.50	
07/28/25	8117 V	WAGE WORKS INC		35.00	
				3,422.66	30,059.74
	7845 INSURANCE (WORKERS COMP)		509.00		
07/02/25	715 V	THE HARTFORD		545.00	
07/08/25	716 V	THE HARTFORD		3,949.00	
				4,494.00	5,003.00

Date	Reference T	Description	Beginning Balance	Current Amount	YTD Balance
	8000 LEGAL NOTICES		427.00		
				0.00	427.00
	8010 LEGAL		109,510.08		
07/28/25	8112 V	GREER HERZ & ADAMS		2,648.27	
07/28/25	8113 V	GREER HERZ & ADAMS		252.27	
07/28/25	8114 V	GREER HERZ & ADAMS		196.54	
				3,097.08	112,607.16
	8060 NON-BUDGETED/MISC		6,508.00		
				0.00	6,508.00
	8100 MEETING-COFFEE SUPPLIES		438.67		
				0.00	438.67
	8139 OFFICE FURNITURE & EQUIPMENT		457.30		
				0.00	457.30
	8140 OFFICE SUPPLIES		1,808.39		
07/28/25	8111 V	BUSINESS CARD		9.47	
				9.47	1,817.86
	8160 OPERATING SUPPLIES		487.53		
				0.00	487.53
	8180 POSTAGE		151.03		
07/28/25	8111 V	USPS		19.92	
				19.92	170.95
	8200 RENT		34,376.91		
				0.00	34,376.91
	8230 REPAIRS & MAINTENANCE		623.74		
07/23/25	8095 V	BRIAN BECK		60.00	
				60.00	683.74
	8240 JANITORIAL		1,575.78		
07/28/25	8115 V	RACHAEL BARTLETT		250.00	
				250.00	1,825.78
	8500 SALARIES		95,347.56		
07/15/25	705 V	PAYROLL		7,945.63	
07/31/25	731 V	PAYROLL		7,945.63	
				15,891.26	111,238.82
	8505 LONGEVITY		2,460.00		
07/15/25	705 V	PAYROLL		205.00	
07/31/25	731 V	PAYROLL		205.00	

Date	Reference	T	Description	Beginning Balance	Current Amount	YTD Balance
	8505 LONGEVITY (cont.)					
					410.00	2,870.00
	8550 ARB EXPENSES			841.55		
07/14/25	8106	V	DARRELL NARRON		100.00	
07/14/25	8107	V	DEANA STEPHENS		100.00	
07/14/25	8108	V	JOCELYN TIMMONS		100.00	
07/28/25	8111	V	SAM'S CLUB		148.41	
					448.41	1,289.96
	8610 TAXES - PAYROLL			1,706.62		
07/15/25	706	V	INTERNAL REVENUE SERVICE		253.76	
					253.76	1,960.38
	8620 TAXES - OTHER			0.00		
07/09/25	8103	V	RACHAEL BARTLETT		154.00	
					154.00	154.00
	8650 PHONE ALLOWANCE			1,014.56		
07/15/25	705	V	PAYROLL		75.00	
07/31/25	731	V	PAYROLL		75.00	
					150.00	1,164.56
	8680 TRAVEL-FLIGHT & MILEAGE			2,907.28		
07/09/25	8102	V	PAM SCATES		864.50	
07/28/25	8111	V	CHEVRON		9.83	
07/28/25	8111	V	HERTZ CAR RENTAL		156.54	
07/28/25	8111	V	HERTZ TOLL		14.19	
07/28/25	8111	V	LAZ PARKING		56.00	
					1,101.06	4,008.34
	8690 TRAVEL-MEALS & LODGING			5,548.36		
07/09/25	8102	V	PAM-TCDRS CONF/TRCIA MEET		280.00	
07/09/25	8103	V	RACHAEL-TNT WORKSHOP		35.00	
07/28/25	8111	V	DRURY-AUSTIN		393.78	
					708.78	6,257.14
	8750 UTILITIES			4,421.66		
07/10/25	701	V	CITY OF CANADIAN		76.28	
07/02/25	704	V	PTCI		342.17	
07/10/25	709	V	XCEL		107.42	
					525.87	4,947.53
	8800 BUILDING RENOVATION & REPAIRS			75.00		
07/15/25	8109	V	AFFORDABLE ELECTRIC		1,807.36	
					1,807.36	1,882.36

Current Profit/(Loss) (43,045.19) YTD Profit/(Loss) (157,785.50)

Number of Transactions 79

The General Ledger is in balance 0.00

Hemphill County	$1,164,328,996
Hemphill County Road and Bridge	$1,166,927,886
City of Canadian	$131,085,710
Canadian ISD	$840,231,257 Current HS $830,795,987 If New HS Law Passes
Ft. Elliott CISD	$258,016,408 Current HS $257,657,868 If New HS Law Passes
Hemphill Co Hospital District	$1,168,257,676
Hemphill County UGWD	$1,164,328,996

2025 Certified Values

Certified 7/14/2025

NOTICE OF HEARING ON HEMPHILL COUNTY APPRAISAL DISTRICT BUDGET

The Hemphill County Appraisal District will hold a public hearing for the proposed budget for the 2026 fiscal year at 5:30 p.m., Wednesday, June 11, 2025 at the appraisal district office, 102 North 5th Street, Canadian, Texas.

Pursuant to Section 6.602 of the State Property Tax Code, the following is a summary of the proposed 2026 appraisal district budget.

The total amount of 2026 proposed budget is $857,258.

The total amount of increase over the current year budget is $57,946.

The number of employees compensated under both the 2025 and 2026 proposed budgets will be three full-time.

The Appraisal District is solely supported by payments from the local taxing units served by the appraisal district.

If approved by the appraisal district board of directors at the public hearing, this proposed budget will take effect automatically unless disapproved by the governing bodies of the county, school districts, cities and towns served by the appraisal district.

A copy of the proposed budget is available for public inspection in the office of each of those governing bodies. The proposed budget may also be viewed at the appraisal district office.

2026 PROPOSED BUDGET
HEMPHILL COUNTY APPRAISAL DISTRICT

CATEGORY	Item Breakdown	2026 Proposed	
SALARIES	Chief Appraiser		$84,615
	RPA/Deputy Chief Appraiser		$53,040
	Appraiser RPA/ Office Assistant		$53,040
		$190,695	
STATE & FEDERAL	Employment Commission		$300
TAXES/	Medicare/FW		$2,800
RETIREMENT	Longevity		$5,280
	Retirement Plan		$25,900
		$34,280	
FIELD	Chief Appraiser-Vehicle		$7,200
APPRAISAL	Phone & Expenses		$600
	Appraiser-Vehicle		$14,400
	Phone & Expenses		$1,200
		$23,400	
ACCOUNTING	Accounting - General		$3,000
AUDIT EXPENSE	Annual Audit		$5,500
		$8,500	
INSURANCE	Medical/Dental/Life		$40,225
	Worker's Comp		$8,000
	Bonds/Gen. Liability		$3,900
		$52,125	
MEMBERSHIPS/	Memberships/Dues		$1,500
EDUCATION EXPENSES	Education/Tuition		$1,500
	Travel Allowance		$4,000
	Meals & Lodging		$6,000
		$13,000	
OFFICE EXPENSES	Supplies		$1,500
	Non-Budgeted/Misc		$200
	Postage		$1,600
	Office Machine Maintenance		$200
	Furniture/Fixtures		$200
RENT	Property Lease		$34,377
MAINTENANCE	Maintenance/Repairs		$800
	Janitorial		$3,000
UTILITIES	Phone/Water/Electricity-Etc.		$7,000
		$48,877	
PUBLICATIONS	Appraisal Guides		$900
LEGAL NOTICES	Published Legal Notices		$700
		$1,600	
BOARD EXPENSES	Meetings (BOD & AG)-coffee/supp.		$500
		$500	
ARB EXPENSES	Salaries/Expenses		$1,450
		$1,450	
LEGAL EXPENSES	Attorney Fees		$150,000
		$150,000	
DATA PROCESSING/	MASS Appraisal Software		$19,900
CONTRACT SERVICES/	Updates/GIS Mapping/Website		$8,283
SOFTWARE UPGRADES	MIUP/Hotel Contract		$268,000
	Data Cloud		$6,000
	Pictometry/EagleView		$27,248
	TNT Website/Postcard/Postage		$3,400
		$332,831	
	TOTAL		**$857,258**

2026 HEMPHILL CAD FUNDING SCHEDULE

ENTITY	2024 VALUE	2024 TAX RATE	2024 LEVY	% OF COST	per Entity	Owe Increase	Estimate
Hemphill County	$1,135,977,159	0.5300000	$6,020,679	24.79%	$212,551	$14,367	Based off
Hospital District	$1,140,184,689	0.5777670	$6,587,611	27.13%	$232,566	$15,720	2024 #'s
Canadian ISD	$834,453,257	0.9769000	$8,151,774	33.57%	$287,786	$19,452	
City of Canadian	$133,135,530	0.8463800	$1,126,832	4.64%	$39,781	$2,689	
Fort Elliott CSD	$269,682,784	0.7916000	$2,134,809	8.79%	$75,366	$5,094	
Water District	$1,171,130,789	0.0222680	$260,787	1.07%	$9,207	$623	
Totals			$24,282,493	100.00%	$857,258		

	2025 Budget
Budget	$857,258

Gallagher

Insurance | Risk Management | Consulting

Shravan_Kumar@ajg.com | AJG.com

Gallagher Benefit Services, Inc

From: Shravan Kumar
Sent: Monday, August 11, 2025 10:17 PM
To: hemphillcad@sbcglobal.net
Cc: Wendy Volden <Wendy_Volden@ajg.com>
Subject: Preparation for Hemphill County Appraisal Upcoming Renewal – Action Required

Hi Pam,

Thank you for your continuing business with Gallagher Benefit Services, Inc. According to our records, the Employee Benefits Plan is scheduled to renew on October 01, 2025.

