

BOARD OF DIRECTORS OF THE
McLENNAN COUNTY APPRAISAL DISTRICT

NOTICE OF PUBLIC MEETING OF THE BOARD OF DIRECTORS

Take notice that a meeting of the Board of Directors of the McLennan County Appraisal District will be held on Thursday May 14, 2020, at 9:00 A.M., by videoconference, as outlined on the agenda below. Due to health and safety concerns related to the COVID-19 coronavirus, this meeting will not be open to the public and will be conducted by videoconference. At least a quorum of the board will be participating by videoconference in accordance with the provisions of Sections 551.125 or 551.127 of the Texas Government Code that have not been suspended by order of the governor. Members of the public may access this meeting as follows:

- <https://www.gotomeet.me/McLennanCAD>
- or by phone +1 (872) 240-3212, Access Code: 464-795-957.

Public comments related to this meeting must be submitted prior to May 13th, at 10 P.M. via email to ca@mclennanCAD.org, or by voicemail at 254-752-9860. Timely submitted comments will be read or played at the start of the meeting.

I hereby certify that such notice was posted by 9:00 a.m., May 11, 2020, at McLennan County Appraisal District 's website at http://www.mclennanCAD.org/General_Info in accordance with govt code 551.05.



JOE DON BOBBITT
ACTING CHIEF APPRAISER

BOARD OF DIRECTORS VIDEO CONFERENCE MEETING
MAY 14, 2020, 9:00 A.M.
MCLENNAN COUNTY APPRAISAL DISTRICT
315 S. 26TH STREET, WACO, TX 76710
Agenda

Meeting Called To Order

Public Comment

Business Session

Items Requiring Board Action

1. Minutes of April 16, 2020 meeting
2. Review and accept 2019 Financial Audit by Patillo, Brown, & Hill
3. Adopt Resolution to Commit, Reallocate and/or Return Excess Funds from 2019 Budget
4. Adopt TCDRS plan assessment for 2021
5. Consider adopting TCDRS 415 agreement
6. Adopt 2020 Investment Policy
7. Appointment of Chief Appraiser, evaluation and contract
8. Verification of Cybersecurity Training

Discussion Items

9. Financial statements
10. 2021 Draft budget
11. 2021-2022 Draft Reappraisal Plan

Management And Committee Reports

12. Taxpayer Liaison report.
13. Chief appraiser report to include updates regarding: appraisals, preliminary totals, arb, arbitrations, lawsuits, training & education, open records requests, MCAD building, MCAD contracts, PVS results, relevant AG opinions and miscellaneous issues

Executive Session

- a. The appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of an officer or employee, supervisor, chief appraiser (Tex. Govt. Code sec.551.074) (a)
- b. A private consultation with the board's attorney on matters in which the duty of the attorney to the governmental body under the Texas disciplinary rules of professional conduct of the state bar of Texas clearly conflicts with the open meetings act or pending or contemplated litigation or settlement offer, as authorized by law (Tex. Govt. Code section 551.071)) 2018-3100-4 CATERPILLAR; 2019-3547-4 ACC OP; 2019-3548-4 CONTINENTAL 347 FUND LLC; 2019-3550-4 MADISON LOFT LLC; 2019-3549-4 WACO MEMPHIS LLC; 2019-3432-3 DCII -700 AUSTIN AVENUE, LLC; 2017-2738-5 DCII-700 AUSTIN AVENUE, LLC; 2019-3523-3 STONERIVER, LTD; 2019-3414-5 VANTAGE AT WACO, LLC; 2019-2543-5 VANTAGE AT WACO, LLC; 2017-2519-4 BRAZOS RIVER PARTNERSHIP ONE LP; 2016-3003-4 BRAZOS RIVER PARTNERSHIP ONE, LP; 2019-3543-5 BRAZOS CONDOS I LP; 2019-3544-5 BRAZOS RIVER PARTNERSHIP THREE LP; 2018-2797-5 EIRREK RTT LLC; 2018-3617-3 LCS-DELANEY I LLC; 2019-2897-4 OWENS-BROCKWAY; 2018-2987-4 WACO VILLAGE; 2017-2847-4 BEN E. KEITH; 2018-2665-4 WALGREENS CO; 2019-3038-5 CD PARK 7 WACO OWNER, LP.; 2018-3424-5 HEB; 2019-2808-4 HEB; 2018-3320-4 SPRING WACO; 2014-3244-5 BRAUDWAY; 2018-3319-5 PROGRESSIVE INNS
- c. Note for agenda items under this heading: the board of directors will be in closed session for these items.
For any agenda items *not* under this heading: If during the course of the meeting covered by this notice, the board should determine that any business session item is permitted/eligible for a closed or executive meeting or session of the board and/or is required for such item, then a closed or executive meeting or session will be held as authorized by the Texas Open Meetings Act, Texas Government Code, Chapter 551 for any such item(s).

Business Session (Continued)

Other Items

14. Set agenda items, and next meeting date/time
15. Adjournment

Videoconference Info

<https://www.gotomeet.me/McLennanCAD>

or by phone +1 (872) 240-3212, Access Code: 464-795-957

McLENNAN COUNTY APPRAISAL DISTRICT
BOARD OF DIRECTORS MEETING
APRIL 16, 2020 9:00 A.M.
McLennan County Appraisal District
315 S. 26th St.
Waco, TX 76710

The Board of Directors of the McLennan County Appraisal District (BOD) met at 9:00 a.m. on Thursday April 16, 2020, at the McLennan County Appraisal District, 315 S. 26th St., Waco, TX 76710. The notice of such meeting was duly posted by 9:00 a.m., April 13, 2020.

The members present for the webinar meeting were: Mr. John Kinnaird, Mr. Allen Sykes, Mr. Randy Riggs and Mr. Tom Pagel. Mr. Ben Perry joined the meeting at 9:24 a.m. Also present at the meeting were Mr. Robert Meyers, Mr. Matthew Tepper, Mr. Joe Don Bobbitt, and Mrs. Betty Sanchez. Mrs. Mildred Watkins was not present.

John Kinnaird called the meeting to order at 9:08 a.m.

Public Comment: None

Items for Board Action:

Item #1 Minutes of the February 13, 2020 Meeting: The minutes of the February 13, 2020 meeting were approved as submitted.

Item #2 Trepp Contract for data service: Joe Don Bobbitt presented stating that this service provides publicly available data that is provided to the SEC and mortgage lenders by the property owner and includes their tax escrow amount which indicates their opinion of value. This service is being used by the comptroller's office to do the Property Value Study (PVS). This resulted in an increased failure rate last year by appraisal districts. Board discussed and agreed that this service is needed to meet compliance with the PVS. Allen Sykes motioned to approve the Trepp Contract for data service. Tom Pagel seconded. No opposition. Motion passed.

Item #3 Amend Board Policies including committing future excess funds, and striking appointment of ARB Chairman and secretary. Joe Don Bobbitt presented changes to the board policies that include practices of the board with reserving all additional funds to be committed in the future and the board may refund what they determine to be excess. Also, the appointment of the ARB chairman and secretary has been changed from the board of directors to the district judge due to legislative change. Exparte communications have been modified to allow the board to forward taxpayer complaints without adding additional comments, based on a legislative change as well. Tom Pagel motioned to approve the Amended Board Policies discussed. Allen Sykes seconded. No opposition. Motion passed.

Item #4 Amended contract with Capital Appraisal Group to include Industrial property type: Joe Don Bobbitt presented requesting authority to modify the current contract with Capital Appraisal group to include industrial property type for the 2021 tax year. This change would add \$40,000 to the budget. Work would not start until August but may impact the current budget due to payment cycles. Board discussed. Allen Sykes motion to Amend contract with Capital Appraisal group to include industrial property type. Tom Pagel seconded. No opposition. Motion passed.

Item #5 Storage device bids from Davenport Group: Joe Don Bobbitt presented explaining the current device storage amount and that it is currently out of warranty and nearing being full. The current budget was only estimated for \$15,000 originally. Joe Don Bobbitt has received two quotes and requested authority to buy a

storage device for less than \$18,000 that would buy a smaller device at 16TB with flash drives for around the same price as the two quotes for 20TB. Board discussed. Ben Perry motioned to approve the purchase of the 16TB with flash drives. Tom Pagel seconded. No opposition. Motion passed.

Discussion Items

Item #6 Financial statements: Joe Don Bobbitt presented the financial statement from December 2019 and noted current surplus around \$517,000. Randy Riggs questioned overbudget amounts for appraisal salary. Joe Don Bobbitt will investigate this and get back to board as to why. Joe Don Bobbitt confirmed that the \$30,000 Pension UAAL was made but booked to normal pension line incorrectly.

Item #7 HR audit report from Strategic Government Resources: This is to be discussed during executive session.

Item #8 Team Consulting draft report on Appraisal procedures: Joe Don Bobbitt presented. Board discussed.

