



REAPPRAISAL PLAN
FOR TAX YEARS 2015 & 2016

APPROVED BY THE BOARD OF DIRECTORS

August 21, 2014

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EXECUTIVE SUMMARY

The Montgomery Central Appraisal District has reappraised all property within the District's boundaries every year since 1986. The District has delivered a Notice of Appraised Value to either the property owner or the property owner's representative for any property that experienced a value change from the previous year. Other property owners and/or their representative are delivered a Notice of Appraised Value when: 1. the ownership changes from the previous year, 2. the property owner and/or the property owner's representative render the property, 3. the property is included on the Appraisal Roll for the first time. All mineral properties and Business Personal Property accounts are delivered a Notice of Appraised Value every year.

SB 1652, which requires the adoption of this plan, uses "reappraisal" in a broad sense to mean the activities that the District undertakes every year - inspecting property, updating models, and appraising the property. Under SB 1652, a property is reappraised when these activities are done, even if its value does not change. Accordingly, this plan describes the District's activities as annual reappraisal. *It is understood that at any time, due to unforeseen circumstances including but not limited to staffing changes, natural disasters, and budgetary changes, the areas to be reviewed and timelines may be altered. If this occurs changes will be submitted to the District's Board of Directors for approval.*

The success of any reappraisal plan is reliant on a budget sufficient to carry out the plan. The District's Proposed 2015 Operating Budget is attached by reference. The proposed budget is considered sufficient for successful completion of the District's 2015 Reappraisal Plan. District staff will begin developing a Proposed 2016 Operating Budget in May 2015 that will ensure the successful completion of the 2016 Reappraisal Plan.

STATUTORY REQUIREMENTS

S. B. 1652 enacted in 2005 during a special called session of the Texas Legislature, amended the Tax Code to require a written biennial reappraisal plan. The following details the changes to the Tax Code relating to a reappraisal plan to be adopted by the District's Board of Directors:

Section 6.05, Texas Property Tax Code, is amended to read as follows:

- (i) To ensure adherence with generally accepted appraisal practices, the board of directors of an appraisal district shall develop biennially a written plan for the periodic reappraisal of all property within the boundaries of the district according to the requirements of Section 25.18 and shall hold a public hearing to consider the proposed plan. Not later than the 10th day before the date of the hearing, the secretary of the board shall deliver to the presiding officer of the governing body of each taxing unit participating in the district a written notice of the date, time, and place of the hearing. Not later than September 15 of each even numbered year, the board shall complete its hearings, make any amendments, and by resolution finally approve the plan. Copies of the approved plan shall be distributed to the presiding officer of the governing body of each taxing unit participating in the district and to the comptroller within 60 days of the approval date.

Section 25.18(a)(b) of the Texas 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, ordinances, or legal restrictions;
- (5) Developing an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and determines the contribution of individual property characteristics;
- (6) Applying the conclusions reflected in the model to the characteristics of the properties being appraised; and
- (7) Reviewing the appraisal results to determine value.

REVALUATION POLICY (REAPPRAISAL CYCLE)

In each year covered by the plan, the District will conduct a complete appraisal analysis of all properties in the District and will update property values as necessary. The chief appraiser will deliver a Notice of Appraised Value for each property in compliance with section 25.19 of the Texas Property Tax Code.

ANNUAL ACTIVITIES

1. Performance Analysis - the certified values from the previous Tax Year will be analyzed using ratio studies to determine the appraisal accuracy and appraisal uniformity overall and by market area within property reporting categories. Ratio studies will be conducted in compliance with the current *Standard on Ratio Studies* of the International Association of Assessing Officers (IAAO).
2. Analysis of Available Resources - Staffing and budget requirements are analyzed annually and are detailed in the corresponding year's budget. The budgets for each year are approved annually by the Board of Directors of the Montgomery Central Appraisal District. Existing appraisal practices, which are continued from year to year, will be identified and methods utilized to maintain these practices will be specified. Information Systems support will be detailed with year specific functions identified and system upgrades scheduled. Existing maps and data requirements will be specified and updates scheduled.
3. Planning and Organization - a calendar of key events with critical completion dates will be prepared for each major work area. A calendar is prepared for Tax Year's 2015 and 2016. Production standards for field activities will be established and incorporated in the planning and scheduling process.
4. Mass Appraisal System - Computer Assisted Mass Appraisal (CAMA) system revisions required will be specified and prioritized with Information Systems. All data forms and procedures will be reviewed and revised as required.
5. Data Collection Requirements - field and office procedures will be reviewed and revised as required for data collection. Activities scheduled for each Tax Year include new construction, demolition, remodeling, re-inspection of problematic market areas, re-inspection of the universe of properties on a specific cycle (three years), and field or office verification of sales data and property characteristics. Re-inspection of properties will be completed using 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.

6. Pilot study by Tax Year - new and revised mass appraisal models will be tested each Tax Year. Ratio studies, by market area, will be conducted on proposed values each Tax Year. Proposed values on each category will be tested for accuracy and reliability in each market area. Pilot modeling and ratio studies will be conducted in accordance with IAAO *Uniform Standards of Professional Appraisal Practices (USPAP)*.
7. Valuation by Tax Year - using market analysis of comparable sales, locally tested cost data, and income analysis, valuation models will be specified and calibrated in compliance with supplemental standards from the IAAO and USPAP. The calculated values will be tested for accuracy and uniformity using ratio studies.
8. The Mass Appraisal Report - each Tax Year the Texas Property Tax Code requires mass appraisal report be prepared and certified by the chief appraiser at the conclusion of the appraisal phase of the ad valorem tax calendar (on or about May 15th). The mass appraisal report is to be completed in compliance with USPAP Standard Rule 6-8. The signed certification by the chief appraiser shall be compliant with USPAP Standard Rule 6-9. This reappraisal plan is referenced in the mass appraisal report.
9. Value Defense - evidence to be used by the District to meet its burden of proof for market value and equity in both informal and formal appraisal review board hearings will be developed and made available at the District's office: 109 Gladstell Street Conroe, TX 77301

2015 & 2016 REAPPRAISAL PLAN DETAIL

APPRAISAL ANALYSIS & DELIVERY OF NOTICES

In each year covered by the plan, the District will conduct a complete appraisal analysis of all properties in the District and will update property values as necessary. The chief appraiser will deliver a Notice of Appraised Value for each property in compliance with section 25.19 of the Texas Property Tax Code. The activities involved in the appraisal analysis are described below.