We are taking this opportunity to offer a quote in response to the increase in your medical coverage rates: Gold PPO 90 1800 has increased to 11.0%.

Dental has increased by 6.8%, Vision there is no change in rates, Life has increased to 6.1% and AD&D no change in rates.

Please review carefully and follow the next steps to ensure a successful renewal process.

Next Steps

1. Review the renewal documents (attached)
2. Complete any carrier requests for information that are included in the renewal package
3. Reply to this email indicating how you would like to proceed with the renewal (check one option)

   ☐ **Renewing without changes;** I would like to renew "as is" with no changes to benefits

Hemphill County Appraisal District
2025 Mass Appraisal Report

INTRODUCTION

Scope of Responsibility

The Hemphill County Appraisal District has prepared and published this report to provide our citizens and taxpayers with a better understanding of the district's responsibilities and activities. This report has several parts: a general introduction and then several sections describing the appraisal effort by the appraisal district.

The Hemphill County Appraisal District (CAD) is a political subdivision of the State of Texas created effective January 1,1980. The provisions of the Texas Property Tax Code govern the legal, statutory, and administrative requirements of the appraisal district. A member board of directors, appointed by the taxing units within the boundaries of Hemphill County, constitutes the district's governing body. The chief appraiser, appointed by the board of directors, is the chief administrator and chief executive officer of the appraisal district.

The appraisal district is responsible for local property tax appraisal and exemption administration for six jurisdictions or taxing units in the county. Each taxing unit, such as the county, a city, school district, municipal utility district, etc., sets its own tax rate to generate revenue to pay for such things as police, public schools, road and street maintenance, courts, water and sewer systems, and other public services. Appraisals established by the appraisal district allocate the year's tax burden on the basis of each taxable property's January 1st market value. We also determine eligibility for various types of property tax exemptions such as those for homeowners, the elderly, disabled veterans, and charitable and religious organizations.

Except as otherwise provided by the Property Tax Code, all taxable property is appraised at its "market value" as of January 1st. Under the tax code, "market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- Exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- Both the seller and the buyer 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 Property Tax Code defines special appraisal provisions for the valuation of residential homestead property (Sec. 23.23), productivity (Sec. 23.41), real property inventory (Sec. 23.12), dealer inventory (Sec. 23.121, 23.124, 23.1241 and 23.127), nominal (Sec. 23.18) or restricted use properties (Sec. 23.83) and allocation of interstate property (Sec. 23.03). The owner of personal property inventory may elect to have the inventory appraised at its market value as of September 1st of the year preceding the tax year to which the appraisal applies by filing an application with the chief appraiser requesting that the inventory be appraised as of September 1st.

Plan for Periodic Reappraisal

Subsections (a) and (b), Section 25.18, of the Property Tax Code, are amended to read as follows:

(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 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 district;

(4) Identifying property characteristics that affect property value in each market area, including:

(A) The location and market area of the 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, ordinance 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.

The appraised value of real estate is calculated using specific information about each property. Using computer-assisted appraisal programs, and recognized appraisal methods, we compare that information with the data for similar properties, and with recent market data. The district follows the standards of the International Association of Assessing Officers (IAAO) regarding its appraisal practices and procedures, and subscribes to the standards promulgated by the Appraisal Foundation known as the Uniform Standards of Professional Appraisal Practice (USPAP) to the extent they are applicable. In cases where the appraisal district contracts for professional valuation services, the contract that is entered into by each appraisal firm requires adherence to similar standards.

Personnel Resources

The Office of the Chief Appraiser is primarily responsible for overall planning, organizing, staffing, coordinating, and controlling of district operations. The Administration Department's function is to plan, organize, direct and control the business support functions related to human resources, budget, finance, records management, purchasing, fixed assets, facilities and postal services. The Appraisal Department is responsible for the valuation of all real and personal property accounts. The property types appraised include commercial, residential, business personal, and industrial. The district's appraisers are subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with The Texas Department of Licensing and Regulation. Support functions including records maintenance, information and assistance to property owners, and hearings support are coordinated by the HCAD staff. The district's staff consists of three employees.

Chief Appraiser – Administrator

Two Appraiser/Clerical Support Specialist – Appraises all types of real estate and personal property/Clerical and secretarial support

Data

The district is responsible for establishing and maintaining real and personal property accounts covering 900 square miles within Hemphill County. This data includes property characteristic and ownership and exemption information. Property characteristic data on new construction is updated through an annual field effort; existing property data is maintained through a field review that is prioritized by last field inspection date. Sales are routinely validated during a separate field effort; however, numerous sales are validated as part of the new construction and data review field activities. General trends in employment, interest rates, new construction trends, and cost and market data are acquired through various sources, including internally generated questionnaires to buyer and seller, university research centers, and market data centers and vendors.

The district has a geographic information system (GIS) that maintains cadastral maps and various layers of data, and aerial photography.

Information Systems - The district operates under the software of Pritchard & Abbott's PC package, in addition to Windows XP operating system. A Cloud Server hosts our LAN, Internet, and document imaging. The user base is served by general-purpose Dell Desktop PC's, along with terminal emulation to mainframe windows.

APPRAISAL DISTRICT BOUNDARIES

The district appraises all property located within the boundaries of Hemphill County.

INDEPENDENT PERFORMANCE TEST

According to Chapter 5 of the TPTC and Section 403.302 of the Texas Government Code, the State Comptroller's Property Tax Division (PTD) conducts a property value study (PVS) of each Texas school district and each appraisal district. As a part of this study, the code also requires the Comptroller to: use sales and recognized auditing and sampling techniques; review each appraisal district's appraisal methods, standards and procedures to determine whether the district used recognized standards and practices (MSP review); test the validity of school district taxable values in each appraisal district and presume the appraisal roll values are correct when values are valid; and, determine the level and uniformity of property tax appraisal in each appraisal district. The methodology used in the property value study includes stratified samples to improve sample representativeness and techniques or procedures of measuring uniformity. This study utilizes statistical analysis of sold properties (sale ratio studies) and appraisals of unsold properties (appraisal ratio studies) as a basis for assessment ratio reporting. For appraisal districts, the reported measures include median level of appraisal, coefficient of dispersion (COD), the percentage of properties within 10% of the median, the percentage of properties within 25% of the median, and price-related differential (PRD) for properties overall and by state category (i.e., categories A, B, C, D and F1 are directly applicable to real property).

There are two independent school districts in Hemphill CAD for which appraisal rolls are annually developed. The preliminary results of this study are released in January in the year following the year of appraisement. The final results of this study are certified to the Education Commissioner of the Texas Education Agency (TEA) in the following July of each year for the year of appraisement. This outside (third party) ratio study provides additional assistance to the CAD in determining areas of market activity or changing market conditions.

Appraisal Activities

INTRODUCTION

Appraisal Responsibilities

The field appraisal staff is responsible for collecting and maintaining property characteristic data for classification, valuation, and other purposes. Accurate valuation of real and personal property by any method requires a physical description of personal property, and land and building characteristics. This appraisal activity is responsible for administering, planning and coordinating all activities involving data collection and maintenance of all commercial, residential and personal property types, which are located within the boundaries of Hemphill County. The data collection effort involves the field inspection of real and personal property accounts, as well as data entry of all data collected into the existing information system. The goal is to periodically field inspect residential and personal properties in Hemphill County every three years, and commercial properties every three years. Meeting this goal is dependent on budgetary constraints.