Item #9 2021 Draft Budget: Joe Don Bobbitt presented and acknowledged that this was planned before COVID-19 and 3% salary increases may not be practical based on what entities are doing. The draft budget includes \$125,000 from our fund balance to offset current increases to the budget mainly coming from adding a MAI appraiser on a part time basis, Trepp data service, increases postage due to legislative changes to noticing and Capital appraisal group contract amendment. The board all agreed that there will be some budget issues for the entities and that the salaries should remain the same as the current budget. The board will revisit the draft budget in a later meeting.

Item #10 I 35 construction effects on valuation: John Kinnaird stated that Item #10 and #11 would be discussed at the same time. Joe Dob Bobbitt presented that he had John Cook do a study of interstate construction looking at sales tax for city wide for Temple and Belton and it showed an 8% impact. Joe Don Bobbitt found another study regarding impacts in Austin that showed between a .05 - .50 per square foot reduction in land values which is minimal when looking at current \$45 per square foot land prices. Joe Don Bobbitt explained that our values are as of January 1st and that the comptroller's office will be holding us to that. All requests for relief at the state level were denied due to it being a legislative issue and that no one agency or official had the authority to modify the property tax system. Joe Don Bobbitt explained that the district will do what it can to minimize increases but still stay within tolerance of the property value study. Joe Don Bobbitt stated that the coronavirus impact for the district and date changes, certification timeline and requirements, and noted that the office has been minimized to 1/3 of staff in the office using remote access for ARB hearings and working from home. The board discussed.

Item #11 Coronavirus impact on CAD operations, and availability of taxpayer relief: Discussed in Item #10 above.

Management and Committee Reports

Item #12 Taxpayer liaison report: Betty Sanchez presented saying she did not have any new complaints noting one ARB member had resigned and the judge has appointed a replacement.

Item #13 Chief appraiser report: Joe Don Bobbitt presented his report noting that the ARB members have not been trained due to the cancellation of the training because of COVID-19. The district does have a drop box in the front office lobby for taxpayers to drop off any forms.

Executive Session: The board went into Executive session at 10:12 a.m. Executive session adjourned at 11:10 a.m.

Action on items discussed in closed session: No action taken.

Set next meeting date: The next meeting date and time are mid May 2020. Items for the agenda should include Audit results, Submission of draft budget to the entities and the reappraisal plan.

There is no other business to come before the Board; the meeting adjourned at 11:13 a.m.

Allen Sykes, Secretary

**McLENNAN COUNTY
APPRAISAL DISTRICT**

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2019

McLENNAN COUNTY APPRAISAL DISTRICT

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DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
McLennan County Appraisal District
Waco, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of McLennan County Appraisal District, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise McLennan County Appraisal District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

McLennan County Appraisal District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the McLennan County Appraisal District, as of December 31, 2019, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, and schedule of employer contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2020, on our consideration of the McLennan County Appraisal District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering McLennan County Appraisal District's internal control over financial reporting and compliance.

Waco, Texas

_____, 2020

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis provides a narrative overview of the financial activities and changes in the financial position of the McLennan County Appraisal District (the "District") for the fiscal year ended December 31, 2019. Readers should use the additional required notes included in the standard Financial Audit of the Appraisal District along with this information.

Financial Highlights:

The assets and deferred outflows of resources of the McLennan County Appraisal District exceeded its liabilities and deferred inflows of resources by \$1,476,086. Of this amount on December 31, 2019, \$844,800 represented unrestricted net position which can be used to meet the District's ongoing obligations. The District's total change in net position was \$173,605.

Investments by the District are governed by the Public Funds Investment Act and are limited to interest earning bank accounts. Interest and other earnings for the financial year ended December 31, 2019, were \$24,494, an increase of \$1,813 over the prior year's earnings.

Overview of the Financial Statements:

This part of the discussion and analysis is merely intended to serve as an introduction for the District's basic financial statements for year-end. The District's basic financial statements are comprised of two components: (1) government-wide financial statements, which include the fund financial statement and (2) notes to the financial statements. The report also contains other required supplementary information in addition to the basic financial statements themselves.

The first report in the Financial Audit is the *Statement of Net Position and Governmental Fund Balance Sheet*, reporting the District's year-end position on December 31, 2019, based on the accrual method of accounting. This is followed by the *Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance* for the year.

Behind these reports are *Notes to Financial Statements*, explaining in further detail accounting policies, cash and certificates of deposit, changes in general fixed assets, employees' retirement system, and leases. The final report in the audit is the *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual*. This report shows how effective the District has been in the past 12 months adhering to budgeted expenditures.

Financial Analysis:

DISTRICT'S NET POSITION

	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 2,776,790	\$ 2,493,776
Capital assets	<u>1,608,973</u>	<u>1,539,223</u>
Total assets	<u>4,385,763</u>	<u>4,032,999</u>
Deferred outflows of resources	<u>1,157,822</u>	<u>464,387</u>
Long-term liabilities	2,756,524	1,744,996
Other liabilities	<u>1,249,094</u>	<u>1,154,696</u>
Total liabilities	<u>4,005,618</u>	<u>2,899,692</u>
Deferred inflows of resources	<u>61,881</u>	<u>295,213</u>
Net position:		
Net investment in capital assets	631,286	480,660
Unrestricted	<u>844,800</u>	<u>821,821</u>
Total net position	<u>\$ 1,476,086</u>	<u>\$ 1,302,481</u>

DISTRICT'S CHANGE IN NET POSITION

	<u>2019</u>	<u>2018</u>
Revenues:		
Program:		
Charges for services	\$ <u>4,228,661</u>	\$ <u>4,240,290</u>
Total program revenues	<u>4,228,661</u>	<u>4,240,290</u>
General:		
Interest and other	<u>24,494</u>	<u>22,681</u>
Total general revenues	<u>24,494</u>	<u>22,681</u>
Total revenues	<u>4,253,155</u>	<u>4,262,971</u>
Expenses:		
Tax appraisal - operations	4,032,814	3,783,431
Interest and other fiscal charges	<u>46,736</u>	<u>50,256</u>
Total expenses	<u>4,079,550</u>	<u>3,833,687</u>
Change in net position	173,605	429,284
Net position, beginning	<u>1,302,481</u>	<u>873,197</u>
Net position, ending	<u>\$ 1,476,086</u>	<u>\$ 1,302,481</u>

Capital Asset and Debt Administration:

Capital Assets:

The District's investment in capital assets for its operations as of December 31, 2019, amounts to \$1,608,973 (net of accumulated depreciation). This investment in capital assets includes leasehold improvements, furniture, equipment, and software. The District's total capital assets (before depreciation) increased for the current fiscal year \$229,216 over the prior year. The increase in capital asset value was due to the District's additions for the year and disposals of unused capital assets exceeding current depreciation.

		<u>12/31/2019</u>
Building	\$ 1,466,455	
Furniture	208,354	
Equipment and software	<u>1,601,134</u>	
Total capital assets being depreciated		3,275,943
Less: accumulated depreciation		<u>(1,666,970)</u>
Total capital assets being depreciated, net		<u>\$ 1,608,973</u>

Long-term Debt:

As of December 31, 2019, the District had \$977,687 in long-term debt with the building note payable. The District also has a liability of \$244,163 for compensated absences and unpaid sick leave and a liability of \$1,534,674 for a net pension liability related to the District's participation in the Texas County and District Retirement System.

Revenue:

The District receives the majority of its revenue from the 42 taxing jurisdictions it serves in McLennan County. This would include cities, school districts, the County, and special districts. During the fiscal year ended December 31, 2019, the District received \$4,253,155 in revenue. Of this amount, \$4,228,661 or 99.6% was received from these jurisdictions. The remaining \$24,494 was from interest earned on the District's investments and from the sale of copies of District data to the public through the Public Information Act and other District revenues.

Economic Factors and Next Year's Budget:

The District has no pending litigation other than valuation related cases. The District does plan on increased litigation costs in the future to support the defense of market value. The Board has implemented policies to ensure that the fund balance has sufficient capital reserves going forward. The District plans to assign and commit funds to cover both expected and unexpected expenses going forward. Excess funds will be credited back to the entities.

Contacting the District's Financial Manager:

This financial report is designed to provide the entities served by The District, the residents of McLennan County, and the District's creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives from the taxing entities. If you have questions about this report or need additional financial information, please contact the McLennan County Appraisal District, P. O. Box 2297, Waco, TX 76703 with attention to the Chief Appraiser.