PERFORMANCE ANALYSIS

For each Tax Year, the previous year's certified values will be analyzed using ratio studies to determine appraisal accuracy and appraisal uniformity overall and, by market area within state property reporting categories. Ratio studies will be conducted in compliance with the IAAO *Standard on Ratio Studies*. Descriptive statistics, such as, mean, median, and weighted mean ratios will be calculated for properties in each reporting category to measure the level of appraisal accuracy and uniformity by property reporting category. This analysis will be used to develop the starting point for establishing the accuracy and uniformity of appraisal performance.

ANALYSIS OF AVAILABLE RESOURCES

Staffing and budget requirements are analyzed annually and are detailed in the corresponding year's budget. The budgets for each year are approved annually by the Board of Directors of the Montgomery Central Appraisal District. This reappraisal plan is adjusted to reflect the available staffing in Tax Year 2015 and the anticipated staffing for Tax Year 2016. Staffing will impact the cycle of real property re-inspection and personal property on-site review that can be accomplished in the 2015-2016 time period. The Board of Directors may at any time evaluate the number of Appraisal Review Board members needed to conduct hearings.

Information Systems (IS) support will be detailed with year specific functions identified and system upgrades scheduled. Computer generated forms will be reviewed for revisions based on year and reappraisal status. Legislative changes will be scheduled for timely completion and testing. Existing maps and data requirements will be specified and updates placed in production as needed.

PLANNING AND ORGANIZATION

For each year, a calendar of key events with critical completion dates shall be prepared. Production standards for field and office activities will be established and incorporated in the planning and scheduling process. The scope of work, available time frame, staffing resources, and any budgetary constraints have been considered in the development of the reappraisal plan. The reappraisal plan does not take into account factors outside the District's control such as natural

disasters, significant staffing changes, and legislative changes. To the extent that circumstances require revision to this plan, amendments to the plan will be submitted to the Board of Directors for approval.

MASS APPRAISAL SYSTEM

Computer Assisted Mass Appraisal (CAMA) system revisions and enhancements will be specified and prioritized with Information Systems and the District's application software vendor. Legislative mandates will be addressed and implemented into the necessary system applications. All computer generated forms, letters, notices and orders will be reviewed annually and revised as required. The following details the procedures as they relate to the 2015 and 2016 Tax Years.

REAL PROPERTY VALUATION

Revisions to cost models, income models, and market models will be specified, updated and tested each Tax Year. Each year, cost schedules will be tested with market data to ensure that the District is in compliance with Section 23.011 of the Texas Property Tax Code. Replacement cost new tables as well as depreciation tables will be tested for accuracy and uniformity through ratio studies and comparison with cost data developed by District staff.

Income, expense, and occupancy data will be updated in the income models for each market area and cap rate studies will be completed using current sales data. The resulting models will be tested using ratio studies.

Land tables will be updated using current market data and then tested with ratio studies. Restrictions, covenants, and other factors influencing value will be identified and analyzed. Value modifiers will be developed for property categories by market area as required, and tested with ratio studies.

PERSONAL PROPERTY VALUATION

Business Personal Property valuation staff will analyze and test density schedules based on rendition and prior year hearing documentation. Models will be refined according to actual original cost data and valuation procedures will be reviewed, modified as needed, and tested.

APPRAISAL NOTICES

Notices of Appraised Value will be reviewed for legal sufficiency and correctness. Enclosures will be updated; including the latest version of the comptroller's *Taxpayers Rights, Remedies, and Responsibilities*. A Residential Homestead Exemption Application will also be included with the Notice of Appraised Value for residential properties that meet the situs address/ mailing address test. Real property Notices of Appraise Value will generally be mailed in April. Business Personal Property Notices of Appraised Value will be mailed in May and June. Notices for properties appraised by the contracted engineering firm, Pritchard &

Abbott, Inc., will be mailed by that vendor in accordance with all rules and laws. These notices are typically mailed in early May.

HEARING PROCESS

The District will conduct staff training in April of each Tax Year to ensure preparedness for informal and formal hearings, which generally begin in May of each Tax Year. Revisions and enhancements to existing hearing scheduling procedures for informal hearings and formal Appraisal Review Board hearings will be reviewed and updated to ensure efficiency and timely certification of the appraisal roll. Standards of documentation and the District's hearing evidence will be reviewed and updated to reflect the current valuation methods and practices. Production of documentation will be tested and compliance with the Texas Property Tax Code requirements will be ensured.

Orders Determining Protest shall be sent Certified Mail Return Receipt Requested within seven days of an Appraisal Review Hearing.

IDENTIFYING & UPDATING RELEVANT PROPERTY CHARACTERISTICS

Field and office procedures will be reviewed and revised as required for data collection and verification of value-related and descriptive property characteristics for each property. Property characteristics that will be continually updated for each property are location & market area, physical attributes such as size, age, condition and construction style, and legal and economic attributes. Activities scheduled for each Tax Year include inspection of new construction, demolition, and remodeling, re-inspection of problematic market areas, and re-inspection of the all properties on a three-year cycle.

NEW CONSTRUCTION/DEMOLITION

Field and office review procedures for inspection of new construction will be reviewed and revised as required. Field production standards will be established and quality review will be conducted to verify accuracy of data. Inspection of properties will be completed using 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. The examination of aerial photography to compare existing property characteristics and property sketches to those established using Pictometry's sketch verification product. Building permits will be received from the cities and County electronically and in paper form. Data entry will be used to input permit data into the District's database. Improvement demolition will be verified during the three year cycle for inspection of all property.