Appraisal Resources

- **Personnel** - The appraisal activities consists of the Chief Appraiser, Deputy Appraiser and an appraiser/clerical support personnel.
- **Data** - The data used by the appraisers includes the existing property characteristic information contained in CAMA (Computer Mass Appraisal System) from the district's computer system. The data is printed on a property record card (PRD), or personal property data sheets. Other data used includes maps, sales data, fire and damage reports, building permits, photos and actual cost information.

PRELIMINARY ANALYSIS

Data Collection/Validation

Data collection of real property involves maintaining data characteristics of the property on CAMA (Computer Assisted Mass Appraisal). The information contained in CAMA includes site characteristics, such as land size and topography, and improvement data, such as square foot of living area, effective year, quality of construction, and condition. Field appraisers use listing manuals that establish uniform procedures for the correct listing of real property. All properties are coded according to these manuals and the approaches to value are structured and calibrated based on this coding system. The field appraisers use these manuals during their initial training and as a guide in the field inspection of properties. Data collection for personal property involves maintaining information on the computer system. This type of information includes personal property such as business inventory, furniture and fixtures, machinery and equipment, cost and location. The appraisers periodically conduct on-site inspections to correctly list all personal property that is taxable.

Sources of Data

The sources of data collection are through the new construction field effort, data mailers, hearings, sales validation field effort, commercial sales verification, newspapers and publications, and property owner correspondence.

Data review of entire neighborhoods is generally a good source for data collection. Appraisers drive entire neighborhoods to review the accuracy of our data and identify properties that have to be revisited. The sales validation effort in real property pertains to the collection of data of properties that have sold. In residential, the sales validation effort involves on-site inspection by field appraisers to verify the accuracy of the property characteristics data and confirmation of the sales price if possible. In commercial, both grantee and grantor are contacted to confirm sales prices and to verify data.

Property owners are one of the best sources for identifying incorrect data that generates a field check. Frequently, the property owner provides sufficient enough data to allow correction of records without having to send an appraiser on-site. Sales letters are often submitted notifying the district of data discrepancies and sale prices. Properties identified in this manner are added to a work file and inspected at our earliest opportunity.

Data Collection Procedures

Field data collection requires organization, planning and supervision of the field effort. Data collection procedures have been established for residential, commercial, and personal property. The appraisers are assigned throughout Hemphill County to conduct field inspections. Appraisers conduct field inspections and record information either on a property record card (PRD), or a personal property data sheet.

The quality of the data used is extremely important in establishing accurate values of taxable property. While production standards are established and upheld for the various field activities, quality of data is emphasized as the goal and responsibility of each appraiser. New appraisers are trained in the specifics of data collection set forth in the listing manual as “rules” to follow. Experienced appraisers are routinely re-trained in listing procedures prior to major field projects such as new construction, sales validation or data review. A quality assurance process exists through supervisory review of the work being performed by the field appraisers. Supervision is charged with the responsibility of ensuring that appraisers follow listing procedures, identify training issues and provide uniform training throughout the field appraisal staff.

Data Maintenance

The appraiser is responsible for the data entry of his/her fieldwork directly into the computer file. This responsibility includes not only data entry, but also quality assurance.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The date of last inspection, extent of that inspection, and the CAD appraiser responsible are listed on the CAMA record. If a property owner or jurisdiction dispute the district's records concerning this data during a hearing, via a telephone call or correspondence received, CAMA may be altered based on the evidence provided. Typically, a field inspection is requested to verify this evidence for the current year's valuation or for the next year's valuation. Every year a field review of certain areas or neighborhoods in the jurisdiction is done during the data review/re-list field effort.

Office Review

Office reviews are completed on properties where information has been received from the owner of the property. Data mailers, sent in masse, or at the request of the property owner, frequently verify the property characteristics or current condition of the property. When the property data is verified in this manner, field inspections are not required.

PERFORMANCE TEST

The Chief appraiser is responsible for conducting ratio studies and comparative analysis.

Appraisers, in many cases may conduct field inspections to insure the ratios produced are accurate and the appraised values utilized are based on accurate property data characteristics.

Residential Valuation Process

INTRODUCTION

Scope of Responsibility

The Residential Valuation appraisers are responsible for developing equal uniform market values for residential improved and vacant property. There are approximately 1,118 category A residential improved parcels and 623 category E rural properties in Hemphill County.

Appraisal Resources

- **Personnel** - The Residential Valuation appraisal staff consists of three appraisers. The following appraisers are responsible for determining residential values: Pam Scates, Rachael Bartlett and Alice Bentley.
- **Data** - A common set of data characteristics for each residential dwelling in Hemphill County is collected in the field and data entered to the computer. The property characteristic data drives the computer-assisted mass appraisal (CAMA) approach to valuation.

VALUATION APPROACH (Model Specification)

Area Analysis

Data on regional economic forces such as demographic patterns, regional location factors, employment and income patterns, general trends in real property prices and rents, interest rate trends, availability of vacant land, and construction trends and costs are collected from private vendors and public sources and provide the appraiser a current economic outlook on the real estate market. Information is gleaned from real estate publications and sources such as continuing education in the form of TAAO and TAAD classes.

Neighborhood and Market Analysis

Neighborhood analysis involves the examination of how physical, economic, governmental and social forces and other influences affect property values. The effects of these forces are also used to identify, classify, and stratify comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. Residential valuation and neighborhood analysis is conducted on each of the political entities.

The first step in neighborhood analysis is the identification of a group of properties that share certain common traits. A "neighborhood" for analysis purposes is defined as the largest geographic grouping of properties where the property's physical, economic, governmental and social forces are generally similar and uniform. Geographic stratification accommodates the local supply and demand factors that vary across a jurisdiction. Once a neighborhood has been identified, the next step is to define its boundaries. This process is known as "delineation". Some factors used in neighborhood delineation include location, sales price range, lot size, age of dwelling, quality of construction and condition of dwellings, square footage of living area, and story height. Delineation can involve the physical drawing of neighborhood boundary lines on a map, but it can also involve statistical separation or stratification based on attribute analysis. Part of neighborhood analysis is the consideration of discernible patterns of growth that influence a neighborhood's individual market. Few neighborhoods are fixed in character. Each neighborhood may be characterized as being in a stage of growth, stability or decline. The growth period is a time of development and construction. As new neighborhoods in a community are developed, they compete with existing neighborhoods. An added supply of new homes tends to induce population shift from older homes to newer homes. In the period of stability, or equilibrium, the forces of supply and demand are about equal. Generally, in the stage of equilibrium, older neighborhoods can be more desirable due to their stability of residential character and proximity to the workplace and other community facilities. The period of decline reflects diminishing demand or desirability. During decline, general property use may change from residential to a mix of residential and commercial uses. Declining neighborhoods may also experience renewal, reorganization, rebuilding, or restoration, which promotes increased demand and economic desirability.

Neighborhood identification and delineation is the cornerstone of the residential valuation system at the district. All the residential analysis work done in association with the residential valuation process is neighborhood specific. Neighborhoods are field inspected and delineated based on observable aspects of homogeneity. Neighborhood delineation is periodically reviewed to determine if further neighborhood delineation is warranted. Whereas neighborhoods involve similar properties in the same location, a neighborhood group is simply defined as similar neighborhoods in similar locations. Each residential neighborhood is assigned to a neighborhood group based on observable aspects of homogeneity between neighborhoods. Neighborhood grouping is highly beneficial in cost-derived areas of limited or no sales, or use in direct sales comparison analysis. Neighborhood groups, or clustered neighborhoods, increase the available market data by linking comparable properties outside a given neighborhood. Sales ratio analysis, discussed below, is performed on a neighborhood basis, and in soft sale areas on a neighborhood group basis.

Highest and Best Use Analysis

The highest and best use of property is the reasonable and probable use that supports the highest present value as of the date of the appraisal. The highest and best use must be physically possible, legal, financially feasible, and productive to its maximum. The highest and best use of residential property is normally its current use. This is due in part to the fact that residential development, in many areas, through use of deed restrictions and zoning, precludes other land uses. Residential valuation undertakes reassessment of highest and best use in transition areas and areas of mixed residential and commercial use. In transition areas with ongoing gentrification, the appraiser reviews the existing residential property use and makes a determination regarding highest and best use. Once the conclusion is made that the highest and best use remains residential, further highest and best use analysis is done to decide the type of residential use on a neighborhood basis. As an example, it may be determined in a transition area that older, non-remodeled homes are economic misimprovements, and the highest and best use of such property is the construction of new dwellings. In areas of mixed residential and commercial use, the appraiser reviews properties in these areas on a periodic basis to determine if changes in the real estate market require reassessment of the highest and best use of a select population of properties.