BASIC FINANCIAL STATEMENTS

MCLENNAN COUNTY APPRAISAL DISTRICT

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET

DECEMBER 31, 2019

	<u>General</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash and cash equivalents	\$ 2,348,653	\$ -	\$ 2,348,653
Receivables	403,718	-	403,718
Prepaid expenses	24,419	-	24,419
Capital assets, net of depreciation	<u>-</u>	<u>1,608,973</u>	<u>1,608,973</u>
Total assets	<u>2,776,790</u>	<u>1,608,973</u>	<u>4,385,763</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred resources related to pensions	<u>-</u>	<u>1,157,822</u>	<u>1,157,822</u>
Total deferred outflows of resources	<u>-</u>	<u>1,157,822</u>	<u>1,157,822</u>
LIABILITIES			
Accounts payable	38,382	-	38,382
Accrued liabilities	121,109	-	121,109
Unearned revenues	1,089,603	-	1,089,603
Compensated absences	-	244,163	244,163
Note payable	-	977,687	977,687
Net pension liability	<u>-</u>	<u>1,534,674</u>	<u>1,534,674</u>
Total liabilities	<u>1,249,094</u>	<u>2,756,524</u>	<u>4,005,618</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred resources related to pensions	<u>-</u>	<u>61,881</u>	<u>61,881</u>
Total deferred outflows of resources	<u>-</u>	<u>61,881</u>	<u>61,881</u>
FUND BALANCE/NET POSITION			
Fund balance:			
Committed:			
Litigation	300,000	(300,000)	-
Capital improvements	80,663	(80,663)	-
Technology and professional services	735,844	(735,844)	-
General reserves	411,189	(411,189)	-
Refunds to taxing entities	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>1,527,696</u>	<u>(1,527,696)</u>	<u>-</u>
Total liabilities and fund balance	\$ <u>2,776,790</u>		
Net position:			
Net investment in capital assets		631,286	631,286
Unrestricted		<u>844,800</u>	<u>844,800</u>
Total net position		\$ <u>1,476,086</u>	\$ <u>1,476,086</u>

The accompanying notes are an integral part of these financial statements.

MCLENNAN COUNTY APPRAISAL DISTRICT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>General</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES/EXPENSES			
Tax appraisal - operations	\$ 3,686,426	\$ 346,388	\$ 4,032,814
Debt service			
Principal	80,876	(80,876)	-
Interest and other fiscal charges	46,736	-	46,736
Capital outlay	<u>250,501</u>	<u>(250,501)</u>	<u>-</u>
Total expenditures/expenses	<u>4,064,539</u>	<u>15,011</u>	<u>4,079,550</u>
 PROGRAM REVENUES			
Charges for services	<u>4,228,661</u>	<u>-</u>	<u>4,228,661</u>
Total program revenues	<u>4,228,661</u>	<u>-</u>	<u>4,228,661</u>
 GENERAL REVENUES			
Interest and other	<u>24,494</u>	<u>-</u>	<u>24,494</u>
Total general revenues	<u>24,494</u>	<u>-</u>	<u>24,494</u>
 CHANGE IN FUND BALANCE	188,616	(188,616)	-
 CHANGE IN NET POSITION	-	173,605	173,605
 FUND BALANCE/NET POSITION, BEGINNING	<u>1,339,080</u>	<u>(36,599)</u>	<u>1,302,481</u>
 FUND BALANCE/NET POSITION, ENDING	<u>\$ 1,527,696</u>	<u>\$(51,610)</u>	<u>\$ 1,476,086</u>

The accompanying notes are an integral part of these financial statements.

McLENNAN COUNTY APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The McLennan County Appraisal District (“the District”) was created by the 66th Legislature of the State of Texas under the provisions of Senate Bill 621 known as the Property Tax Code. Under this code, the District was established in McLennan County and is responsible for appraising all property within the county for ad valorem tax purposes. Each of the taxing units within the District are allocated a portion of the amount of the District’s budget equal to the proportion that the total dollar amount of property taxes imposed in the District by the unit for the tax year bears to the sum of the total dollar amount of property taxes imposed by all taxing units participating in the District.

In evaluating how to define the entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Codification. The basic, but not the only, criterion for including a potential component unit with the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion/exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, no additional component units are included in defining the District’s reporting entity.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. *Governmental activities* are supported by tax appraisal services and investment revenue.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenue are reported instead as *general revenue*.

The government-wide and fund financial statements are provided for the governmental fund of the District with a column for adjustments between the two statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Tax appraisal services are recognized as revenue in the year for which they are performed.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, are recorded only when payment is due.

The District reports the following major governmental fund:

The ***General Fund*** is the District’s primary operating fund. It accounts for all financial resources of the government.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Assets and Deferred Inflows of Resources, Liabilities and Deferred Inflows of Resources, and Net Position or Fund Balance

Cash and Investments

Cash consists of demand deposit accounts. The investment policies of the District are governed by state statute. Management has followed a practice of investing in certificates of deposit.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20 - 50
Furniture	5 - 10
Equipment and software	5 - 10

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has the following items that qualify for reporting in this category.

- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions – This difference is deferred and amortized over a closed five-year period.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- The difference in expected and actual economic experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category.

- The difference in expected and actual economic experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by resolution of the Board of Directors, the District's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors or laws or regulations of other governments.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenue and expenses. Accordingly, actual results may differ from estimated amounts.

2. DETAILED NOTES ON ALL FUNDS

Deposits and Cash Equivalents

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2019, all of the District's deposit balances were covered by FDIC insurance and pledged governmental securities.

Interest Rate Risk. In accordance with its investment policy, the District manages its exposure to declines in fair market values by limiting the average dollar-weighted maturity of its portfolio to a maximum of 365 days.

Credit Risk. It is the District's policy, as defined in the Texas Public Funds Investment Act, to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization.

Capital Assets

Capital asset activity for the year ended December 31, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Government activities:				
Capital assets, being depreciated:				
Building	1,466,455	\$ -	\$ -	\$ 1,466,455
Furniture	206,652	1,702	-	208,354
Equipment and software	<u>1,373,620</u>	<u>247,970</u>	<u>(20,456)</u>	<u>1,601,134</u>
Total capital assets being depreciated	<u>3,046,727</u>	<u>249,672</u>	<u>(20,456)</u>	<u>3,275,943</u>
Less accumulated depreciation:				
Building	(293,290)	(29,329)	-	(322,619)
Furniture	(105,152)	(11,852)	-	(117,004)
Equipment and software	<u>(1,109,062)</u>	<u>(138,741)</u>	<u>20,456</u>	<u>(1,227,347)</u>
Total accumulated depreciation	<u>(1,507,504)</u>	<u>(179,922)</u>	<u>20,456</u>	<u>(1,666,970)</u>
Total capital assets, being depreciated, net	<u>\$ 1,539,223</u>	<u>\$ 69,750</u>	<u>\$ -</u>	<u>\$ 1,608,973</u>

Defined Benefit Pension Plan

Plan Description. The District participates in a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent, multiple-employer, public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tcdrs.org.

All non-temporary employees participate in the plan. Employees in a temporary position are not eligible for membership.

Benefits Provided. TCDRS provides retirement, disability and survivor benefits for all eligible employees. Benefit terms are established by the TCDRS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at age 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. By law, employee accounts earn 7% interest. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employees covered by benefit terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	36
Inactive employees entitled to but not yet receiving benefits	18
Active employees	<u>40</u>
	<u>94</u>

Contributions. The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the District were required to contribute 7% of their annual gross earnings during the fiscal year. The required contribution rates for the District was 12.06% in calendar year 2019. However, the District elected to use a rate of 13%. The District's contributions to TCDRS for the year ended December 31, 2019, were \$276,883, which exceeded required contributions by \$47,852.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Overall payroll growth	2.0% per year
Investment rate of return	8.0%, net of administrative and investment expense, including inflation

The District has no automatic cost-of-living adjustments ("COLA") and one is not considered to be substantively automatic. Therefore, no assumption for future cost-of-living adjustments is included in the actuarial valuation. Each year, the District may elect an ad-hoc COLA for its retirees.

Mortality rates for active members, retirees, and beneficiaries were based on the following:

Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Health Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

The actuarial assumptions that determined the total pension liability as of December 31, 2019 were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016, except for mortality assumptions. Mortality assumptions were updated for the 2017 valuation to reflect projected improvements.