REMODELING

Market areas with indications that improvement remodeling is occurring will be

identified and on-site inspections will be scheduled to verify property characteristic data. Updates to valuation procedures will be tested using ratio studies before they are finalized in valuation modeling.

RE-INSPECTION OF PROBLEMATIC MARKET AREAS

Real property market areas, stratified by property classification, will be tested for protest volume and level of appraisal.

Market areas that indicate a low or high volume of protest: and/or an unacceptable level of appraisal will be deemed to be problematic. Field reviews will be scheduled to verify and correct property characteristics data. Additional sales data will be researched and verified in order to determine whether the market area is correctly stratified. In the absence of adequate market data, neighborhood boundary lines may need to be redrawn and neighborhood clusters and groups, representative of the overall market area, will be established.

MARKET AREA DELINEATION

Market areas are defined by the physical, economic, governmental and social forces that influence property values. The District has established market areas primarily based on school district boundaries with the exceptions of Conroe, Magnolia, and Richards ISD's. Richards ISD has been included with the Montgomery ISD market area due to its small size and similar influences. In Conroe ISD and Magnolia ISD's, the area designated as the Woodlands has been delineated into a separate market area. The resulting market areas and boundary lines are delineated as follows:

- Montgomery (Includes Montgomery and Richards ISDs)
- Magnolia (Magnolia ISD excluding those properties inside the Woodlands Township)
- Tomball (Tomball ISD)
- The Woodlands (Properties within the Woodlands Township)
- Conroe (Conroe ISD excluding properties within Woodlands Township)
- Willis (Willis ISD)
- Splendora (Splendora ISD)
- New Caney (New Caney ISD)

The effects of physical, economic, governmental and social forces are used to identify, classify, and stratify or delineate similarly situated properties within market areas into smaller, more comparable and manageable subsets for valuation purposes. Delineation can involve the physical drawing of neighborhood boundary lines on a map; it can also involve statistical separation or stratification based on attribute analysis. These homogeneous properties have been delineated into valuation neighborhoods for residential property or economic class for commercial property, but because there are discernible

patterns of growth that characterize a neighborhood or market segment, analyst staff will annually evaluate the neighborhood boundaries or market segments to ensure homogeneity of property characteristics.

RE-INSPECTION OF THE UNIVERSE OF PROPERTIES

The Texas Property Tax Code, Section 25.18 (b) requires the re-inspection of all properties within the boundaries of the District at least once every three years. Two-thirds of the existing property base will be inspected during 2015 and 2016. Re-inspection of properties will be completed using a combination of field inspections and office review. The District designates specific areas each year in order to accomplish the required re-inspections. The following sets forth the areas the District has identified for Tax Years 2015-2016. Estimated timeline is included in attached calendar.

- Tax Year 2015
 - Conroe (Category A/E, B, and F)
- Tax Year 2016
 - Conroe (Category A/E, B, and F)

Office review of property for the 2015 and 2016 tax years will include the examination of aerial photography to compare existing property characteristics and property sketches to those established using Pictometry's sketch verification product. The capturing of oblique imagery is an ongoing project of the District. *It is understood that at any time, due to unforeseen circumstances including but not limited to staffing changes, natural disasters, and budgetary changes, the areas to be reviewed and timelines may be altered. If this occurs changes will be submitted to the District's Board of Directors for approval.*

FIELD OR OFFICE VERIFICATION OF SALES DATA AND PROPERTY CHARACTERISTICS

Sales price and property characteristics must be captured as of the date of the sale. Accurate sales ratio studies require that a sold property's characteristics must equal to the property's appraised characteristics in order that statistical analysis results will be valid. District employees will collect and verify sales data on a daily basis.

LEGAL ATTRIBUTES AFFECTING VALUE

The District will maintain an active program, as performed by the GIS/Mapping Division, to identify and describe elements of recorded conveyances that will affect the use or value of the property, such as easements, covenants, reservations, and declarations. The District will also monitor the enactment or changes of governmental restrictions affecting property value, such as zoning, deed restrictions, health ordinances, special assessments, and other legal restrictions. Where leases and other possessory interests are of a nature and duration that they affect value, they will be considered in the individual valuation of the property to which they apply.

PILOT STUDY

New or revised mass appraisal models will be tested on all market areas. Sales ratio studies will be used to test the models. Actual test results will be compared against anticipated results and those models not performing satisfactorily will be refined and retested. The procedures used for model specification and model calibration will comply with USPAP Standard Rule 6, for the applicable year.

VALUATION METHODS BY PROPERTY TYPE

For each Tax Year, valuation models will be specified and calibrated in compliance with the supplemental standards from IAAO and USPAP. The calculated values will be tested for accuracy and uniformity using ratio studies. Performance standards will be those as established by the *IAAO Standard on Ratio Studies*. Property values in all market areas will be analyzed and updated each reappraisal year as required for level and uniformity of value.

RESIDENTIAL REAL PROPERTY

MODEL DEVELOPEMENT, TESTING, AND CONCLUSIONS

The following equation denotes the hybrid model used:

$$MV=MA(RCN-D)+LV$$

Whereas:

MV= Market Value

MA= Market Adjustments

RCN= Replacement Cost New

D= Depreciation

LV= Land Value

Various properties will be used to test this model. The test will ensure that the model accounts for market characteristics, which include but are not limited to, location, physical attributes, size, legal and economic factors, and legal restrictions, that affect market value. The model should produce accurate representations of market value, if not the model must be recalibrated and tested further. Once the model is calibrated to market characteristics and its conclusions are deemed accurate it will be applied uniformly to residential properties and further tested through ratio studies

Ratio studies will be performed on each residential valuation neighborhood in the District to judge the two primary aspects of mass appraisal accuracy--level and uniformity of value. The valuation process for residential property historically begins in August. Land analysis, sales outlier review, neighborhood sales

analysis, and finalization of proposed estimates of value will take place from August through April.

