

MCLENNAN COUNTY APPRAISAL DISTRICT 2017 PROPOSED BUDGET DETAIL

We currently serve 43 taxing entities that include 20 school districts, 18 cities, the county and 5 other entities. We are responsible for appraising more than 120,000 parcels with a market value in excess of twenty billion dollars. Our overall budget for 2017 will increase by 2.1% from our 2016 budget. The overall budgeted amount for 2017 is very similar to the overall budgets for 2009-2011.

ORDINARY INCOME

Income is comprised of allocated payments from the taxing entities served by the appraisal district. Allocations are based on the percentage obtained by dividing the levy for each entity by the total levy of all entities. Additional income is generated from interest on investments (CD's), miscellaneous income (copies, open records requests, the sale of retired assets) and personal property rendition penalties. Interest on investments are still down because of a low interest rate environment.

EXPENSES

Salaries: The 2017 salaries are up slightly. Salary increases are based on merit only to reward those employees that are the most productive. Salary increases for 2017 are less than 2.43%. Our staff is currently comprised of 41 employees of which 21 are appraisers. All but three out of the 21 appraisers are registered professional appraisers with the State of Texas. The other three must complete their five-year training period to achieve this designation.

We have three highly skilled mapping professionals. Well over half of our staff is required to have professional designations that require extensive training and testing along with continuing education courses to continue their employment. All support staff are also required to take training courses that review new legislative mandates which affect all appraisal districts. Since training costs are high, it is a common practice for other districts to look for individuals who are already certified or close to certification. That is why it is very important that we try to retain our staff by paying competitive wages, otherwise we will constantly be paying more for training costs.

A review of other appraisal districts show that current salaries for McCAD's clerical and appraisal positions are low in comparison. Currently there are 41 positions provided for in the 2017 budget. We are using temp services to supplement the work of full-time employees as needed. This also allows us to control benefit costs.

Benefits: Health insurance costs are expected to increase approximately 18% from current costs or 5% over the 2016 approved budget, resulting from changes to the federal healthcare guidelines. The district is paying \$351.20 per month per person for employee coverage in 2016. We have managed to reduce this cost by using our HRA plan and providing coverage with higher deductibles.

Longevity pay is granted to full time McCAD employees who have been with the district for at least five years as of January 1, 2008. Longevity is paid at a rate of \$4.00 per month, per full year of service, up to a maximum of twenty-five years beginning October 1, 1981. Because training is so costly, longevity is used to retain experienced and well trained employees.

Pension: The TCDRS budgeted rate is 13% for 2017, which remains unchanged from 2016. We have also included \$30,000 in the budget to be applied to the district's TCDRS Unfunded Actuarial Accrued Liability (UAAL). This amount is the same as it has been for the last several years.

Professional Services: Appraisal Review Board members will be paid at \$150.00 per full day and \$75.00 for half days. The chairman is paid \$175.00 per full day and \$87.50 for half days. This amount has

grown as numbers of protests have grown in the past several years due to a slower economy and the legislative spotlight on appraisal districts in general.

The appraisal services expense line item covers contractual services with Capitol Appraisal Group. Capitol appraisal works utility properties, mineral properties, and specialty properties. These specialty properties include: Riesel Power Plant, telephone towers and cable companies.

Legal fees are budgeted for the services of Mr. Robert Meyers and fees associated with miscellaneous litigation. Growing litigation expenses are responsible for the decreased refunds to the entities in past years. We are increasing our budget by 29% to meet the expected defense costs, and designated \$400,000 from excess funds to cover potential costs of defending the power plant and other commercial valuations.

Temp services have also increased to assist with personal property renditions and new mandates requiring the exchange of evidence before each hearing. Since most taxpayers bring their evidence the day of their hearing, we must have temps scanning the evidence as it comes in the door.

Computer services is increasing by \$6,500 to allow for additional consulting work to offset the expected retirement of our IT Director.

Office Operating Expenses: Office supplies have increased in cost over the last few years. Printing expenses including costs for processing Notices of Appraised Value, personal property renditions, and personal property penalty letters have also increased. Additional postage costs are due to increased requirements to notify taxpayers of changes and increases in the amount of certified mail. Insurance expenses cover general liability, property (real and contents), electronic data processing, accounts receivable/valuable papers, commercial crime, umbrella liability, and employee/public officials liability.

Maintenance Expenses: The software maintenance budget includes maintenance expenses for the computer assisted mass appraisal software used for valuing properties, as well as, software for GIS mapping, and deed information. These items increase approximately 3% each year. We have replaced our old elevator with a new unit that should reduce our overall maintenance costs in future years.

CAPITAL OUTLAY

We replaced our servers in 2015 and expect them to remain in service until 2020. We will be flying each school district according to our future reappraisal plans. By adding change finder options to our aerial flights, we will be able to work more efficiently and also meet legislation mandates for inspecting properties once every three years. It also allows us to pick up new improvements that did not have building permits issued on them. The cost for aerials will be minimal when compared to the value added by picking up these new improvements. We expect to replace our phone system in 2018. The sewer lift station may have to be replaced or relocated in the next year, which has been fixed temporarily.