The long-term expected rate of return on pension plan investments is 8.10%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate of return on TCDRS is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2019 information for a 7 to 10-year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. The target allocation and best estimates of geometric real rates return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
International Equities - Developed	MSCI World Ex USA (net)	10.00%	5.40%
International Equities - Emerging	MSCI EM Standard (net) Index	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays U.S Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	2.00%	7.20%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%

⁽¹⁾ Target asset allocation adopted at the April 2019 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.70%, per Cliffwater's 2019 capital market assumptions

⁽³⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the total pension liability was 8.10%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8.10%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8.1%) in measuring the 2019 Net Pension Liability:

	1% Decrease 7.1%	Current Discount Rate 8.1%	1% Increase 9.1%
Total pension liability	\$ 14,109,508	\$ 12,680,407	\$ 11,455,899
Fiduciary net position	<u>11,145,733</u>	<u>11,145,733</u>	<u>11,145,733</u>
Net pension liability/(asset)	<u>\$ 2,963,775</u>	<u>\$ 1,534,674</u>	<u>\$ 310,166</u>

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2017	\$ 12,132,588	\$ 11,708,235	\$ 424,353
Changes for the year:			
Service cost	235,516	-	235,516
Interest on total pension liability ⁽¹⁾	972,530	-	972,530
Effect of economic/demographic gains or losses	77,248	-	77,248
Refund of contributions	(11,364)	(11,364)	-
Benefit payments	(726,111)	(726,111)	-
Administrative expenses	-	(8,952)	8,952
Member contributions	-	134,441	(134,441)
Net investment income	-	(221,734)	221,734
Employer contributions	-	279,676	(279,676)
Other ⁽²⁾	-	(8,458)	8,458
Balance at 12/31/2018	<u>\$ 12,680,407</u>	<u>\$ 11,145,733</u>	<u>\$ 1,534,674</u>

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ Relates to allocation of system-wide items.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. The report may be obtained on the Internet at www.tcdrs.org.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2019, the District recognized pension expense of \$460,507. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 105,271	\$ 61,881
Changes in actuarial assumptions	78,159	-
Difference between projected and actual investment earnings	697,509	-
Contributions subsequent to the measurement date	<u>276,883</u>	<u>-</u>
Total	<u>\$ 1,157,822</u>	<u>\$ 61,881</u>

\$276,883 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Fiscal Year Ended December 31,</u>	
2020	\$ 321,253
2021	142,474
2022	108,568
2023	246,763

Long-term Debt

Annual debt service requirements to maturity for the District's long-term debt are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 84,556	\$ 43,055
2021	88,404	39,207
2022	92,427	35,185
2023	96,633	30,979
2024	101,030	26,581
2025-2029	<u>514,637</u>	<u>59,613</u>
Total	<u>\$ 977,687</u>	<u>\$ 234,620</u>

Changes in Long-term Debt

Long-term debt activity for the year ended December 31, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Direct borrowings	\$ 1,058,563	\$ -	\$ 80,876	\$ 977,687	\$ 84,556
Compensated absences	<u>262,080</u>	<u>201,436</u>	<u>219,353</u>	<u>244,163</u>	<u>48,833</u>
Total long-term liabilities	<u>\$ 1,320,643</u>	<u>\$ 201,436</u>	<u>\$ 300,229</u>	<u>\$ 1,221,850</u>	<u>\$ 133,389</u>

Litigation

On various occasions, the District can be either a defendant or co-defendant in lawsuits. While the District and legal counsel cannot predict the results of any litigation, it believes it has meritorious defenses to those actions, proceedings and claims.

The District is involved in 77 lawsuits as of year-end related to taxpayers challenging appraisal values on their properties. Although the District would not be directly liable for any potential judgements or settlements in these cases, in the event that adverse judgements are reached in these cases, the District could suffer the imposition of some attorney fees ranging from \$2,000 to \$100,000.

Related Party Transactions

For the year ended December 31, 2019, the District had one Board Member who was also an executive officer of the District's depository financial institution. This member abstained from voting when the depository contract bid was being approved.

Subsequent Event

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a Public Health Emergency of International Concern and on March 10, 2020, declared COVID-19 a pandemic. A significant outbreak of an epidemic, pandemic or contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, including the geographical area in which the District operates, resulting in an economic downturn that could affect property values. Because property values were set at January 1, 2020, McLennan County Appraisal District expects an increase in the costs associated with property tax value protests. As of the date of this report, the impact of COVID-19 on the District's financial statements or operations cannot be determined. The extent to which COVID-19 may affect the District's results will depend on future developments, which are highly uncertain.

New Accounting Principles

Significant new accounting standard not yet implemented by the District includes the following.

Statement No. 87, *Leases* – This statement changes the recognition requirements for certain lease assets and liabilities for leases that are currently classified as operating leases. This statement will become effective for the District in fiscal year 2021.

**REQUIRED
SUPPLEMENTARY INFORMATION**

MCLENNAN COUNTY APPRAISAL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Appraisal assessments	\$ 4,451,232	\$ 4,451,232	\$ 4,228,661	\$ (222,571)
Interest and other income	<u>14,151</u>	<u>14,151</u>	<u>24,494</u>	<u>10,343</u>
Total revenues	<u>4,465,383</u>	<u>4,465,383</u>	<u>4,253,155</u>	<u>(212,228)</u>
EXPENDITURES				
Current:				
Salaries	2,047,202	2,047,202	1,987,911	59,291
Benefits	761,700	761,700	676,580	85,120
Office operations	297,700	321,700	286,116	35,584
Maintenance of structures and equipment	169,000	343,000	250,482	92,518
Professional fees	705,169	592,419	485,337	107,082
Contingency	100,000	14,750	-	14,750
Debt service	127,612	127,612	127,612	-
Capital outlay	<u>257,000</u>	<u>257,000</u>	<u>250,501</u>	<u>6,499</u>
Total expenditures	<u>4,465,383</u>	<u>4,465,383</u>	<u>4,064,539</u>	<u>400,844</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>188,616</u>	<u>188,616</u>
CHANGE IN FUND BALANCE	-	-	188,616	188,616
FUND BALANCE, BEGINNING	<u>1,339,080</u>	<u>1,339,080</u>	<u>1,339,080</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 1,339,080</u>	<u>\$ 1,339,080</u>	<u>\$ 1,527,696</u>	<u>\$ 188,616</u>

MCLENNAN COUNTY APPRAISAL DISTRICT

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS**

FOR THE YEAR ENDED DECEMBER 31, 2019

Plan Year Ended December 31	2014	2015	2016	2017	2018
Total Pension Liability					
Service costs	\$ 245,136	\$ 243,275	\$ 247,308	\$ 249,907	\$ 235,516
Interest total pension liability	833,114	851,239	885,020	937,455	972,530
Effect of plan changes	-	(37,806)	-	-	-
Effect of assumption changes or inputs	-	115,196	-	91,867	-
Effect of economic/demographic (gains) or losses	(212,431)	(38,866)	108,681	(90,180)	77,248
Benefit payments/refunds of contributions	(696,581)	(660,878)	(699,934)	(745,616)	(737,475)
Net change in total pension liability	169,238	472,159	541,075	443,433	547,819
Total pension liability - beginning	<u>10,506,683</u>	<u>10,675,921</u>	<u>11,148,080</u>	<u>11,689,155</u>	<u>12,132,588</u>
Total pension liability - ending (a)	<u>\$ 10,675,921</u>	<u>\$ 11,148,080</u>	<u>\$ 11,689,155</u>	<u>\$ 12,132,588</u>	<u>\$ 12,680,407</u>
Plan Fiduciary Net Position					
Employer contributions	\$ 258,791	\$ 267,281	\$ 267,595	\$ 273,308	\$ 279,676
Member contributions	123,673	127,936	127,935	131,013	134,441
Investment income net of investment expenses	679,673	16,071	744,126	1,531,579	(221,734)
Benefit payments refunds of contributions	(696,581)	(660,878)	(699,934)	(745,616)	(737,475)
Administrative expenses	(7,844)	(7,315)	(8,074)	(7,786)	(8,952)
Other	(112,779)	<u>10,797</u>	<u>14,811</u>	(4,647)	(8,458)
Net change in plan fiduciary net position	244,933	(246,108)	446,459	1,177,851	(562,502)
Plan fiduciary net position - beginning	<u>10,085,100</u>	<u>10,330,033</u>	<u>10,083,925</u>	<u>10,530,384</u>	<u>11,708,235</u>
Plan fiduciary net position - ending (b)	<u>\$ 10,330,033</u>	<u>\$ 10,083,925</u>	<u>\$ 10,530,384</u>	<u>\$ 11,708,235</u>	<u>\$ 11,145,733</u>
Net pension liability - ending (a) - (b)	<u>\$ 345,889</u>	<u>\$ 1,064,155</u>	<u>\$ 1,158,771</u>	<u>\$ 424,353</u>	<u>\$ 1,534,674</u>
Fiduciary net position as a percentage of total pension liability	96.76%	90.45%	90.09%	96.50%	87.90%
Pensionable covered payroll	\$ 1,766,768	\$ 1,827,664	\$ 1,827,644	\$ 1,871,608	\$ 1,920,591
Net pension liability as a percentage of covered payroll	19.58%	58.22%	63.40%	22.67%	79.91%

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

MCLENNAN COUNTY APPRAISAL DISTRICT

**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM-
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

FOR THE YEAR ENDED DECEMBER 31, 2019

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2010	\$ 234,687	\$ 267,537	\$(32,850)	\$ 1,900,300	14.1%
2011	199,346	262,013	(62,667)	1,856,105	14.1%
2012	208,406	258,315	(49,909)	1,826,524	14.1%
2013	222,536	267,724	(45,188)	1,831,570	14.6%
2014	224,203	258,791	(34,588)	1,766,768	14.6%
2015	227,361	267,281	(39,920)	1,827,664	14.6%
2016	217,307	267,595	(50,288)	1,827,650	14.6%
2017	222,160	273,308	(51,148)	1,871,601	14.6%
2018	236,550	279,606	(43,056)	1,920,046	14.6%
2019	229,031	276,883	(47,852)	1,899,098	14.6%

MCLENNAN COUNTY APPRAISAL DISTRICT

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

Valuation Date	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.
<u>Methods and assumptions used to determine contributions rates:</u>	
Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	12.0 years (based on contribution rate calculated in 12/31/2018 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions. 2016: No changes in plan provisions. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
McLennan County Appraisal District
Waco, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of McLennan County Appraisal District, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise McLennan County Appraisal District's basic financial statements, and have issued our report thereon dated [REDACTED], 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered McLennan County Appraisal District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the McLennan County Appraisal District's internal control. Accordingly, we do not express an opinion on the effectiveness of McLennan County Appraisal District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the McLennan County Appraisal District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Waco, Texas
 , 2020



Board of Directors
McLennan County Appraisal District
Waco, Texas

We have audited the financial statements of McLennan County Appraisal District as of and for the year ended December 31, 2019, and have issued our report thereon dated [REDACTED], 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated March 30, 2020, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of McLennan County Appraisal District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, and, as appropriate, our firm have complied with all relevant ethical requirements regarding independence.