Valuation Method

Cost Approach

The District will use a hybrid cost-market approach when valuing single-family and multi-family residential properties. The comparative unit method will be used to develop the "base" cost of a structure. Adjustments will then be made for differences from base specifications using Neighborhood Cost Modifiers. Neighborhood Cost Modifiers will be applied uniformly within neighborhoods to account for location variances between market areas or across a jurisdiction.

Residential land values will be estimated using the base lot method, which establishes the value of the standard or "base" lot size within each stratum or delineated neighborhood through sales comparison analysis and visual inspection. The analysis assumes that the major factors causing variations among land values within a neighborhood are location, traffic, and size. In areas where insufficient vacant land sales exist, the abstraction method, also known as the land residual method and the allocation method, known as the land ratio method will be used to establish base lot values within a neighborhood. The analysts will develop a base lot size and primary rate, and assign each a unique square foot land table. 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 stores the land information required to consistently value individual parcels within neighborhoods. Land adjustments will be applied on individual properties, where necessary, to adjust for such influences as location, shape, size, and topography, among others.

If a neighborhood is to be updated, the analyst will perform a ratio study that compares recent sales prices of properties appropriately adjusted for the effects of time and stratified geographically by neighborhood with the property's 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 will be 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 updated neighborhood will be applied uniformly to all properties within a neighborhood and a second set of ratio studies will be generated that compares recent sale prices with the proposed market values for these sold properties. From this set of ratio studies, the analyst will judge the appraisal level and uniformity in both updated and non-updated neighborhoods,

and finally, for the school district as a whole.

Sales Comparison Approach

As indicated in *Property Appraisal and Assessment Administration* (IAAO, 1990), in the absence of a sale of the subject, sales prices of comparable properties are usually considered the best evidence of market value. The sales comparison approach reflects the behavior of the market by comparing the properties being appraised with comparable properties that have recently sold or for which offers to purchase have been made. Their sales prices will then be adjusted for differences from the subject and a market value for the subject is estimated from the adjusted sales prices of comparable properties.

The District does not currently develop estimates of value for single-family properties using the traditional sales comparison approach. The District has not yet implemented the modeling utilities available in our core CAMA software to develop estimates of value using the sales comparison approach. The District will continue to test and evaluate the sales comparison approach that is a part of the District's current application software.

Income Approach

The income approach is based on the principle that the value of an investment property reflects the quality and quantity of the income stream it is expected to generate over its life. In other words, value is the estimated present value of future benefits, namely income and proceeds from the sale of the property. The appraiser must estimate income from a property and capitalize the income into an estimate of current value.

The income approach is most suitable for types of properties frequently purchased and held for the purpose of producing income, such as apartments, commercial buildings, and office buildings. It is not conducive to the valuation of single-family residential properties that are less often rented, or where market demand factors such as personal preferences or location unduly influence the market.

INVENTORY RESIDENTIAL PROPERTY

Residential improved and vacant property is appraised in compliance with the Texas Property Tax Code, Section 23.12 (a).

In general, the District uses its own land value estimates and the actual itemized construction, labor, and material costs, plus other soft or indirect costs to estimate market value as of the assessment date. The market values of improved inventory will be reviewed annually and inventory consideration will be eliminated when ownership transfers to the individual property owner.

Vacant residential inventory will be valued using a discounted cash flow formula that considers value relative to the income or cash flow, the interest or discount rate, and the number of years the property is likely to be held. As with improved inventory, full market value will be applied once the vacant land is absorbed and ownership transfers for the purpose of residential construction.

COMMERCIAL REAL PROPERTY

The valuation period will begin in August and last until mid-April. Once proposed values are finalized, a ratio study will be performed to test the level and uniformity of appraisal within property use and among various classes. Generally apartments will be valued using the income approach. Apartments under construction and in their first year of occupancy will be valued using the cost approach. Once an apartment complex's income has stabilized, usually in their second and subsequent years of occupancy, they will be valued using the income approach. Retail and warehouse properties, golf courses and office buildings will be valued by the cost approach or the income approach, as deemed most appropriate pursuant to Section 23.0101 of the Texas Property Tax Code.

Valuation Methods

MODEL DEVELOPEMENT, TESTING, AND CONCLUSIONS

Cost Approach

Model: $MV=RCN-D$

Whereas:

MV= Market Value

RCN= Replacement Cost New

D= Depreciation

Various properties will be used to test this model. The test will ensure that the model accounts for market characteristics, which include but are not limited to, location, physical attributes, size, legal and economic factors, and legal restrictions, that affect market value. The model should produce accurate representations of market value, if not the model must be recalibrated and tested further. Once the model is calibrated to market characteristics and its conclusions are deemed accurate it will be applied uniformly to commercial properties and further tested through ratio studies and cost comparisons with acceptable industry cost schedules.

The cost approach to value will be applied using the comparative unit method. This methodology involves the use of national cost data reporting services as well as actual cost information on comparable properties whenever possible. Cost models are typically developed based on *Marshall & Swift Services*. Cost models include the use of replacement cost new (RCN) of all improvements. The replacement cost will be used because it values the cost of a property that has utility equivalent of the property being appraised using current construction methods and materials. This method is the preferred alternative to using the reproduction cost, which is the cost to construct an exact duplicate of the

property being appraised. These costs include comparative base rates, per unit adjustments and lump sum adjustments. This approach also employs an alternative valuation method for the underlying land. Time and location modifiers will be 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 our cost models, local modifiers will be applied to adjust the base costs.

Depreciation schedules will be developed based on what is typical for each property type of 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 fifteen, twenty, twenty-five, thirty, thirty-five, forty, forty-five, fifty, fifty-five, and sixty year expected economic life. These schedules will be tested every year to ensure they will be reflective of current market conditions. The actual and effective ages of improvements will be recorded in the District's Property Record database. Effective age estimates will be based on the utility of the improvements relative to the improvement's total economic life and its competitive position in the marketplace.

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

Sales Comparison 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 as a primary method for estimating land value but also in comparing sales of similarly improved properties to each parcel on the appraisal roll. Pertinent data from actual sales of properties, both vacant and improved, will be obtained throughout the year in order to analyze relevant information, which is then 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 will also be used in ratio studies, which afford the analyst an excellent means of judging the present level and uniformity of the appraised values.