DEBT SERVICE EXPENSE

These budgeted expenses cover twelve months of mortgage payments in 2017 for our facility. These payments began in 2009 and have stabilized our costs for office space and have built equity for the entities that fund us. We have lowered our costs for heating and cooling since moving to this facility while providing better access and parking for everyone. We are currently working with Capitol One to reduce our mortgage rate from 6% to 4.75% for the balance of the loan. This will save the entities over \$100,000 in additional interest over the life of the loan.

CONTINGENCY FUND

The contingency fund is reduced to \$150,000 as we have designated excess funds for contingency items. There is no pending litigation against the District other than valuation related cases. Additionally, the board will consider policies to ensure that sufficient capital reserves are in place to maintain a positive fund balance on an on-going basis in the future as well as developing a long term budget.

**MCLENNAN COUNTY APPRAISAL DISTRICT
2017 PRELIMINARY ANNUAL BUDGET**

		2016 BUDGET	ACCOUNT TOTAL	2017	ACCOUNT TOTAL	\$ CHANGE	PERCENT CHANGE
5000	SALARIES						
5001	ADMINISTRATION	277,000		277,000		0	
5002	APPRAISAL	906,000		921,000		15,000	
5003	MAPPING	152,500		155,000		2,500	
5004	CLERICAL	417,000		443,000		26,000	
5006	PART TIME	0		0		0	
5007	MERIT PAY					0	
5008	AUTO & PHONE ALLOWANCE	129,760		132,040		2,280	
TOTAL SALARIES			1,882,260		1,928,040		2.43%

5100	BENEFITS						
5105	FICA TAX EXPENSE	143,800		148,000		4,200	
5110	HEALTH INSURANCE	194,600		204,000		9,400	
	5110-1 PB&H DEDUCTIBLE (HRA)	30,000		30,000		0	
5113	DISABILITY	5,000		6,000		1,000	
5115	LIFE INSURANCE	7,600		8,750		1,150	
5120	LONGEVITY	12,384		14,100		1,716	
5125	PENSION	254,610		253,000		(1,610)	
5126	PENSION UAAL	30,000		30,000		0	
5130	UNEMPLOYMENT COMPENSATION	9,100		9,200		100	
5135	WORKMANS COMPENSATION	8,500		9,100		600	
TOTAL BENEFITS			695,594		712,150		2.38%

5200	PROFESSIONAL SERVICES						
5201	APPRAISAL REVIEW BOARD	82,000		80,000		(2,000)	
5205	APPRAISAL SERVICES	27,500		27,500		0	
5210	AUDIT	6,200		6,500		300	
5215	BOARD OF DIRECTORS	1,200		1,200		0	
5217	COBRA	0		0		0	
5218	COMPUTER SERVICES	3,500		10,000		6,500	
5220	CONSULTING SERVICES	0		0		0	
	5220-1 ACCOUNTING	20,000		15,000		(5,000)	
	5220-2 MISC CONSULTING	0		0		0	
	2000-3 TXMASS	0		0		0	
5222	LAWN SERVICE	3,000		3,000		0	
5225	JANITORIAL SERVICES	20,000		22,000		2,000	
5229	ARBITRATION	3,000		3,000		0	
5230	LEGAL SERVICES			0		0	
	5230-1 RETAINER	22,800		22,800		0	
	5230-2 COURT COST	155,000		200,000		45,000	
	5230-3 MISC LEGAL SERVICES	30,000		20,000		(10,000)	
	5230-4 ARB Legal Counsel	3,500		6,000		2,500	
5233	MOVING SERVICE	0		0		0	
5234	PAYROLL SERVICE FEE	2,000		4,869		2,869	
5235	PERSONAL PROPERTY LISTS	2,500		2,500		0	
5239	SHREDDING SERVICE	500		500		0	
5240	TEMP SERVICES	80,000		80,000		0	
TOTAL PROFESSIONAL SERVICES			462,700		504,869		9.11%

5300	OFFICE OPERATING EXPENSES						
5301	DUES AND MEMBERSHIPS	6,000		6,000		0	
5305	FORMS AND PRINTING			0		0	
	5305-1 NOTICES	22,000		22,000		0	
	5305-2 RENDITIONS	7,500		7,500		0	
	5305-3 MISC	4,000		4,000		0	
5310	INSURANCE	7,100		7,100		0	
5315	LEGAL PUBLICATIONS	9,500		9,500		0	
5317	MILEAGE REIMBURSEMENT	4,200		4,200		0	
5320	OFFICE EQUIPMENT RENTAL			0		0	
	5320-1 POSTAGE MACHINE	5,800		7,008		1,208	
	5320-2 COPIERS	11,550		12,000		450	
5330	POSTAGE AND FREIGHT			0		0	
	5330-1 POSTAGE	86,000		90,000		4,000	
	5330-2 FREIGHT	900		900		0	
5335	SMALL EQUIPMENT AND FURNITURE	3,000		2,500		(500)	
5336	SMALL SOFTWARE	4,800		4,800		0	
5340	SUBSCRIPTIONS AND BOOKS	9,700		9,700		0	
5345	SUPPLIES			0		0	