VALUATION AND STATISTICAL ANALYSIS (Model Calibration)

Cost Schedules

All residential parcels in the district are valued from identical cost schedules using a comparative unit method. The district's residential cost schedules, originally adopted from a private mass appraisal firm, have been customized to fit Hemphill County's local residential building and labor market. The cost schedules are reviewed regularly as a result of recent state legislation requiring that the appraisal district cost schedules be within a range of plus or minus 10% from nationally recognized cost schedules.

An extensive review and revision of the residential cost schedule was performed for the 2025 tax year. As part of this process, CAD dwelling costs were compared against Marshall & Swift, a nationally recognized cost estimator. This process included correlation of quality of construction factors from CAD and Marshall & Swift. The results of this comparison were analyzed using statistical measures, including stratification by quality and reviewing estimated building costs plus land to sales prices. As a result of this analysis, a new regional multiplier was developed to be used in the district's cost process. This new regional multiplier was used to adjust the division's cost schedule to be in compliance with the state legislative mandate described above.

Sales Information

A sales file for the storage of “snapshot” sales data at the time of sale is maintained. Residential vacant land sales, along with commercial improved and vacant land sales are maintained in a separate sales information system. Residential improved and vacant sales are collected from a variety of sources, including: district questionnaires sent to buyer and seller, warranty deeds, field discovery, protest hearings, builders, and realtors. A system of type, source, validity and verification codes was established to define salient facts related to a property’s purchase or transfer. School district or neighborhood sales reports are generated as an analysis tool for the appraiser in the development of value estimates.

Land Analysis

Residential land analysis is conducted by each of the residential appraisers. The appraisers develop a base lot, primary rate, and assign each unique neighborhood values established from the land tables. The square foot land table is designed to systematically value the primary and residual land based on a specified percentage of the primary rate. A computerized land table file stores the land information required to consistently value individual parcels within neighborhoods. Specific land influences are used, where necessary, to adjust parcels outside the neighborhood norm for such factors as view, shape, size, and topography, among others. The appraisers use abstraction and allocation methods to insure that the land values created best reflect the contributory market value of the land to the overall property value.

Statistical Analysis

The residential valuation appraisers perform statistical analysis annually to evaluate whether values are equitable and consistent with the market. Ratio studies are conducted on each of the approximately thirty residential valuation neighborhoods in the district to judge the two primary aspects of mass appraisal accuracy--level and uniformity of value. Appraisal statistics of central tendency and dispersion generated from sales ratios are available for each stratified neighborhood within an ISD and summarized by year. These summary statistics including, but not limited to, the weighted mean, median, standard deviation, coefficient of variation, and coefficient of dispersion provide the appraisers a tool by which to determine both the level and uniformity of appraised value on a stratified neighborhood basis. The level of appraised values is determined by the weighted mean for individual properties within a neighborhood, and a comparison of neighborhood weighted means reflect the general level of appraised value between comparable neighborhoods. Review of the standard deviation, coefficient of variation, and coefficient of dispersion discerns appraisal uniformity within and between stratified neighborhoods.

Every neighborhood is reviewed annually by the appraiser through the sales ratio analysis process. The first phase involves neighborhood ratio studies that compare the recent sales prices of neighborhood properties to the appraised values of these sold properties. This set of ratio studies affords the appraiser an excellent means of judging the present level of appraised value and uniformity of the sales. The appraiser, based on the sales ratio statistics and designated parameters for valuation update, makes a preliminary decision as to whether the value level in a neighborhood needs to be updated in an upcoming reappraisal, or whether the level of market value in a neighborhood is at an acceptable level.

Market Adjustment or Trending Factors

Neighborhood, or market adjustment, factors are developed from appraisal statistics provided from ratio studies and are used to ensure that estimated values are consistent with the market. The district's primary approach to the valuation of residential properties uses a hybrid cost-sales comparison approach. This type of approach accounts for neighborhood market influences not specified in the cost model.

The following equation denotes the hybrid model used:

$$MV = LV + [MA\ (RCN - D)]$$

Whereas, the market value equals the land value plus the market adjustment factor times replacement cost new less depreciation. As the cost approach separately estimates both land and building values and uses depreciated replacement costs, which reflect only the supply side of the market, it is expected that adjustments to the cost values are needed to bring the level of appraisal to an acceptable standard. Market, or location adjustments are applied uniformly within neighborhoods to account for location variances between market areas or across a jurisdiction.

If a neighborhood is to be updated, the appraiser uses a cost ratio study that compares recent sales prices of properties appropriately adjusted for the effects of time within a delineated neighborhood with the properties' actual cost value. The calculated ratio derived from the sum of the sold properties' cost value divided by the sum of the sales prices indicates the neighborhood level of value based on the unadjusted cost value for the sold properties. This cost-to-sale ratio is compared to the appraisal-to-sale ratio to determine the market adjustment factor for each neighborhood. This market adjustment factor is needed to trend the values obtained through the cost approach closer to the actual market evidenced by recent sales prices within a given neighborhood. The sales used to determine the market adjustment factor will reflect the market influences and conditions only for the specified neighborhood, thus producing more representative and supportable values. The market adjustment factor calculated for each update neighborhood is applied uniformly to all properties within a neighborhood. Once the market-trend factors are applied, a second set of ratio studies is generated that compares recent sale prices with the proposed appraised values for these sold properties. From this set of ratio studies, the appraiser judges the appraisal level and uniformity in both update and non-update neighborhoods, and finally, for the school district as a whole.

TREATMENT OF RESIDENCE HOMESTEADS

Beginning in 1998, the State of Texas implemented a constitutional classification scheme concerning the appraisal of residential property that receives a residence homestead exemption. Under the new law, beginning in the second year a property receives a homestead exemption; increases in the value of that property are "capped." The value for tax purposes (appraised value) of a qualified residence homestead will be the LESSER of:

- the market value; or
- the preceding year's appraised value;
  PLUS 10 percent;
  PLUS the value of any improvements added since the last re-appraisal.

Values of capped properties must be recomputed annually. If a capped property sells, the cap automatically expires as of January 1st of the following year. In that following year, that home is reappraised at its market value to bring its appraisal into uniformity with other properties. An analogous provision applies to new homes. While a developer owns them, unoccupied residences are appraised as part of an inventory using the district's land value and the developer's construction costs as of the valuation date. However, the year following, they are reappraised at market value.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The appraiser identifies individual properties in critical need of field review through sales ratio analysis. Sold properties with a high variance in sales ratios are field reviewed on a monthly basis to check for accuracy of data characteristics.

As the district's parcel count has increased through new home construction, and the homes constructed in the boom years of the late 70's and early 80's experience remodeling, the appraisers are required to perform the field activity associated with transitioning and high demand neighborhoods. Increased sales activity has also resulted in a more substantial field effort on the part of the appraisers to review and resolve sales outliers. Additionally, the appraiser frequently field reviews subjective data items such as quality of construction, condition, and physical, functional and economic obsolescence, factors contributing significantly to the market value of the property. After preliminary estimates of value have been determined in targeted areas, the appraiser takes valuation documents to the field to test the computer-assisted values against his own appraisal judgment. During this review, the appraiser is able to physically inspect both sold properties and unsold properties for comparability and consistency of values.

Office Review

Given the ample resources and time required to conduct a routine field review of all properties, homogeneous properties consisting of tract housing with a low variance in sales ratios and other properties having a recent field inspection date are value reviewed in the office. Valuation reports comparing previous values against proposed and final values are generated for all residential improved and vacant properties. The dollar amount and percentage of value difference are noted for each property within a delineated neighborhood allowing the appraiser to identify, research and resolve value anomalies before final appraised values are released. Previous values resulting from a hearing protest are individually reviewed to determine if value remains appropriate for current year.

Once the appraiser is satisfied with the level and uniformity of value for each neighborhood within his area of responsibility, the estimates of value go to noticing.

PERFORMANCE TESTS

Sales Ratio Studies

The primary analytical tool used by the appraisers to measure and improve performance is the ratio study. The district ensures that the appraised values that it produces meet the standards of accuracy in several ways. Overall sales ratios are generated for each ISD periodically to allow the appraiser to review general market trends within their area of responsibility, and provide an indication of market appreciation over a specified period of time. The neighborhood descriptive statistics are reviewed for each neighborhood being updated for the current tax year. The ratio studies are designed to emulate the findings of the state comptroller's annual property value study for category A property. A copy of the district's latest ratio study is attached.

Management Review Process

Once the proposed value estimates are finalized, the appraiser reviews the sales ratios by neighborhood and presents pertinent valuation data, such as, history of hearing protest, sale-to-parcel ratio, and level of appraisal to the Chief Appraiser for final review and approval. This review includes comparison of level of value between related neighborhoods within and across jurisdiction lines. The primary objective of this review is to ensure that the proposed values have met preset appraisal guidelines appropriate for the tax year in question.