Based on the market data analysis and review discussed in the cost, income and market approaches, the cost and income models will be calibrated annually. The calibration results will be keyed to the schedules and models in our CAMA

system for utilization on all commercial properties in the District.

Income Approach

The income approach to value will be applied to those real properties that are typically viewed by market participants as "income producing", which are bought and sold based on the property's ability to produce income, 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. This is derived primarily from actual rent data furnished by property owners, local market study publications, Costar, and from rent studies performed by staff. Income data collected through District staff will be compared to data collected from third party sources, such as Costar, to ensure accuracy. 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, local market study publications, Costar, and from rent studies performed by staff. Income data collected through District staff will be compared to data collected from third party sources, such as Costar, to ensure accuracy. 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. 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 or EGI.

Allowable expenses and expense ratio estimates will be 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 will be included in the expenses. A non-recoverable expense represents costs that the owner pays to lease rental space. Different expense ratios will be 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, the total operating expense in year one establishes the base rate. Any increase in expense over the base rate throughout the remainder of the lease term would be the responsibility of the tenant. As a result, expense ratios will be 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 will be 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 will be 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 will 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. Additionally, overall capitalization rates can be derived from the built-up method, band-of-investment, debt coverage ratio, and published sources for similar properties, as well as results from verified sales. The capitalization rates relate 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, as well as cap rate studies conducted by the District using verified sales and income information for that specific property.

Rent loss concessions will be made on specific properties with known 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 will be 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) and leasing expenses will be added to the rent loss estimate. A leasing expense necessary to bring the property to a stabilized level is also included in this adjustment. The total adjusted loss from these real property operations will be 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 will be deducted from the value estimate 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. Conversely, if a property were above the stabilized occupancy level as of the appraisal date, the market would pay a premium for this situation. In this instance, the present value of the excess income over the stabilized level will be added to the value of the property.

INDUSTRIAL REAL PROPERTY

This property type will be valued each Tax Year by the District's contract valuation engineering firm. The contracts for assistance in valuing major industrial complexes and general industrial property will be negotiated in September or October every other year. The Board of Directors will approve a two year industrial/complex property valuation contract every other November. Generally, estimates of value developed by the appraisal firms will be provided to the District in April of each Tax Year. The District contracts with Pritchard and Abbott, INC. (P&A).

Industrial properties will typically be valued on a cost approach basis since these properties have a low frequency of being bought and sold in the open market compared to commercial and residential properties. In addition, since these properties are owner occupied, the income approach to value will rarely be applicable to industrial properties.

Property valued by the valuation engineering firm will be valued according to USPAP standards. The procedures, methods, and valuations produced by the valuation engineering firm will be reviewed by District in accordance with in-house review guidelines.

Valuation Method

Cost Approach

The cost approach is most applicable to the valuation of industrial properties. The values will be appropriately adjusted for age and condition and, if warranted, additional adjustment will be made for facility utilization. For example, two facilities making the same or similar products will not necessarily have values close together because one facility may have better efficiencies, which makes that facility worth more in the market. The market's estimation of the worth of a facility will be taken into account since there will rarely be any similar properties available for comparison under the sales or income approaches to value.

Cost schedules will be tested with market data to ensure that the District is in compliance with the Texas Property Tax Code, Section 23.011. Replacement cost new tables as well as depreciation tables will be tested for accuracy and uniformity using ratio studies compared with cost data from *Marshall & Swift*.

Sales Comparison Approach

As previously stated, industrial real property does not have a history of being bought and sold with any regularity in the open market. In fact, most industrial facilities remain just as they were for many years, decades even, without changing ownership. The few sales of industrial facilities that do occur are not typically used because the sales are usually part of a merger or acquisition and other assets and intangible considerations are part of the sales price, and are not

disclosed. There will usually not be enough verifiable sales of stand-alone industrial properties to have a representative sample of properties to which to compare when valuing other industrial properties.

Income Approach

Industrial facilities are rarely valued by the income approach to value since they are usually owner occupied. These facilities are usually general commercial structures built out to meet an industrial owners needs over a certain period of time. In other words, an industrial facility is built for that owner's needs and not built to turn around and lease out the facility to another industrial user. There are not sufficient industrial facilities built by industrial users to be leased out to other industrial users to be a meaningful universe of properties for valuation purposes, if they can be found at all.

Industrial real property valuation analysts consider all three approaches to value to determine which approach is most applicable to the property being valued. Usually, the cost approach is most applicable for the reasons previously given, but if there are any commercial properties that are closely similar to the industrial property being valued, then the approach to value for the commercial property is reviewed to determine if the method used is suitable for the industrial property being examined.

UTILITY PROPERTY

The District contracts with Pritchard and Abbott, INC. (P&A), a valuation engineering appraisal firm to provide estimates of value for utility real and personal property. Generally, these values will be provided to the District in April of each Tax Year.

Property valued by P&A will be valued according to USPAP standards. A 2015/2016 Reappraisal Plan adopted by P&A is by reference considered attached to this document.

Valuation Method

Income Approach

The income approach is the most valid approach to use in valuing utility properties. The reason is that the unit as a whole is being valued and the result apportioned to the pieces of the whole. The worth of this income stream can be compared to other investment opportunities to select the proper capitalization rate to apply to the income stream to estimate the value of the system. The worth of a utility is the income stream the system will generate compared to alternative investments that may have less risk in the market. The capitalization rate that is used to estimate the value of the income stream from the utility will always have a risk component in the capitalization rate. The usual forms of depreciation will be applied to the valuation and any additional consideration for economic issues will be applied. These factors will usually be reflected in the risk portion of the capitalization rate.

Cost Approach

The cost approach to value is not conducive to the valuation of utilities because the cost to build a utility facility is extremely expensive in today's market. The primary reason being there is not sufficient land available in areas of dense population, where this type of construction is necessary, to make construction profitable. Also, the environmental permitting process can take months if not years to complete due to objections to the construction in proximity to a population density and renders this approach invalid. Few new utilities have been built in recent years that will be of sufficient magnitude to serve a large population, therefore, sufficient cost data is not available to use for valuation comparison purposes.