	5345-1	OFFICE SUPPLIES	31,500		31,500		0
5350		TRAINING AND EDUCATION	20,000		20,000		0
5355		TRAVEL	15,000		15,000		0
5360		UTILITIES			0		
	5360-1	PHONE AND INTERNET	20,000		20,000		0
	5360-2	ELECTRIC	27,000		27,000		0
	5360-4	WATER AND SEWER	4,800		4,800		0
5365		MISC EXPENSE	1,350		1,350		0
TOTAL OFFICE OPERATING EXPENSES				301,700		306,858	1.71%

5400 MAINTENANCE EXPENSES

5401		BUILDING	10,000		15,000		5,000
5402		ELEVATOR	5,000		5,000		0
5405		COMPUTER EQUIPMENT-HARDWARE	6,000		6,000		0
5410		SMALL EQUIPMENT AND FUNITURE	4,000		3,000		(1,000)
5415		SOFTWARE MAINTENANCE			0		0
	5415-1	TRUE AUTOMATION	97,815		116,567		18,752
	5415-5	SOFTWARE SERVICE	6,000		6,000		0
	5415-6	ESRI	10,000		10,000		0
	5415-7	EMAIL LICENSE	0		0		0
5420		TELEPHONE MAINTENANCE	1,800		1,800		0
TOTAL MAINTENANCE EXPENSES				140,615		163,367	16.18%

5500 CAPITAL OUTLAY

5501		BUILDING IMPROVEMENTS	5,000		5,000		0
5502		SMALL EQUIPMENT	10,000		10,000		0
5505		LARGE EQUIPMENT	20,000		20,000		0
5510		LARGE FURNITURE	1,000		1,000		0
5515		SOFTWARE	0		0		0
5525		AERIAL PHOTOGRAPHY	70,000		70,000		0
TOTAL CAPITAL OUTLAY				106,000		106,000	0.00%

5600 DEBT SERVICE EXPENSE

5601		DEBT SERVICE INTEREST--BUILDING	70,416		71,332		916
5602		DEBT SERVICE INTEREST--EQUIPMENT					0
5603		DEBT SERVICE INTEREST--MAPPING					0
5605		DEBT SERVICE PRINCIPLE--BUILDING	70,416		69,500		(916)
5606		DEBT SERVICE PRINCIPLE--EQUIPMENT					0
5607		DEBT SERVICE PRINCIPLE--MAPPING					0
TOTAL DEBT SERVICE EXPENSE				140,831		140,831	0.00%

6000 CONTINGENCY FUND

6001		BUILDING FUND					0
6005		EQUIPMENT FUND					0
6010		GENERAL CONTINGENCY FUND	200,000		150,000		(50,000)
TOTAL CONTINGENCY FUND				200,000		150,000	-25.00%

TOTAL OPERATING BUDGET \$ 3,929,700 \$ 4,012,115 2.10%

LESS BUDGETED GENERAL INCOME

4033		INTEREST ON INVESTMENTS		150		2,000	
4040		MISCELLANEOUS REVENUE		1,200		1,500	
4045		BPP RENDITION PENALTY REVENUE		14,500		10,000	
TOTAL GENERAL INCOME				15,850		13,500	

LESS FUND BALANCE CREDIT TO ENTITIES 0

TOTAL ENTITY SUPPORT \$ 3,913,850 \$ 3,998,615 2.17%

**MCLENNAN COUNTY APPRAISAL DISTRICT
YEARLY BUDGET COMPARISON**

YEAR	2009	2010	2011	2012	2013	2014	2015	2016	2017
TOTAL BUDGET AMOUNT	3,839,381	4,104,432	3,925,152	3,726,481	3,846,659	3,792,019	4,514,164	3,929,700	4,012,115
% BUDGET INCREASE	7.50%	6.90%	-4.37%	-5.06%	3.22%	-1.42%	19.04%	-12.95%	2.10%
ENTITY CONTRIBUTION	3,324,022	3,306,950	3,195,695	3,194,169	3,377,201	3,616,635	4,498,134	3,913,850	3,998,615
TOTAL EXPENSE AUDITED	3,335,516	3,513,082	3,300,473	3,505,320	3,512,657	3,872,914	3,713,941		
***WHAT SHOULD HAVE BEEN CREDITED	-11,494	-206,132	-104,778	-311,151	-135,456	-256,279	784,193		
ENTITY ACTUAL CREDITED AMOUNT	761,178	698,457	513,612	449,458	155,384	36,929	0		
FUND BALANCE	698,457	513,612	449,458	155,384	36,929	0	611,282		
CONTINGENCY FUNDS	400,000	550,000	400,000	200,000	250,000	250,000	750,000	200,000	150,000
NUMBER OF EMPLOYEES	44	44	44	44	43	41	41	41	41

*** This is the difference between the Entity Contribution & what the District actually spent.