Commercial Valuation Process

INTRODUCTION

Appraisal Responsibility

This mass appraisal assignment includes all of the commercially classed real property which falls within the responsibility of the commercial valuation appraisers of the Hemphill County Appraisal District and located within the boundaries of this taxing jurisdiction. The appraisal roll displays and identifies each parcel of real property individually. Commercial appraisers appraise the fee simple interest of properties according to statute. However, the affect of easements, restrictions, encumbrances, leases, contracts or special assessments are considered on an individual basis. Fractional interests or partial holdings of real property are appraised in fee simple for the whole property and divided programmatically based on their prorated interests.

Appraisal Resources

The improved real property appraisal responsibilities are categorized according to major property types of multi family or apartment, office, retail, warehouse and special use (i.e. hotels, hospitals and, nursing homes).

Data - The data used by the commercial appraiser includes verified sales of vacant land and improved properties and the pertinent data obtained from each (sales price, marketing period, etc.). Other data used by the appraiser may include actual income and expense data (typically obtained through the hearings process), actual contract rental data, leasing information (commissions, tenant finish, length of terms, etc.), and actual construction cost data. In addition to the actual data obtained from specific properties, market data publications are also reviewed to provide additional support for market trends.

PRELIMINARY ANALYSIS

Pilot Study

Pilot studies are utilized to test new or existing procedures or valuation modifications in a limited area (a sample of properties) of the district and are also considered whenever substantial changes are made. These studies, which are inclusive of ratio studies, reveal whether a new system is producing accurate and reliable values or whether procedural modifications are required. The appraiser implements this methodology when developing both the cost approach and income approach models.

VALUATION APPROACH (Model Specification)

Area Analysis

Data on regional economic forces such as demographic patterns, regional locational factors, employment and income patterns, general trends in real property prices and rents, interest rate trends, availability of vacant land, and construction trends and costs are collected from private vendors and public sources. Continuing education in the form of IAAO, Texas Association of Assessing Officers (TAAO), Texas Association of Appraisal Districts (TAAD).

Neighborhood Analysis

The neighborhood is comprised of the land area and commercially classed properties located within the boundaries of this taxing jurisdiction. This area consists of a wide variety of property types including residential, commercial and industrial. Neighborhood analysis involves the examination of how physical, economic, governmental and social forces and other influences affect property values. The effects of these forces are also used to identify, classify, and organize comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. In the mass appraisal of commercial properties these subsets of a universe of properties are generally referred to as market areas or economic areas.

Economic areas are defined by each of the improved property use types (apartment, office, retail, warehouse and special use) based upon an analysis of similar economic or market forces. These include but are not limited similarities of rental rates, classification of projects (known as building class by area commercial market experts), date of construction, overall market activity or other pertinent influences. Economic area identification and delineation by each major property use type is the benchmark of the commercial valuation system. Economic areas are periodically reviewed to determine if redelineation is required.

Highest and Best Use Analysis

The highest and best use is the most reasonable and probable use that generates the highest present value of the real estate as of the date of valuation. 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 as if the site were still vacant. This assists in determining if the existing improvements have a transitional use, interim use, nonconforming use, multiple uses, speculative use, excess land, or a different optimum use if the site were vacant. For vacant tracts of land within this jurisdiction, the highest and best use is considered speculative based on the surrounding land uses. Improved properties reflect a wide variety of highest and best uses which include, but are not limited to: office, retail, apartment, warehouse, light industrial, special purpose, or interim uses. In many instances, the property's current use is the same as its highest and best use. This analysis insures that an accurate estimate of market value (sometimes referred to as value in exchange) is derived.

On the other hand, value in use represents the value of a property to a specific user for a specific purpose. This is significantly different than market value, which approximates market price under the following assumptions: (I) no coercion of undue influence over the buyer or seller in an attempt to force the purchase or sale, (ii) well-informed buyers and sellers acting in their own best interests, (iii) a reasonable time for the transaction to take place, and (iv) payment in cash or its equivalent.

Market Analysis

A market analysis relates directly to market forces affecting supply and demand. This study involves the relationships between social, economic, environmental, governmental, and site conditions. Current market activity including sales of commercial properties, new construction, new leases, lease rates, absorption rates, vacancies, allowable expenses (inclusive of replacement reserves), expense ratio trends, and capitalization rate studies are analyzed as information is received.

DATA COLLECTION / VALIDATION

All properties located in Hemphill CAD's inventory are coded according to Marshall & Swift's Commercial Estimator. This manual and the approaches to value are structured and calibrated based on this coding system. This manual is continually updated, providing a uniform system of itemizing the multitude of components comprising improved properties. The most recent revision of the listing manual was January 2025.

Sources of Data

In terms of commercial sales data, Hemphill CAD receives a copy of the deeds recorded in Hemphill County that convey commercially classed properties. The deeds involving a change in commercial ownership are entered into the sales information system and researched in an attempt to obtain the pertinent sale information. Other sources of sale data include the hearings process, warranty deeds, appraisals, and local, regional and national real estate and financial publications.

For those properties involved in a transfer of commercial ownership, a sale file is produced which begins the research and verification process. The initial step in sales verification involves a computer-generated questionnaire, which is mailed to both parties in the transaction (Grantor and Grantee). If a questionnaire is not returned within thirty days a second questionnaire is mailed. If a questionnaire is answered and returned, the documented responses are recorded into the computerized sales database system. If no information is provided, verification is then attempted via phone calls to both parties. If the sales information is still not obtained, other sources are contacted such as the brokers involved in the sale, property managers or commercial vendors. In other instances sales verification is obtained from local appraisers or others that may have the desired information. Finally, closing statements are often provided during the hearings process. The actual closing statement is the most reliable and preferred method of sales verification.

VALUATION ANALYSIS (Model Calibration)

Model calibration involves the process of periodically adjusting the mass appraisal formulas, tables and schedules to reflect current local market conditions. Once the models have undergone the specification process, adjustments can be made to reflect new construction procedures, materials and/or costs, which can vary from year to year. The basic structure of a mass appraisal model can be valid over an extended period of time, with trending factors utilized for updating the data to the current market conditions. However, at some point, if the adjustment process becomes too involved, the model calibration technique can mandate new model specifications or a revised model structure.

Cost Schedules

The cost approach to value is applied to all improved real property utilizing the comparative unit method. This methodology involves the utilization of national cost data reporting services as well as actual cost information on comparable properties whenever possible. Cost models are typically developed based on the Marshall Swift Valuation Service. Cost models include the derivation of replacement cost new (RCN) of all improvements. These include comparative base rates, per unit adjustments and lump sum adjustments. This approach also employs the sales comparison approach in the valuation of the underlying land value. Time and location modifiers are necessary to adjust cost data to reflect conditions in a specific market and changes in costs over a period of time. Because a national cost service is used as a basis for the cost models, location modifiers are necessary to adjust these base costs specifically for Hemphill Co. These modifiers are provided by the national cost services.

Depreciation schedules are developed based on what is typical for each property type at that specific age. Depreciation schedules have been implemented for what is typical of each major class of commercial property by economic life categories. Schedules have been developed for improvements with 15, 20, 30, 40, 50 and 60 year expected life. These schedules are then tested to ensure they are reflective of current market conditions. The actual and effective ages of improvements are noted in CAMA. Effective age estimates are based on the utility of the improvements relative to where the improvement lies on the scale of its total economic life and its competitive position in the marketplace.

Market adjustment factors such as external and/or functional obsolescence can be applied if warranted. A depreciation calculation override can be used if the condition or effective age of a property varies from the norm by appropriately noting the physical condition and functional utility ratings on the property data characteristics. These adjustments are typically applied to a specific property type or location and can be developed via ratio studies or other market analyses. Accuracy in the development of the cost schedules, condition ratings and depreciation schedules will usually minimize the need of this type of an adjustment factor.

Income Models

The income approach to value may be applied to those real properties which are typically viewed by market participants as “income producing”, and for which the income methodology is considered a leading value indicator. The first step in the income approach pertains to the estimation of market rent on a per unit basis. This is derived primarily from actual rent data furnished by property owners and from local market study publications. This per unit rental rate multiplied by the number of units results in the estimate of potential gross rent.

A vacancy and collection loss allowance is the next item to consider in the income approach. The projected vacancy and collection loss allowance is established from actual data furnished by property owners and on local market publications. This allowance accounts for periodic fluctuations in occupancy, both above and below an estimated stabilized level. The market derived stabilized vacancy and collection loss allowance is subtracted from the potential gross rent estimate to yield an effective gross rent.