Sales Comparison Approach

The sales comparison approach is not an appropriate method of valuation for this property type. Utility properties, such as electrical generation, electrical transmission, communication transmission, and cable systems will rarely be sold in the open market on a stand-alone basis. When a utility sells, it sells as an entity, not as parts of an entity.

MINERALS

The District contracts with Pritchard and Abbott, INC. (P&A), a valuation engineering appraisal firm, to provide estimates of value to the District generally during April of each Tax Year.

Property valued by the valuation engineering firm will be valued according to USPAP standards

Valuation Method

Income Approach

The income approach will be used to value property in which a mineral interest is owned. This requires estimating the remaining future reserves of the mineral in place and the timing of how those reserves will be recovered. This estimate of future production along with the estimate of future pricing will generate an estimated yearly income that is discounted to current day dollars. Each succeeding year's income will be more heavily discounted than the previous, thus rendering less and less value contribution with each succeeding year. For example using a discount of 20%, per dollar (\$1.00) anticipated to be received in the 10th year of the productive life of an oil or gas lease would only contribute \$0.18 (eighteen cents) of value in today's dollars, whereas, a dollar anticipated to be received in the first year would contribute \$0.91 (ninety-one cents) in today's dollars. Each year's value contribution will be added, and then a market adjustment factor will be applied. The estimated value will be determined from this total, based on the type of interest owned and the percentage interest owned in the lease.

The appraisal firm's valuation methodology is in compliance with Section 23.175(a) of the Texas Property Tax Code.

BUSINESS AND INDUSTRIAL TANGIBLE PERSONAL PROPERTY

These property types will be valued each Tax Year by District staff and the contracted valuation engineering firm. The District contracts with Pritchard and Abbott, INC. (P&A). Generally, estimates of value developed by the valuation engineering firm will be provided to the District in April of each Tax Year. The Notices of Appraised Value for business and industrial personal property are generally delivered in May.

Valuation Method

Cost Approach

The primary approach to the valuation of business and industrial personal property will be the cost approach. Cost schedules will be developed based on Standard Industrial Classification (SIC) codes. These schedules will be reviewed to conform to changing market conditions, when necessary.

Valuation models will be created and refined using actual original cost data to derive the replacement cost new (RCN) per square foot (or applicable unit) for a specific category of assets. The SIC codes will be prioritized and data compiled for review. Individual accounts will be selected as a sample to be field checked. Models will be built and adjusted using internally developed software. These models will be tested against the prior year's data. The typical RCN per applicable unit is determined by a statistical analysis of the available data.

These model values will be used to estimate the value of new accounts for which no property owner's rendition is filed. They also establish parameters for testing the valuation of property for which prior years' data exist or for which current year rendered information is available. If the value tested falls within an established acceptable percentage range of the model value, the account passes that range check and moves to the next valuation step. If the account fails, it is flagged for individual review. These tolerances may be adjusted for the current year depending on the analysis of the results of the prior year. This approach uses RCN, which is developed from property owner reported historical cost or from existing valuation models.

The depreciation schedules will be based on the depreciation schedules for furniture, fixtures, and equipment as indicated by a national cost service. The depreciation schedule is used to ensure that estimated values are uniform and consistent within the category of property.

MODEL DEVELOPEMENT, TESTING, AND CONCLUSIONS

The following equation denotes the model to be used:

$$\text{Model: } MV = (RCN - D) \times \text{\# of units}$$

Whereas:

MV= Market Value

RCN= Replacement Cost New

D= Depreciation

Various properties will be used to test this model. The test will ensure that the model accounts for market characteristics, which include but are not limited to, location, physical attributes, size, legal and economic factors, and legal restrictions, that affect market value. The model should produce accurate representations of market value, if not the model must be recalibrated and tested further. Once the model is calibrated to market characteristics and its conclusions are deemed accurate it will be applied uniformly to tangible business personal and further tested through ratio studies and cost comparisons with acceptable industry cost schedules.

Sales Comparison Approach

Business Personal Property is typically sold as part of the business as a whole and not by as an individual part of the business, which makes this approach unsuitable for valuing most Business Personal Property. This approach is only suitable for the valuation of certain types of vehicles and heavy equipment. Value estimates for vehicles is provided by an outside vendor and are based on data furnished by a nationally recognized vehicle listing service. An appraiser using published market guides such as NADA or other market guides will value this category of property. There are not sufficient known sales of industrial personal property to have a meaningful population for sales comparison purposes. This category of personal property is inclusive of all types at a facility, such as furniture, computers, and machinery. It is typical for Business Personal Property to be included in the sale of a facility, instead of being sold separately.

Income Approach

The income approach has limited use in the appraisal of machinery, equipment, furniture, fixtures, and leasehold improvements because of the difficulty in estimating future net benefits; except in the case of certain kinds of leased equipment. When reliable data on equipment leases is available, the income approach may be used to estimate fair market value of the equipment.

The income approach is not suitable in the appraisal of industrial personal property because the industrial facility operator in the production of an end service or product is using the Business Personal Property. Industrial facilities are not in the business of leasing their Business Personal Property to another industrial facility for the production of an end service or product.

MOBILE HOMES

Real and personal property mobile homes will be valued using the cost approach. The District's cost and depreciation schedules will be compared against *NADA* and *Marshall and Swift*, a nationally recognized pricing service and cost estimator, respectively.

According to Section 25.08(e) of the Texas Property Tax Code, a manufactured home placed on land owned by the same person will not be considered as real property unless the owner has filed a "Statement of Ownership and Location" with the county clerk or county tax assessor. Unless this statement is filed, the manufactured home will be carried in our records as personal property.