As part of the engagement we assisted in preparing the financial statements and related notes to the financial statements of the District in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque



In order to ensure we maintain our independence for performing these nonaudit services certain safeguards were applied to this engagement. Management assumed responsibility for the financial statements and related notes to the financial statements and any other nonaudit services we provided. Management acknowledged, in the management representation letter, our assistance with the preparation of the financial statements and related notes to the financial statements and that these items were reviewed and approved prior to their issuance and accepted responsibility for them. Further, the nonaudit services were overseen by an individual within management that has the suitable skill, knowledge, or experience; evaluated the adequacy and results of the services; and accepted responsibility for them.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by McLennan County Appraisal District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended December 31, 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the useful lives of capital assets is based on the expected lifespan of the asset in accordance with standard guidelines. We evaluated the key factors and assumptions used to develop the estimate of useful lives and determined that it is reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the net pension liability and pension expense are based on actuarial assumptions which are determined by the demographics of the plan and future projections that the actuary makes based on historical information of the plan and the investment market. We evaluated the key factors and assumptions used to develop the net pension liability and pension expense and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting McLennan County Appraisal District's financial statements relate to the TCDRS pension liability.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to McLennan County Appraisal District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated [REDACTED], 2020.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with McLennan County Appraisal District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as McLennan County Appraisal District's auditors.

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued the following statements which become effective for fiscal years 2020 and 2021.

Statement No. 87, Leases – This Statement will improve the accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities previously classified as operating leases. It establishes a single model for lease accounting based on the principle that leases are financing the right to use an underlying asset. Under the Statement a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resource, enhancing the relevance and consistency of information about leasing activities. This Statement will become effective for the District in fiscal year 2021.

This report is intended solely for the information and use of the Board of Directors, and management of McLennan County Appraisal District and is not intended to be and should not be used by anyone other than these specified parties.

Waco, Texas
 , 2020

RESOLUTION 2020-1
TO
DESIGNATE OR REFUND
2019 EXCESS FUNDS

WHEREAS, section 6.06(j), Texas Property Tax Code, requires that excess must either be returned to the taxing units or credited towards the payments due the District by the taxing units, if such excess funds are not otherwise obligated to be spent; and,

WHEREAS, the audit of the District's finances for 2019 was conducted by its outside certified public account and based upon the audit the amount of excess funds resulting from the 2019 budget is \$411,189 and the remaining committed excess funds is \$1,116,508; and,

WHEREAS, the Board of Directors determined that it would be in the public interest to assure the long-term financial interest of the District to designate the excess funds resulting from the 2019 budget for the following purposes,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE
McLENNAN COUNTY APPRAISAL DISTRICT THAT:

That the excess funds resulting from the 2019 budget of the McLennan County Appraisal District is hereby appropriated for following purposes in the amounts listed:

- | | |
|---|--------------------|
| 1. Capital Improvement Fund – | amount of \$ _____ |
| 2. Litigation Fund – | amount of \$ _____ |
| 3. Technology and Professional Services – | amount of \$ _____ |

Resulting in an Entity Refund- amount of \$ _____

RESOLVED THIS 14th DAY OF MAY, 2020.

John Kinnaird, Chairman, Board of Directors

ATTEST:

Allen Sykes, Secretary, Board of Directors

Special Note Regarding 2021 Plan Assessments and Investment Market Declines

All valuation calculations, including the required contribution rate, are based on the plan's funded status as of Dec. 31, 2019. Due to the coronavirus outbreak, investment markets have declined significantly in 2020. Unless a major market recovery happens this year, it is likely your plan will experience a substantial investment loss, which will cause required rates to increase. Because the valuation smooths investment gains and losses over five years to help keep rates stable, you can expect rates to increase over the next several years as the investment loss is recognized. A future market recovery could mitigate some of the rate increase.

As you review your benefit plans, please keep in mind that any benefit increases, such as a higher matching rate or a retiree cost-of-living adjustment, will further increase rates.

You may also want to consider making an additional contribution or adopting an elected rate to help buffer against future adverse plan experience. If your plan saw a decrease in the 2021 required contribution rate and does not already have an elected rate, you should consider adopting an elected rate that is at least equal to your 2020 required contribution rate.



Plan Assessment for Plan Year 2021
McLennan County Appraisal District – 491
Participation Date – 10/1/1981

It's that time of year again — time to look at your TCDRS retirement plan and decide whether or not your benefits are adequate and affordable. This plan assessment will give you an overview of the benefits you provide as well as how much it will cost to provide these benefits in the upcoming plan year.

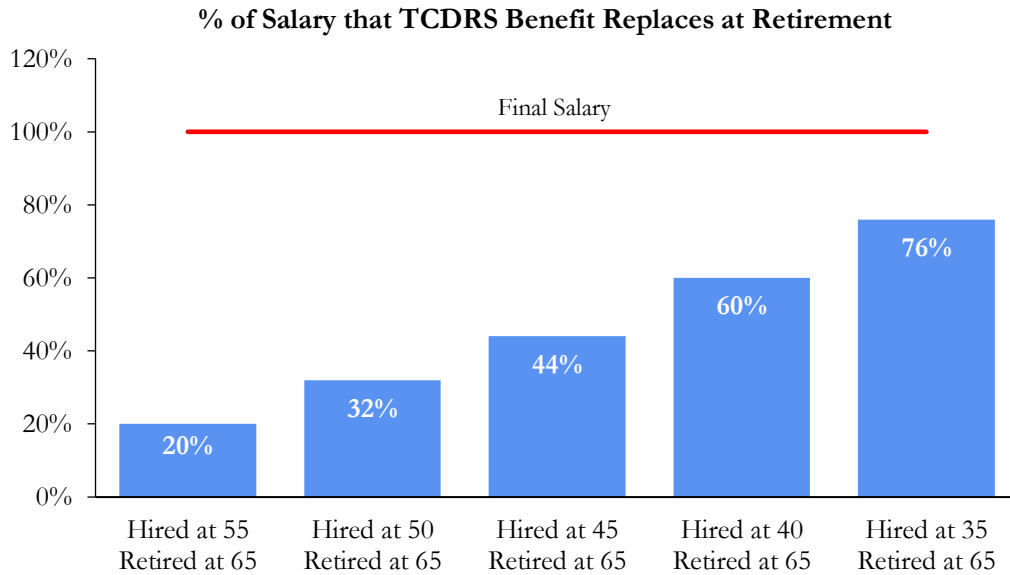
	2021 Plan
Basic Plan Options	
Employee Deposit Rate	7%
Employer Matching	175%
Prior Service Credit	150%
Retirement Eligibility	
Age 60 (Vesting)	10 years of service
Rule of	75 years total age + service
At Any Age	30 years of service
Optional Benefits	
Partial Lump Sum	Yes
Group Term Life	None
Retirement Plan Funding	
Normal Cost Rate	5.81%
UAAL / (OAAL) Rate	<u>6.29%</u>
Required Rate	12.10%
Elected Rate	13.00%
Total Contribution Rate	
Retirement Plan Rate	13.00%
(greater of required and elected rate)	
Group Term Life Rate	<u>N/A</u>
Total Contribution Rate	13.00%
Valuation Results (Dec. 31, 2019)	
Actuarial Accrued Liability	\$13,115,082
Actuarial Value of Assets	<u>\$12,141,118</u>
Unfunded / (Overfunded) AAL	\$973,964
Funded Ratio	92.6%

Notes:

Last COLA: 2008

What You Are Providing

The TCDRS benefit is based on employee deposits, which earn 7% compound interest each year, and employer matching at retirement. The following chart shows the estimated TCDRS benefit as a percentage of final salary prior to retirement for a new hire:

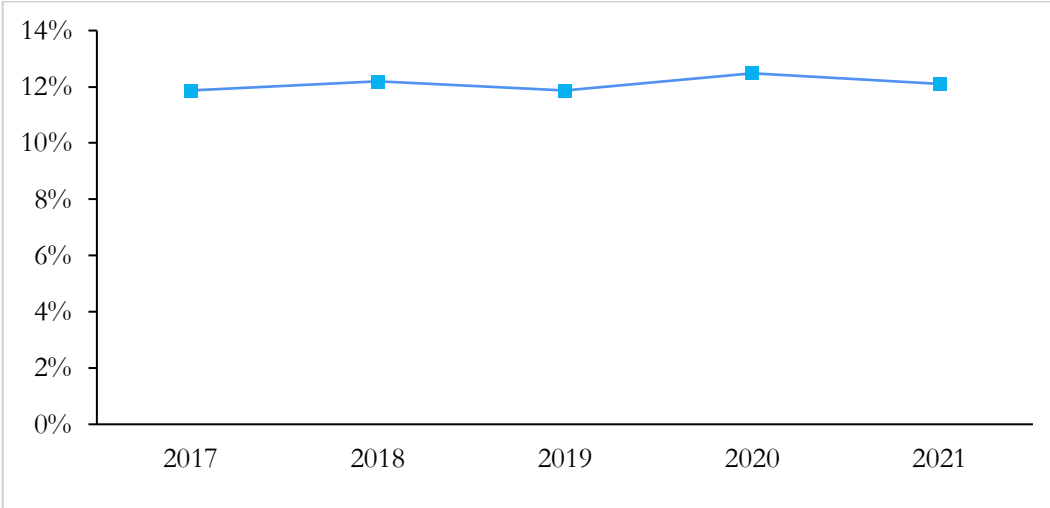


Assumptions

- Employees are new hires and will work for you until retirement.
- Your current plan provisions will remain in effect through employee's retirement.
- Current laws governing TCDRS will continue as they are.
- Graded salary scales give bigger raises early in careers, with smaller raises later in careers (see Summary Valuation Report at www.tcdrs.org/employer).
- Based on Single Life benefit.

Reasons for Rate Change

Below is a record of your required rate history for your retirement plan over the last five years.



Reasons for Rate Change	2017-2018	2018-2019	2019-2020	2020-2021
Beginning Rate	11.87%	12.19%	11.87%	12.48%
Plan Changes Adopted	0.00%	0.00%	0.00%	N/A
Investment Return	0.82%	-0.06%	0.92%	-0.09%
Elected Rate/Lump Sum	-0.36%	-0.35%	-0.35%	-0.07%
Demographic/Other Changes	-0.14%	-0.25%	0.04%	-0.22%
Assumptions/Methods	<u>0.00%</u>	<u>0.34%</u>	<u>0.00%</u>	<u>0.00%</u>
Ending Rate	12.19%	11.87%	12.48%	12.10%
Valuation Year	2016	2017	2018	2019
Funded Ratio	90.4%	91.3%	90.3%	92.6%

A complete Summary Valuation Report for the Dec. 31, 2019 valuation will be available mid-May at www.tcdrs.org/employer.

Next Steps

If you are interested in making plan changes, please contact your Employer Services Representative at 800-651-3848. Your benefit selections are due by Dec. 15, 2020.



PLAN CUSTOMIZER SUMMARY FOR PLAN YEAR 2021

McLennan County Appraisal District

CURRENT PLAN AND PROPOSED PLAN(S)

	Current Plan	Minimum	202130kpaid
Basic Plan Options			
Employee Deposit Rate	7.00%	7.00%	7.00%
Employer Matching	175%	175%	175%
Application of Matching	Past & Future	Past & Future	Past & Future
Prior Service Credit	150%	150%	150%
Retirement Eligibility			
Age 60 (Vesting)	10 yrs of service	10 yrs of service	10 yrs of service
Rule Of	75 yrs total age + service	75 yrs total age + service	75 yrs total age + service
At Any Age	30 yrs of service	30 yrs of service	30 yrs of service
Optional Benefits			
Partial Lump-Sum Payment at Retirement	Yes	Yes	Yes
Group Term Life	NONE	NONE	NONE
COLA	N/A	N/A	N/A
Retirement Plan Funding			
Normal Cost Rate	5.81%	5.81%	5.81%
UAAL/(OAAL) Rate	6.29%	6.05%	6.05%
Required Rate	12.10%	11.86%	11.86%
Elected Rate	13.00%	12.10%	13.00%
Additional Employer Contribution	\$0.00	\$30,000.00	\$30,000.00
Total Contribution Rate			
Retirement Plan Rate	13.00%	12.10%	13.00%
Group Term Life Rate	0.00%	0.00%	0.00%
Total Contribution Rate	13.00%	12.10%	13.00%
Valuation Results			
Actuarial Accrued Liability	\$13,115,082	\$13,115,082	\$13,115,082
Actuarial Value of Assets	\$12,141,118	\$12,168,896	\$12,168,896
Unfunded/(Overfunded) Actuarial Liability	\$973,964	\$946,186	\$946,186
Funded Ratio	92.6%	92.8%	92.8%



TCDRS AND IRC 415

Q: *What is IRC 415?*

A: IRC 415 refers to Section 415 of the Internal Revenue Code. This section sets a limit on the total amount of annual benefit payments an individual employee can receive from TCDRS.

Q: *How does IRC 415 affect my employees?*

A: If any of your employees stand to receive an annual benefit amount higher than is allowable by IRC 415 in retirement, TCDRS will only be able to issue their benefit payments until they reach that limit.

Q: *What is the current payout cap under IRC 415?*

A: For 2020, the annual benefit limit is \$230,000 for employees age 62 or older. The limit is lower for younger retirees.

Q: *Will TCDRS let me know if any of my employees may be affected by IRC 415?*

A: Yes. Each year, TCDRS identifies employees who may be affected by IRC 415 at retirement. We will send you an email letting you know if any of your employees are affected.

Q: *What can I do if one of my employees is affected by IRC 415?*

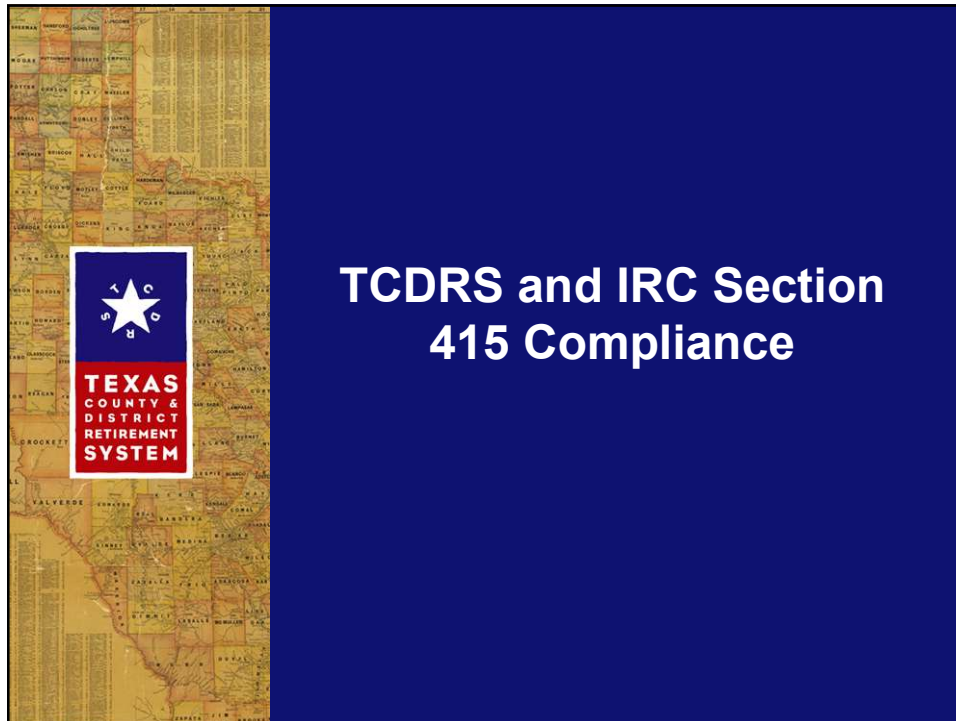
A: Some employers choose to adopt a qualified benefit replacement arrangement with TCDRS. When an affected employee retires, this arrangement would allow your organization to pay the retiree directly for the payments reduced under Section 415.

Q: *How does a qualified benefit replacement arrangement work?*

A: Under a qualified benefit replacement arrangement, an affected retiree would receive their full benefit payments as usual until the month they reach the annual 415 cap. From that month forward until the end of the year, TCDRS would credit your organization's monthly contributions by the amount that would have been paid to the retiree, and your organization would pay them directly.