Next a secondary income or service income is calculated as a percentage of stabilized effective gross rent. Secondary income represents parking income, escalations, reimbursements, and other miscellaneous income generated by the operations of real property. The secondary income estimate is derived from actual data collected and available market information. The secondary income estimate is then added to effective gross rent to arrive at an effective gross income.

Allowable expenses and expense ratio estimates are based on a study of the local market, with the assumption of prudent management. An allowance for non-recoverable expenses such as leasing costs and tenant improvements are included in the expenses. A non-recoverable expense represents costs that the owner pays to lease rental space. Different expense ratios are developed for different types of commercial property based on use. For instance, retail properties are most frequently leased on a triple-net basis, whereby the tenant is responsible for his pro-rata share of taxes, insurance and common area maintenance. In comparison, a general office building is most often leased on a base year expense stop. This lease type stipulates that the owner is responsible for all expenses incurred during the first year of the lease. However, any amount in excess of the total per unit expenditure in the first year is the responsibility of the tenant. Under this scenario, if the total operating expense in year one (1) equates to $8.00 per square foot, any increase in expense over $8.00 per square foot throughout the remainder of the lease term would be the responsibility of the tenant. Thus, expense ratios are implemented based on the type of commercial property.

Another form of allowable expense is the replacement of short-lived items (such as roof or floor coverings, air conditioning or major mechanical equipment or appliances) requiring expenditures of large lump sums. When these capital expenditures are analyzed for consistency and adjusted, they may be applied on an annualized basis as stabilized expenses. When performed according to local market practices by commercial property type, these expenses when annualized are known as replacement reserves.

Subtracting the allowable expenses (inclusive of non-recoverable expenses and replacement reserves) from the effective gross income yields an estimate of net operating income.

Rates and multipliers are used to convert income into an estimate of market value. These include income multipliers, overall capitalization rates, and discount rates. Each of these is used in specific applications. Rates and multipliers also vary between property types, as well as by location, quality, condition, design, age, and other factors. Therefore, application of the various rates and multipliers must be based on a thorough analysis of the market.

Capitalization analysis is used in the income approach models. This methodology involves the capitalization of net operating income as an indication of market value for a specific property. Capitalization rates, both overall (going-in) cap rates for the direct capitalization method and terminal cap rates for discounted cash flow analyses, can be derived from the market. Sales of improved properties from which actual income and expense data are obtained provide a very good indication of what a specific market participant is requiring from an investment at a specific point in time. In addition, overall capitalization rates can be derived from the built-up method (band-of-investment). This method relates to satisfying the market return requirements of both the debt and equity positions of a real estate investment. This information is obtained from real estate and financial publications.

Rent loss concessions are made on specific properties with vacancy problems. A rent loss concession accounts for the impact of lost rental income while the building is moving toward stabilized occupancy. The rent loss is calculated by multiplying the rental rate by the percent difference of the property's stabilized occupancy and its actual occupancy. Build out allowances (for first generation space or retrofit/second generation space as appropriate) and leasing expenses are added to the rent loss estimate. The total adjusted loss from these real property operations is discounted using an acceptable risk rate. The discounted value (inclusive of rent loss due to extraordinary vacancy, build out allowances and leasing commissions) becomes the rent loss concession and is deducted from the value indication of the property at stabilized occupancy. A variation of this technique allows that for every year that the property's actual occupancy is less than stabilized occupancy a rent loss deduction may be estimated.

Sales Comparison (Market) Approach

Although all three of the approaches to value are based on market data, the Sales Comparison Approach is most frequently referred to as the Market Approach. This approach is utilized not only for estimating land value but also in comparing sales of similarly improved properties to each parcel on the appraisal roll. As previously discussed in the Data Collection / Validation section of this report, pertinent data from actual sales of properties, both vacant and improved, is pursued throughout the year in order to obtain relevant information which can be used in all aspects of valuation. Sales of similarly improved properties can provide a basis for the depreciation schedules in the Cost Approach, rates and multipliers used in the Income Approach, and as a direct comparison in the Sales Comparison Approach. Improved sales are also used in ratio studies, which afford the appraiser an excellent means of judging the present level and uniformity of the appraised values.

Final Valuation Schedules

Based on the market data analysis and review discussed previously in the cost, income and sales approaches, the cost and income models are calibrated and finalized. The calibration results are keyed to the schedules and models on the mainframe CAMA system for utilization on all commercial properties in the district.

Statistical and Capitalization Analysis

Statistical analysis of final values is an essential component of quality control. This methodology represents a comparison of the final value against the standard and provides a concise measurement of the appraisal performance. Statistical comparisons of many different standards are used including sales of similar properties, the previous year's appraised value, audit trails, value change analysis and sales ratio analysis.

Appraisal statistics of central tendency and dispersion generated from sales ratios are available for each property type. These summary statistics including, but not limited to, the weighted mean, standard deviation and coefficient of variation, provide the appraisers an analytical tool by which to determine both the level and uniformity of appraised value of a particular property type. The level of appraised values can be determined by the weighted mean for individual properties within a specific type, and a comparison of weighted means can reflect the general level of appraised value. Review of the standard deviation and the coefficient of variation can discern appraisal uniformity within a specific property type.

The appraisers review every commercial property type annually through the sales ratio analysis process. The first phase involves ratio studies that compare the recent sales prices of properties to the appraised values of the sold properties. This set of ratio studies affords the appraiser an excellent means of judging the present level of appraised value and uniformity of the appraised values. The appraiser, based on the sales ratio statistics and designated parameters for valuation update, makes a preliminary decision as to whether the value level of a particular property type needs to be updated in an upcoming reappraisal, or whether the level of market value is at an acceptable level.

Potential gross rent estimates, occupancy levels, secondary income, allowable expenses (inclusive of non-recoverables and replacement reserves), net operating income and capitalization rate and multipliers are continuously reviewed utilizing frequency distribution methods or other statistical procedures or measures. Income model conclusions are compared to actual information obtained on individual commercial properties during the hearings process as well as information from published sources and area vendors.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The date of last inspection, extent of that inspection, and the Hemphill CAD appraiser responsible are listed in the CAMA system. If a property owner disputes the District's records concerning this data in a protest hearing, CAMA may be altered based on the credibility of the evidence provided. Typically, a new field check is then requested to verify this evidence for the current year's valuation or for the next year's valuation. In addition, if a building permit is filed for a particular property indicating a change in characteristics, that property is added to a work file. Finally, even though every property cannot be inspected each year, each appraiser typically designates certain segments of their area of responsibility for field checks.

Commercial appraisers are somewhat limited in the time available to field review all commercial properties of a specific use type. However, a major effort is made by appraisers to field review as many properties as possible or economic areas experiencing large numbers of remodels, renovations, or retrofits, changes in occupancy levels or rental rates, new leasing activity, new construction, or wide variations in sale prices. Additionally, the appraisers frequently field review subjective data items such as building class, quality of construction (known as cost modifiers), condition, and physical, functional and economic obsolescence factors contributing significantly to the market value of the property. In some cases field reviews are warranted when sharp changes in occupancy or rental rate levels occur between building classes or between economic areas. With preliminary estimates of value in these targeted areas, the appraisers test computer assisted values against their own appraisal judgment. While in the field, the appraisers physically inspect sold and unsold properties for comparability and consistency of values.

Office Review

Office reviews are completed on properties not subject to field inspections.

Office reviews are typically limited by the data presented in final value reports. These reports summarize the pertinent data of each property as well as comparing the previous values (two year value history) to the proposed value conclusions of the various approaches to value. These reports show proposed percentage value changes, income model attributes or overrides, economic factor (cost overrides) and special factors affecting the property valuation such as new construction status, prior year litigation and a three years sales history (USPAP property history requirement for non residential property). The appraiser may review methodology for appropriateness to ascertain that it was completed in accordance with USPAP or more stringent statutory and district policies. This review is performed after preliminary ratio statistics have been applied. If the ratio statistics are generally acceptable overall the review process is focused primarily on locating skewed results on an individual basis. Previous values resulting from protest hearings are individually reviewed to determine if the value remains appropriate for the current year based on market conditions. Each appraiser's review is limited to properties in their area of responsibility by property type (improved) or geographic area (commercial vacant land).

Once the appraiser is satisfied with the level and uniformity of value for each commercial property within their area of responsibility, the estimates of value go to noticing. Each parcel is subjected to the value parameters appropriate for its use type. If one of the parcel's component values, land value, improvement value or total value exceeds the permissible change in value range it "fails the value edits". In this case, the parcel does not shift to noticing, but it is placed on a rework list. Therefore, although the value estimates are determined in a computerized mass appraisal environment, value edits and rework lists enable an individual parcel review of value anomalies before the estimate of value is released for noticing.