**SPECIAL USE PROPERTY VALUATION -
AGRICULTURAL/TIMBER/WILDLIFE PROPERTY**

The District values agricultural and timber land in compliance with the Texas Property Tax Code's *Manual for the Appraisal of Agricultural Land* and the *Manual for the Appraisal of Timber Land*", which states that the cash lease method and the share lease method of appraisal are appropriate

Since most properties are leased by the owners to tenant farmers, The District will use the cash lease method of appraisal. The cash lease method is a modified income approach using the lease amount (income per acre) minus expenses (landowner) to calculate the "net-to-land" value per acre. "Net-to-land" values will be averaged for a five-year period to give an average "net-to-land" factor that will be divided by the capitalization rate for the year to give a value per class of agricultural production. The Agriculture and Timber Valuation Department will collect lease data from the lessee on a yearly basis.

The Texas Property Tax Code Section 23.78 requires that timberland be valued using its Certified 1978 market value. The District maintains Certified 1978 Market Values in its application software database. If the Certified 1978 Market Value is greater than the current market value the current market value shall be used. If a jurisdiction did not exist for certification purposes in 1978, the productivity value calculated by the Agriculture and Timber Valuation Department will be used for valuing qualified timberland.

Properties currently receiving special use valuations will be asked to file new applications on a rotating periodic basis. For tax years 2015 and 2016 special use properties (Agricultural Use) will be field inspected to ensure they meet guidelines.

- 2015 Tax Year: Field inspection of all qualified agricultural use properties.
- 2016 Tax Year: Field inspection of all qualified agricultural use properties.

APPRAISAL REVIEW DOCUMENT

Each year the District's IS Department will prepare, by category, a listing of all property within the District in Account Number order. The report will include

1. Account Number
2. Current year proposed total value
3. Current year proposed land value
4. Current year proposed improvement value

Each Appraisal Department will be responsible for reviewing their respective Department's report ensuring consistency and accuracy.

Annually each Appraisal Department will produce the following error reports:

1. Excessive increase in Market Value
2. Excessive decrease in Market Value
3. Excessive increase in Assessed Value
4. Excessive decrease in Assessed Value

Each Appraisal Department will be responsible for reviewing their respective Department's reports ensuring no gross errors have occurred.

THE MASS APPRAISAL REPORT

Each Tax Year, the Mass Appraisal Report is prepared and certified by the chief appraiser at the conclusion of the appraisal phase of the ad valorem tax calendar (on or about May 15th). The Mass Appraisal Report is completed in compliance with USPAP Standard Rule 6-8. The signed certification by the chief appraiser is compliant with USPAP Standard Rule 6-9. This reappraisal plan is attached to the Mass Appraisal Report by reference.

VALUE DEFENSE

Evidence to be used by the District to meet its burden of proof for market value and equity in both informal hearings and formal Appraisal Review Board hearings will be developed and provided to the property owner or agent in compliance with the Texas Property Tax Code. After a protest is received and verified, hearing evidence will be generated and will be available at the District's office located at 109 Gladstell Street Conroe, TX 77301

2015 Reappraisal Calendar

It is understood that at any time, due to unforeseen circumstances including but not limited to staffing changes, natural disasters, and budgetary changes, the areas to be reviewed and timelines may be altered. If this occurs changes will be submitted to the District's Board of Directors for approval.

ACTIVITY	DEPARTMENT	Aug 14	Sept 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15	June 15	July 15
Sales Research	Sales and Analyst												
Sales Analysis	Sales and Analyst												
Sales Verification	Sales and Analyst												
Sales Ratio Analysis	Sales and Analyst												
Model Specification	Sales and Analyst												
Model Calibration	Sales and Analyst												
2015 Cost Schedule Update/Calibration	Sales and Analyst												
Neighborhood Delineation	Sales and Analyst												

ACTIVITY	DEPARTMENT	Area	Aug 14	Sept 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15	June 15	July 15
Sales Research	Land													
Sales Analysis	Land													
Sales Verification	Land													
Sales Ratio Analysis	Land													
Land Analysis	Land													
2015 Land Schedule Update/Calibration	Land													
Field Inspections for Pre-development Subdivisions	Land	County												
Field Inspection of New Subdivisions	Land	County												
Value New Subdivision	Land													
Splits/ Combos	Land													
Neighborhood Delineation	Land													

2015 Reappraisal Calendar

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Activity	Department	Area	Aug 14	Sept 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15	June 15	July 15
Re-inspections for 3 Year Rotation	Residential	Conroe												
		Conroe												
Special Projects	Residential	As assigned by Chief Appraiser												
Permit Research	Residential	County												
New Construction Discovery	Residential	County												
New Construction Value Review	Residential													
Field Checks	Residential	Accounts set for re-inspection in previous year												

ACTIVITY	DEPARTMENT	Area	Aug 14	Sept 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15	June 15	July 15
Re-inspections for 3 Year Rotation	Commercial	Conroe												
		Conroe												
Income Model Calibration	Commercial													
Special Projects	Commercial	As assigned by Chief Appraiser												
Permit Research	Commercial	County												
New Construction Discovery	Commercial	County												
New Construction Value Review	Commercial													
FIELD CHECKS	Commercial	Accounts set for re-inspection in previous year												

2015 Reappraisal Calendar

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ACTIVITY	DEPARTMENT	Area	Aug 14	Sept 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15	June 15	July 15
Personal Property Discovery & Inspection	Personal Property	County												
Mail Renditions	Personal Property and Data Processing													
Image Renditions, Calculate Special Inventory Factors, Key CAMA	Personal Property													
Personal Property Rendition Review & Finalize Values	Personal Property													
Process Personal Property Renditions & Mail Notices	Personal Property and Data Processing													
Personal Property Rendition Processing	Personal Property													

ACTIVITY	DEPARTMENT	Aug 14	Sept 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15	June 15	July 15
Field Inspections	Ag and Timber												
Mail Agriculture Income Questionnaires	Ag and Timber												
Mail Re-file	Ag and Timber												
Accept New Applications	Ag and Timber												
Mail Denial Letters	Ag and Timber												
Compile Information from Income Questionnaires	Ag and Timber												
Update Agriculture and Timber Schedules	Ag and Timber												
Accept Wildlife Annual Reports	Ag and Timber												
Ag Advisory Board Meetings	Ag and Timber												
Agriculture and Timber Dial Hearings	Ag and Timber												