Q: *How can I set up a qualified benefit replacement arrangement?*

A: Please contact your TCDRS Employer Services Representative at 800-651-3848 if you would like to set up a qualified benefit replacement arrangement, or if you have any questions.



1

What is Section 415 ?



- ★ A requirement for being a qualified plan
- ★ An IRS limit on what TCDRS can pay retirees
- ★ Factors that affect the payment including:
 - Retiree and Beneficiary Age
 - Payment Option Selected
 - % of payment coming from taxable deposits

July 30, 2019

2

What is Section 415 ?

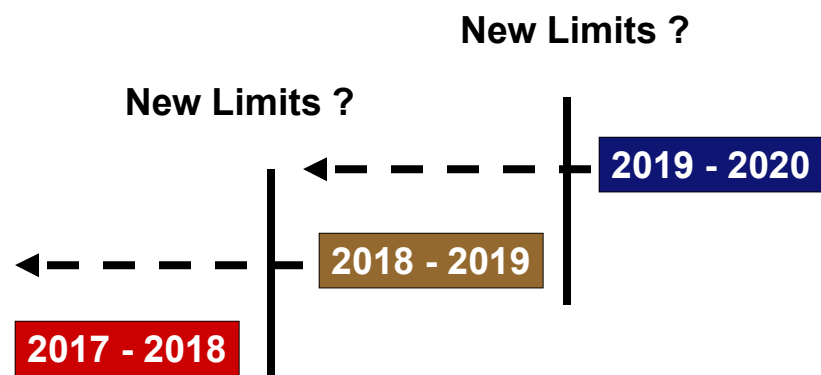


- ★ 2019 limit for ages 62 and over, is \$225,000
- ★ Payment ceiling will always be lower due to our payment options.
- ★ Limit goes down for younger than 62.

July 30, 2019

3

We Test Each Year



July 30, 2019

4

Possible Affect on Employee Payments



Name	Age at Ret	Ret Date	DOB	Life Only	415 Max	Amount Above
Employee A	48	07/17	05/62	\$6,253.23	\$6,196.94	\$56.29
Employee B	47	11/18	11/61	\$4,712.47	\$4,573.69	\$138.78
Employee C	47	9/19	10/61	\$4,924.25	\$4,703.06	\$221.19

Employer contribution rates reflect the estimated funding levels needed to finance benefit obligations on full amount regardless of 415 limits

July 30, 2019

5

County's or District's Options



- ★ Take no action and have TCDRS reduce future retiree benefit payments by 415 Limits
- ★ Adopt a Qualified Replacement Benefit Arrangement

July 30, 2019

6

County's or District's Obligation



- ★ County or District would establish payment method
- ★ Determine form of payment
- ★ Handle any employment taxes, such as social security

July 30, 2019

7

Qualified Replacement Agreement Process



- ★ TCDRS tests for 415 limits each year
- ★ We would pay out full amount before reducing
- ★ TCDRS notifies the Employer of reductions
- ★ If Employer has ACH we notify and reduce monthly deduction from County by 415 amount
- ★ County or District then pays the retiree the difference

July 30, 2019

8

ADOPTION OF QUALIFIED REPLACEMENT BENEFIT ARRANGEMENT

EFFECTIVE January 1, 2019

Employer Name

Purpose of this Publication

Section 113.1 of the Administrative Code for the Texas County and District Retirement System establishes a qualified governmental excess benefit program in accordance with Section 415(m) of the Internal Revenue Code and as authorized under Section 845.504, Government Code. The program entitled as the “Texas County and District Retirement System Qualified Replacement Benefit Arrangement” is maintained solely for the purpose of providing for the payment of that portion of the annual retirement benefits that had been accrued by and would otherwise be payable with respect to a member of the Texas County and District Retirement System but for the limitation on the payment of benefits under Section 415(b) of the Internal Revenue Code of 1986, as amended.

Definitions

As defined under section 113.2, the following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

- (1) “Act” means the provisions of Texas Government Code, Title 8, Subtitle F, as amended from time to time, establishing the Texas County and District Retirement System.
- (2) “Arrangement” means the Texas County and District Retirement System Qualified Replacement Benefit Arrangement, as set forth herein and as amended from time to time.
- (3) “TCDRS” or “System” means the Texas County and District Retirement System, as established under the provisions of the Act.
- (4) “Benefit Recipient” means any individual who receives a retirement benefit from TCDRS as a Retiree or as a surviving beneficiary of a deceased Member or Retiree. The term may include an alternate payee of a deceased Member or Retiree.
- (5) “Benefit” means a retirement benefit accrued under the provisions of the Act.
- (6) “Board” means the Board of Trustees of TCDRS.
- (7) “Code” means the Internal Revenue Code of 1986, as amended (and corresponding provisions of any subsequent federal tax laws) and the regulations there under.
- (8) “Effective Date” means January 1, 2006, the effective date of the Arrangement.
- (9) “Eligible Member” means a Retiree or a deceased Member or Retiree with respect to an Employer, from and after the date the Employer adopts the Arrangement.
- (10) “Employer” means an Employer whose employees are Members of TCDRS with respect to retirement benefits paid by TCDRS under the provisions of the Act; provided that the Employer signs an adoption agreement in the form specified by the Board to adopt the Arrangement.

- (11) "Restricted Benefit" means the maximum Benefit permitted to be paid to a Benefit Recipient under the Retirement Plan of the Employer, as limited by Code Section 415, in accordance with Section 844.008 of the Act.
- (12) "Member" means any individual who accrues or has accrued a Benefit under the Act.
- (13) "Participant" means any Benefit Recipient with respect to an Employer who is eligible to participate in the Arrangement in accordance with Article 2.
- (14) "Retirement Plan" means the defined benefit plan established under TCDRS for employees of the Employer, and their beneficiaries, in accordance with the Act, and qualified under Code Section 401(a).
- (15) "Retiree" means a Member who receives a Benefit under the Act with respect to an Employer.
- (16) "Unrestricted Benefit" means the benefit that would be payable to a Benefit Recipient under the Retirement Plan of the Employer if the limits of Code Section 415 were not applicable in accordance with Section 844.008 of the Act.

Eligibility and Payments

- (a) Eligibility to Receive Payments.
If, at the time an Eligible Member becomes a Retiree or dies or at any time thereafter, the Unrestricted Benefit of the Benefit Recipient under the Retirement Plan of the Employer exceeds the Restricted Benefit payable to the Benefit Recipient at that time, the Benefit Recipient shall become a Participant and shall be entitled to receive payments under this Arrangement, in accordance with the terms hereof, and may not waive or defer the receipt of such payments. A Benefit Recipient shall in no event become a Participant until the later of:
 - (1) January 1, 2006, the Effective Date of the Arrangement, or
 - (2) the effective date of the applicable Employer's adoption of the Arrangement.
- (b) Amount of Payments.
A Participant shall receive payments under this Arrangement equal to the difference between the Participant's Unrestricted Benefit and his or her Restricted Benefit, provided that the amount of payments so determined shall be subject to change and to such adjustments as TCDRS deems appropriate, from time to time. In no event shall a Participant be entitled to receive a payment under this Arrangement if such payment, when combined with other payments under this Arrangement and under the Retirement Plan of the Employer, would result in the Participant receiving total payments in excess of the Participant's Unrestricted Benefit.
- (c) Form and Timing of Payments.
Payments under this Arrangement shall be paid by the applicable Employer to each Participant at the time and in the form and manner as the System may direct. Any election made by an Eligible Member with regard to the distribution of Benefits under the System, including the designation of a named beneficiary, as defined in Section 841.001(4) of the Act, shall be equally applicable to and binding on such Eligible Member and on all persons who at any time have or claim to have any interest in connection with payments under this Arrangement.
- (d) Effect on TCDRS.

Any Benefit payable under the Retirement Plan of the Employer established under TCDRS shall be paid solely in accordance with the terms and provisions thereof and shall be subject to Section 415 of the Code and other applicable tax limitations; nothing in this Arrangement shall operate or be construed in any way to modify, amend or affect the Benefits payable there under.

- (e) **Tax Withholding.**
All payments under this Arrangement shall be subject to and reduced by applicable federal, state and local income, payroll and other tax withholding requirements and all other applicable deductions required by this Arrangement or by law.
- (f) **Participation Determined Annually.**
Participation in the Arrangement shall be determined annually for each plan year. In any plan year, benefits shall only be paid under the Arrangement to a Participant after the date in the plan year that the benefits paid to such person from TCDRS under the Retirement Plan of the Employer have reached the maximum annual benefit that can be paid by TCDRS under Code Section 415 for that plan year. The date the maximum annual benefit payment from TCDRS is reached is the beginning date of participation by the Participant for that plan year. The beginning date of a Participant's participation in the Arrangement may change from plan year to plan year as the amount payable under this Arrangement is predetermined. An individual's participation in the Arrangement will cease for any plan year or portion of a plan year for which the individual's Benefit is not limited by Code Section 415.
- (g) **No Election to Defer Compensation.**
No election shall be provided at any time to a Participant or any other individual, directly or indirectly, to defer compensation under the Arrangement.