PERFORMANCE TESTS

The primary tool used to measure mass appraisal performance is the ratio study. A ratio study compares appraised values to market values. In a ratio study, market values (value in exchange) are typically represented by sales prices (i.e. a sales ratio study). Independent, expert appraisals may also be used to represent market values in a ratio study (i.e. an appraisal ratio study). If there are not enough sales to provide necessary representativeness, independent appraisals can be used as indicators for market value. This can be particularly useful for commercial, warehouse or industrial real property for which sales are limited. In addition, appraisal ratio studies can be used for properties statutorily not appraised at market value, but reflect the use-value requirement. An example of this are multi-family housing projects subject to subsidized rent provisions or other governmental guarantees as provided by legislative statutes (affordable housing) or agricultural lands to be appraised on the basis of productivity or use value.

Hemphill CAD has adopted the policies of the IAAO STANDARD ON RATIO STUDIES, circa July 1999 regarding its ratio study standards and practices. Ratio studies generally have six basic steps: (1) determination of the purpose and objectives, (2) data collection and preparation, (3) comparing appraisal and market data, (4) stratification, (5) statistical analysis, and (6) evaluation and application of the results.

Sales Ratio Studies

Sales ratio studies are an integral part of establishing equitable and accurate market value estimates, and ultimately assessments for this taxing jurisdiction. The primary uses of sale ratio studies include the determination of a need for general reappraisal; prioritizing selected groups of properties types for reappraisal; identification of potential problems with appraisal procedures; assist in market analyses; and, to calibrate models used to derive appraised values during valuation or reappraisal cycles. However, these studies cannot be used to judge the accuracy of an individual property appraised value. The Hemphill County Appraisal Review Board may make individual value adjustments based on unequal appraisal (ratio) protest evidence submitted on a case-by-case basis during the hearing process.

Overall sales ratios are generated by use type semi-annually (or more often in specific areas) to allow appraisers to review general market trends in their area of responsibility. In many cases, field checks may be conducted to insure the ratios produced are accurate and the appraised values utilized are based on accurate property data characteristics. These ratio studies aid the appraisers by providing an indication of market activity by economic area or changing market conditions (appreciation or depreciation). A copy of the district's latest ratio study is attached.

Industrial/Utility Valuation Process

INTRODUCTION

Appraisal Responsibility

The industrial/Utility appraisers and/or contract appraisers of the Hemphill County Appraisal District are responsible for developing fair, uniform market values for improved industrial/Utility properties. The industrial/Utility appraiser is also responsible for the valuation of all tangible general industrial/Utility personal property in Hemphill County. There are approximately 2190 parcels of industrial/Utility real property accounts in Hemphill County, of which all are improved parcels. The industrial/Utility appraiser appraises approximately 901 parcels of tangible personal property.

Appraisal Resources

- ***Personnel*** - Hemphill CAD contracts with the Pritchard & Abbott appraisal firm to value properties for which the district does not have the available personnel or resources.
- ***Data*** - The industrial/Utility appraisers and contract appraisal staff inspects their assigned properties to obtain information about buildings, site improvements, process and shop

equipment, and various items of personal property. In addition, appraisal personnel use information provided by property owners concerning the cost to purchase, install, and construct items of real and personal property. The individual characteristics of the property being appraised are the primary factors that drive the appraised value.

VALUATION APPROACH (MODEL SPECIFICATION)

Area Analysis

The scope of market forces affecting industrial products and the capital goods used in the production process tends to extend beyond regional considerations. The effects of information and transportation technology are such that most industrial market forces are measured globally. One exception to this general concept is the market for industrial land. The pricing of land tends to be closely tied to possible alternative uses in the area. For this reason, appraisers assigned to land valuation analyze market forces for specific areas and adjust land value schedules appropriately.

Neighborhood Analysis

Neighborhood analysis of the type of properties valued by the industrial appraiser is not meaningful. Industrial properties do not have the type of generic "sameness" that is appropriate for neighborhood models.

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. Usually, the current use of the property is the highest and best use of that property. Industrial facilities are most commonly located in areas that support industrial use. In areas where mixed use does occur, the highest and best use of the property is examined by the appraiser to estimate the effect of this factor.

Market Analysis

Market analysis is the basis for finalizing value estimates on properties for which the industrial appraiser has responsibility. Even though many industrial properties are unique in nature, the market for this type property is analyzed to see how the values of similar or similar as possible properties are affected by market forces. Industrial properties, such as machine shops, have many similar facilities that can be compared to the subject property in terms of type and size of equipment, type of property fabricated or serviced at the subject facility, and other factors. Those similarities help the appraiser estimate the value of the subject property. However, some facilities, such as specialty chemical plants, are so unique in nature that the appraiser must use the closest available plant in terms of output quantity, type of product manufactured, and other factors to estimate the value of the subject property. Many industrial properties use the same type of building and, depending on the type of business, may use the same type of manufacturing or service equipment. However, the manner in which the entire business operation is put together makes that particular facility unique. The district uses information from similar businesses to examine the real and personal property values at a particular business, but the individual characteristics of the business being reviewed determine the value estimation. Many of the buildings encountered at industrial facilities are generic in construction, such as pre-engineered metal buildings. The cost per square foot to construct these type structures can be used to estimate values at facilities that have similarly constructed buildings. However, the building as constructed will have differences that must be taken into account when estimating the final value of the property being reviewed.

A similar analysis is used for personal property. Many items of personal property, such as furniture and fixtures, computers, and even machinery and equipment are generic in construction, but individual characteristics that affect value, such as usage, environment where used, and level of care will have an effect on the final value estimation. When cost data for this type property is available and considered reliable, it is used for value estimation purposes at other plant facilities. However, on-site inspection and information provided by the property owner will affect the final value.

DATA COLLECTION/VALIDATION

Data Collection

An extended range of variations may exist within the same class of industrial property, and there are a multitude of property types within the industrial category.

Industrial personal property also consists of many different classes of assets with a wide range of variation within each class. The district has adopted the convention of listing assets and estimating effective age of assets in the field. The field listing is then compared with information furnished by property owners during the final valuation review.

Sources of Data

The original listing of real and personal property data used by Hemphill CAD was supplied by Pritchard & Abbott. Since that time, the district and contract appraisal personnel have updated that information based on field review. As new facilities are built, the appraisal personnel collect all the real and personal property data necessary to value the property initially and thereafter update the information when the property is again visited. Other sources of data include publications such as the Texas Register regarding waste control permits, various refining and chemical industry magazine articles, and Texas Industrial Expansion articles on new construction.

Data Collection Procedures

The district and contract appraisal personnel annually or periodically visit assigned plants. The frequency of the visit is determined by the nature of the business conducted at each facility. For example, refineries and chemical plants are continually changing or adding to processes to extract greater efficiencies or make new products, but machine shops may not add or remove equipment over a period two or more years.

The appraisers take with them the historical data on the buildings and site improvements and the previous listing of personal property at the facility being visited. Changes to the existing structures and personal property are noted and that information is used for value estimation purposes. If cost information for the real or personal property is supplied later, the field data can be compared to that information to judge the accuracy of the information.

The district and contract firm appraisal staff members are not assigned any one geographical area of the county. The nature of the business and whether or not the district has the staff resources available determines which properties are valued by contract firms and which properties are valued by the district's appraisal staff. New district appraisers are trained by accompanying appraisers who have performed field visit and appraisal functions for a number of years. Each district appraiser is responsible for the completeness and correctness of their valuation work, but a new appraiser is encouraged to seek the advice of and review by experienced appraisal staff if that person is not sure of their value estimation results.

VALUATION ANALYSIS (MODEL CALIBRATION)

Final Valuation Schedules

Pritchard & Abbott develops schedules based on indexed Marshall & Swift depreciation factors for use in the valuation of all business and industrial personal property. These schedules are updated annually by P&A's appraisal staff.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The district's personnel along with P&A staff periodically review their assigned real and personal property accounts where there is evidence of change at a particular facility and when there is not, these accounts are revisited on a two to three-year cycle. Certain properties are reviewed annually because past experience shows that changes are occurring continually in the real or personal property at that facility. Properties assigned to contract appraisal firms are reviewed annually because changes also occur regularly at these facilities.

The results of prior year hearings and indication of building permits being issued are another source of required field visits. Many times during hearings, issues are presented that cause a value adjustment. Those issues must be field checked to see if these influences will be on going and warrant permanent value adjustment or are transitory and permanent adjustment is not warranted. This information needs to be recorded so the appraiser will be better able to estimate the property value. Building permits must be field checked to see what effect these have on existing structures. Any new construction is noted and the information necessary to value the structure is recorded. Additionally, any structure demolition is noted so the improvement value can be adjusted accordingly.