2015 Reappraisal Calendar

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ACTIVITY	DEPARTMENT	Aug 14	Sept 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15	June 15	July 15
Industrial, Mineral, and Utility Contracts	Administration												
Inspection / Discovery	Pritchard & Abbott												
Industrial Real, Mineral and Utility Valuation	Pritchard & Abbott												
Industrial Personal Property Valuation	Pritchard & Abbott												

ACTIVITY	DEPARTMENT	Aug 14	Sept 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15	June 15	July 15
Ownership Changes	GIS/ Mapping, Property Transactions												
Annexations	GIS/ Mapping, Property Transactions												
Shape File Update	GIS/ Mapping, Property Transactions												
Special Mapping Projects	GIS/ Mapping, Property Transactions												

ACTIVITY	DEPARTMENT	Aug 14	Sept 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15	June 15	July 15
Key Appraiser Generated Changes	Appraisal Support												
Accept and Review Exemption Applications	Exemptions												
Key Exemptions	Exemptions												

2015 Reappraisal Calendar

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ACTIVITY	DEPARTMENT	Aug 14	Sept 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15	June 15	July 15
Process All Renditions, Prepare and Mail Appraisal Notices	All Departments												
Personal Property Penalty Waiver Hearings	Personal Property												
Current Year Appeals	All Departments												
Appraisal Roll Certification/ Withhold Certification	APPRAISAL OPERATIONS / SUPPORT, JURISDICTION SUPPORT												

2016 Reappraisal Calendar

It is understood that at any time, due to unforeseen circumstances including but not limited to staffing changes, natural disasters, and budgetary changes, the areas to be reviewed and timelines may be altered. If this occurs changes will be submitted to the District's Board of Directors for approval.

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Splits/ Combos	Land													
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2016 Reappraisal Calendar

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ACTIVITY	DEPARTMENT	Aug 15	Sept 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	June 16	July 16
Ownership Changes	GIS/ Mapping, Property Transactions												
Annexations	GIS/ Mapping, Property Transactions												
Shape File Update	GIS/ Mapping, Property Transactions												
Special Mapping Projects	GIS/ Mapping, Property Transactions												

ACTIVITY	DEPARTMENT	Aug 15	Sept 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	June 16	July 16
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Personal Property Penalty Waiver Hearings	Personal Property												
Current Year Appeals	All Departments												
Appraisal Roll Certification/ Withhold Certification	APPRAISAL OPERATIONS / SUPPORT, JURISDICTION SUPPORT												

Definitions

CAMA:	Computer Assisted Mass Appraisal
COD:	Coefficient of Dispersion, an indication of uniformity, it is the ratio of a measure of absolute dispersion to the median, or how far an individual value lies from the median level of all included values.
Cost-Market Hybrid:	An industry recognized approach to valuing property using both sales analysis and cost schedules. Cost schedules are adjusted upward or downward using actual, recent, verified sales of properties within a neighborhood or a comparable neighborhood.
Data Collection:	The act of physically inspecting and the recording of characteristics relevant to the value of any given property.
IAAO:	International Association of Assessing Officers. This organization made up of tax assessors and appraisers from around the world develops and recommends acceptable rules for administering the duties of ad valorem tax offices.
Information Systems:	The equipment, the data contained in the equipment and the personnel that maintain the equipment. Information Systems allows for the manipulation of data sets into a product usable for the appraisal and assessment functions required by the Texas Property Tax Code and the IAAO'S Uniform Standard of Professional Appraisal Practices.
Marshall and Swift:	A nationally recognized company that publishes replacement cost schedules related to all types of permanent and temporary structures. The schedules are adjustable for various regions of the US and for locality within those regions. The schedules are updated annually.
Mass Appraisal System:	Or CAMA. A computerized system that allows for the entry of property characteristics, valuation tables and depreciation schedules. This System provides a method to value, assess, and test through ratio studies the results of a valuation effort. Other functions such as maintaining exemptions, special valuations, previous year values, etc,

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are also maintained in the Mass Appraisal System.

Mean:	A measure of central tendency; the sum of the values of a set divided by the number of values.
Median:	A measure of central tendency. The value of the middle item in an array of uneven items arranged according to size or value; the arithmetic average of two central items in an even number of items similarly arranged.
NADA:	National Automobile Dealers Association. This organization annually publishes several reference guides devoted to the value of used motor vehicles and manufactured housing.
Neighborhood:	A group of complementary land uses.
Property Characteristics:	Any data that will have an effect on the value of a given property. I.E: Square footage, location, condition, plumbing, quality, outside influences.
Replacement Coat New:	The cost of construction, at current prices, of a building having utility equivalent to the building being appraised, using modern materials and according to current standards, design and layout.
SIC Codes:	Standard Industrial Classification Codes. Codes assigned by the US Office of Management and Budget to identify businesses as categories in relation to the business type.
Tax Year:	January 1 through December 31
Unknowns:	Properties listed on the appraisal rolls as having either an unknown owner or an unknown mailing address.
USPAP:	Uniform Standards of Appraisal Practices, Standards adopted by the IAAO to ensure equitability and uniformity in the valuation of all property subject to taxation by a governmental jurisdiction.
USPAP Standard 6:	The standard adopted by the IAAO that governs the methods, techniques and procedures used in a Mass

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Appraisal System.

USPAP Rule 8 & 9:

The rules as adopted under USPAP Standard 6 that requires the chief property appraiser of a jurisdiction that values and/or assesses property for ad valorem tax purposes to produce a report at the end of the Tax Year. The report must include an explanation of the course of action taken by the chief property appraiser in the valuing of the properties within his jurisdictions and must include the results of those actions as reflected in ratio studies.

Weighted Mean:

An average in which each component is adjusted by a factor that reflects its relative importance to a whole. The Weighted Mean is calculated by multiplying each component by its assigned weight, adding the products and dividing the sum of the products by the sum of the weight.