Part of the field review includes noting any land characteristics that would affect the land value. The district values all land for the properties over which it has responsibility, including those properties assigned to contract appraisal firms. The contract appraisal firms must advise the district of any characteristics that would affect the value of the land associated with that assigned facility.

Office Review

All properties not subjected to field review are reviewed in the office by the contract appraisal firms' appraiser assigned to particular real or personal properties. The office review relies on historical information in the real or personal property file as the basis for deciding on the estimated value to be placed on the property for the current tax year.

When valuing real property, the characteristics of the property being reviewed are the driving force in value estimation. Experience in valuing other real property, such as a similar building elsewhere, helps the appraiser decide the estimated value to be placed on the subject improvements.

When valuing personal property, the type of furniture, equipment, computers, etc., will be used along with any cost data provided by the property owner to estimate the value. Experience in valuing similar property at other facilities will help the appraiser estimate the value of the subject facility. Individual characteristics of the property, such as usage and maintenance will have a bearing on the value calculated by use of District schedules.

PERFORMANCE TESTS

Sales Ratio Studies

Ratio studies are an important tool to examine how close appraised values are to market values. The ratio study may use available sales data or may use independent, expert appraisals. Typically, there are not enough sales of industrial properties to show representativeness of that class of property in a ratio study. Ratio studies of industrial properties usually have to rely on independent appraisals as an indicator of market values.

Comparative Appraisal Analysis

This type of analysis is usually not done on industrial properties due to the unique nature of the property and also because of time and budget constraints regarding available appraisal staff. Only in an instance where a jurisdiction would file a jurisdiction challenge with the Appraisal Review Board would the district perform such an analysis.

If Hemphill CAD receives a jurisdiction challenge on an industrial category of properties, the appraisers assigned to those accounts will research the appraisal roll to see what other similar properties exist. The real property values can be compared on an average value per square foot of structure basis, but the differences from one facility to another must be carefully compared because it is unlikely that two different facilities are going to build like improvements and use them in similar ways. In like manner, the personal property values can be compared per category, such as furniture and fixtures, machinery and equipment, etc., but the same comparison of the type of and use of the property must be examined to ensure property comparison.

Business Personal Property Valuation Process

INTRODUCTION

Appraisal Responsibility

There are three different personal property types appraised by the district's personal property section: Business Personal Property accounts; Leased Assets; and Multi-Location Assets. There are approximately 400 business personal property accounts in Hemphill County.

Appraisal Resources

- **Personnel** - The personal property staff consists of three appraisers.
- **Data** - A common set of data characteristics for each personal property account in Hemphill County is collected in the field and data entered to the district's computer.

The property characteristic data drives the computer-assisted personal property appraisal (CAPPA) system. The personal property appraisers collect the field data.

VALUATION APPROACH (Model Specification)

Highest and Best Use Analysis

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

DATA COLLECTION/VALIDATION

Data Collection Procedures

Personal property data collection procedures are published and distributed to all appraisers involved in the appraisal and valuation of personal property. The appraisal procedures are reviewed and revised to meet the changing requirements of field data collection. The most recent revision of the personal property data collection procedures was in 2025.

Sources of Data

Business Personal Property

The district's property characteristic data was originally received from the Hemphill County, and various school district records in 1980, and where absent, collected through a massive field data collection effort coordinated by the district over a period of time. When revaluation activities permit, district appraisers collect new data via an annual field drive-out. This project results in the discovery of new businesses not revealed through other sources. Various discovery publications such as the Court Reporter and state sales tax listings are also used to discover personal property. Tax assessors, city and local newspapers, and the public often provide the district information regarding new personal property and other useful facts related to property valuation.

Vehicles

An outside vendor provides Hemphill CAD with a listing of vehicles within Hemphill County. The vendor develops this listing from the Texas Department of Transportation (DOT) Title and Registration Division records. Other sources of data include property owner renditions and field inspections.

Leased and Multi-Location Assets

The primary source of leased and multi-location assets is property owner renditions of property. Other sources of data include field inspections.

VALUATION AND STATISTICAL ANALYSIS (model calibration)

Cost Schedules

Cost schedules are developed by district personal property valuation appraisers. The cost schedules are developed by analyzing cost data from property owner renditions, hearings, state schedules, and published cost guides. The cost schedules are reviewed as necessary to conform to changing market conditions. The schedules are typically in a price per square foot format, but some exceptions may be in an alternate price per unit format, such as per room for hotels.

Statistical Analysis

Summary statistics including, but not limited to, the median, weighted mean, and standard deviation provide the appraisers an analytical tool by which to determine both the level and uniformity of appraised value. Review of the standard deviation can discern appraisal uniformity.

Depreciation Schedule and Trending Factors:

<u>Business Personal Property</u>

Hemphill CAD's primary approach to the valuation of business personal property is the cost approach. The replacement cost new (RCN) is either developed from property owner reported historical cost or from Hemphill CAD developed valuation models. The trending factors used by Hemphill CAD to develop RCN are based on published valuation guides. The percent good depreciation factors used by Hemphill CAD are also based on published valuation guides. The index factors and percent good depreciation factors are used to develop present value factors (PVF), by year of acquisition, as follows:

PVF = INDEX FACTOR x PERCENT GOOD FACTOR

The PVF is used as an "express" calculation in the cost approach. The PVF is applied to reported historical cost as follows:

MARKET VALUE ESTIMATE = PVF x HISTORICAL COST

This mass appraisal PVF schedule is used to ensure that estimated values are uniform and consistent within the market.

<u>Vehicles</u>

Value estimates for vehicles are provided by an outside vendor and are based on NADA published book values. An appraiser using PVF schedules or published guides values vehicles that are not valued by the vendor.

<u>Leased and Multi-Location Assets</u>

Leased and multi-location assets are valued using the PVF schedules mentioned above. If the asset to be valued in this category is a vehicle, then NADA published book values are used. An appraiser using PVF schedules or published guides values assets that are not valued by the vendor.

INDIVIDUAL VALUE REVIEW PROCEDURES

Office Review

<u>Business Personal Property</u>

A district valuation computer program exists in a P/C server environment that identifies accounts in need of review based on a variety of conditions. Property owner renditions, accounts with field or other data changes, accounts with prior hearings, new accounts, and cost table changes are all considered. The accounts are processed by the valuation program and pass or fail preset tolerance parameters by comparing appraised values to prior year and model values. The appraisers review accounts that fail the tolerance parameters.

Leased and Multi-Location Assets

Leasing and multi-location accounts that have a high volume of vehicles or other assets are loaded programmatically if reported by the property owner electronically. Electronic renditions, usually on diskette, often require reformatting before they can be loaded to the account. Accounts that render by hard copy are either data entered by CAD or sent to an outside data entry vendor.

After matching and data entry, reports are generated and reviewed by an appraiser. Once proofed, the report is then mailed to the property owner for review. Corrections are made and the account is noticed after supervisor approval.

PERFORMANCE TESTS

Ratio Studies

The Property Tax Division of the state comptroller's office conducts a property value study (PVS). The PVS is a ratio study used to gauge appraisal district performance. Results from the PVS play a part in school funding. Rather than a sales ratio study, the personal property PVS is a ratio study using state cost and depreciation schedules to develop comparative personal property values. These values are then compared to Hemphill CAD's personal property values and ratios are formed.

Internal Testing

Hemphill CAD can test new or revised cost and depreciation schedules by running the valuation program in a test mode prior to the valuation cycle. This can give appraisers a chance to make additional refinements to the schedules if necessary.

LIMITING CONDITIONS

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

1. The appraisals were prepared exclusively for ad valorum tax purposes.
2. The property characteristic data upon which the appraisals are based is assumed to be correct. Exterior inspections of the property appraised were performed as time allowed.
3. Validation of sales transactions was attempted through questionnaires to buyer and seller, telephone survey and field review. In the absence of such confirmation, residential sales data obtained from outside sources was considered reliable.
4. I have attached a list of staff providing significant mass appraisal assistance to the person signing this certification.

Certification Statement:

"I, Pam Scates, Chief Appraiser for the Hemphill County Appraisal District, solemnly swear that I have made or caused to be 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."

____

Chief Appraiser

STAFF PROVIDING SIGNIFICANT MASS APPRAISAL ASSISTANCE

NAME	TITLE	BTPE NUMBER	TYPE OF ASSISTANCE
Rachael Bartlett	Deputy Chief Appraiser	75339	Updated Residential Valuation Models/Sales Data Collection & Review/Field Appraisal
Alice Bentley	Appraiser/Office Assistant	70691	Updated Residential Valuation Models/Sales Data Collection & Review/Field Appraisal