Administration

- (a) **Administrator.**
TCDRS shall be the Administrator of the Arrangement and shall be responsible for the supervision and control of the operation and administration of the Arrangement, except as otherwise provided herein. Subject to the authority of the Board, TCDRS shall have the exclusive right and full discretion to construe and interpret the Arrangement, to establish rules and procedures for its operation and administration, and to decide any and all questions of fact, actuarial valuation, interpretation, definition or administration arising under or in connection with the administration of the Arrangement. The interpretation and construction of any provisions of the Arrangement by the Administrator and its exercise of any discretion granted under the Arrangement shall be binding and conclusive on all persons who at any time have or claim to have any interest whatever under this Arrangement.
- (b) **Contributions and Payments.**
 - (1) As soon as administratively feasible and before the receipt of Employer contributions, TCDRS shall calculate the portion of the contributions necessary to make the payments due to Participants of that Employer for the next payment period and for any applicable expenses under this Arrangement. Before depositing its contributions with TCDRS, the Employer shall deduct the calculated amounts and make payment directly to its Participants; and directly to TCDRS for any applicable expenses under the Arrangement. Notwithstanding the foregoing, if

TCDRS determines, in its sole discretion, that the allocation of contributions to the Arrangement would jeopardize the actuarial soundness of the Retirement Plan of the Employer, TCDRS shall terminate the Arrangement and shall notify the participating Employer and Participants.

- (2) Amounts deducted for payments and expenses under the Arrangement shall be separately accounted for and shall be used exclusively for payments and expenses under the Arrangement.
 - (3) The Employer from whom the Eligible Member retired or died while a Member with respect to such Employer shall be solely responsible for paying any amounts due to the Participant under the terms of the Arrangement. TCDRS shall have no obligation to pay any amounts due under the terms of the Arrangement.
 - (4) The Employer shall be responsible for satisfying all tax withholding, payroll tax payments, other applicable tax payments and reporting requirements applicable to the Arrangement, if any, and shall be responsible for administering all payments due under the Arrangement.
- (c) **Plan Unfunded.**
This Arrangement shall at all times be entirely unfunded within the meaning of the federal tax laws. Nothing contained herein shall be construed as providing for assets to be held in trust for the Participants. No Participant or any other person shall have any interest in any assets of TCDRS or any Employer by reason of the right to receive a payment under the Arrangement. Nothing contained herein shall be construed as a guarantee by TCDRS, any Employer, or any other entity or person that the assets of the Employer will be sufficient to pay any benefit hereunder.
- (d) **Appeal Procedure.**
In the event a dispute arises between the Employer and the Administrator relating to the determination of the Administrator or the interpretation, operation or administration of this Arrangement, the Administrator's decision shall be final, conclusive and binding unless the Employer submits an appeal directly to the Board within 20 days from the date of notice of the decision, for consideration and action in accordance with the administrative review procedures set forth in 34 TAC Sections 101.19 – 101.23. The action of the Board, taken on its own motion or as the result of an appeal, is final, conclusive, and binding.

Amendment and Termination

- (a) **Amendment and Termination of the Arrangement.**
The Board reserves the right, in its sole discretion, to amend or terminate the Arrangement at any time and from time to time. By way of example, and not limitation, the Arrangement may be amended or terminated to eliminate all payments with respect to any Member or other individual who has not become eligible to participate in the Arrangement as of the date of such amendment or termination by reason of retirement or death in accordance with Section 113.3(a) of this chapter. In addition, an amendment or termination may be retroactive to the extent that the Board deems such action necessary, in its sole discretion, to maintain the tax-qualified status of the System or the status of this Arrangement as a qualified governmental excess benefit arrangement as defined in Code Section 415(m) or to avoid jeopardizing the actuarial soundness of the Retirement Plan of the Employer.

- (b) Termination of Employer's Participation.
 - (1) An Employer may terminate its participation in the Arrangement at any time with the consent of and on terms established by the Administrator.
 - (2) The Administrator may terminate the participation of an Employer if the Employer fails to comply with the rules established by the Board for the administration of the Arrangement as from time to time amended or modified, or fails to perform in accordance with the adoption agreement. The determination of an Employer's failure to comply and subsequent involuntary termination of participation is within the sole discretion and authority of the Administrator. The Administrator's decision is final, conclusive and binding unless timely appealed directly to the Board in accordance with Section 113.3(d) of this chapter.
- (c) Participants.

If an Employer's participation in the Arrangement is voluntarily or involuntarily terminated, then any person who is a Benefit Recipient with respect to that Employer and who is a Participant in the Arrangement shall immediately cease such participation and shall be entitled to no benefits under this Arrangement and no benefits shall be paid or due to such Participant on or after the date of such termination. On the termination of an Employer in the Arrangement, the Employer shall have sole and complete responsibility and liability for paying any benefits that would otherwise be payable under the Arrangement with respect to its Participants, and the System and all other participating Employers shall have no responsibility or liability for any such benefits.

General Provisions

- (a) Applicable Law.
 - (1) All questions pertaining to the validity, construction and administration of the Arrangement shall be determined in conformity with the laws of the State of Texas, except to the extent federal law preempts state law.
 - (2) If any provision of the Arrangement or the application thereof to any circumstance or person is invalid, the remainder of the Arrangement and the application of such provision to other circumstances or persons shall not be affected thereby.
- (b) Indemnification

To the extent allowed by law, an Employer electing to participate in the Arrangement must agree to indemnify, defend, and hold harmless the System, the employees of the System, the Board, and all other Employers participating in the Arrangement from and against any and all direct or indirect liabilities, demands, claims, losses, costs and expenses, including reasonable attorney's fees, arising out of or resulting from the Employer's participation in the Arrangement and/or the Employer's voluntary or involuntary termination of participation in the Arrangement. The agreement of the Employer to indemnify, defend and hold harmless survives the termination of the Employer's participation in the Arrangement and the termination of the Arrangement.
- (c) Nonalienation.

Benefits under this Arrangement shall not be subject to alienation or legal process, except to the extent permitted under Government Code, Chapter 804.
- (d) No Enlargement of Employment Rights.

The establishment of the Arrangement shall not confer any legal rights upon any

employee or other person for a continuation of employment, nor shall it interfere with the rights of the Employer to discharge any employee and to treat the employee without regard to the effect which that treatment might have upon the employee as a Participant in the Arrangement.

- (e) Information Required By Arrangement.
Benefit Recipients, other individuals and Employers shall furnish to the Administrator such evidence, data and information as the Administrator considers necessary or desirable for the purpose of administering the Arrangement.
- (f) Paying Benefits, Costs and Expenses from TCDRS Assets is prohibited.
No assets of the System shall be used directly or indirectly to pay benefits under the Arrangement or to pay any costs or expenses of administering the Arrangement.
Expenses of administering the Arrangement may include expenses for professional, legal, accounting, and other services, and other necessary or appropriate costs of administration.

1. General Information

Employer: Employer Name

Employer Address: Address

Employer Contact: Judge / Board President

Contact Phone: Phone

Contact Email: Email address

2. Adoption of Arrangement

The undersigned Employer hereby adopts the TCDRS Qualified Replacement Benefit Arrangement (“Arrangement”) with respect to employees and former employees of Employer who are Members of TCDRS and with respect to benefits paid by TCDRS under the provisions of Government Code, Title 8, Subtitle F. The signatories represent that they have the authority to sign this Agreement and bind the Employer to the terms hereof. The signatories further represent that they and the Employer have taken all actions necessary to effectuate the terms of this Agreement, including but not limited to obtaining any approval required by the Employer’s board or other governing body.

3. Agreement to be Bound by Terms of Arrangement

Employer agrees to be bound by the terms of the Arrangement, as the same may be amended from time to time. Employer further agrees to be bound by all actions, decisions and interpretations of TCDRS or the board of trustees of TCDRS, in connection with the administration of the Arrangement.

4. Obligations of Employer

Employer acknowledges that it shall be solely responsible for paying any amounts received from TCDRS and due under the terms of the Arrangement to the Benefit Recipients for the Eligible Members who retired from Employer or who died while a Member with respect to Employer.

Employer agrees to pay to each Participant on each payment date the amount remitted to Employer by TCDRS to satisfy the Employer’s obligation to each such Participant, reduced by all applicable federal, state and local income, payroll and other tax withholding amounts, if any.

Employer acknowledges that it shall be solely responsible for satisfying all tax withholding, payroll tax payments, other applicable tax payments and reporting requirements applicable under the Arrangement, if any.

To the extent allowed by law, Employer agrees to indemnify, defend, and hold harmless the System, the employees of the System, the Board, and all other Employers participating in the Arrangement from and against any and all direct or indirect liabilities, demands, claims, losses, costs and expenses, including reasonable attorney’s fees, arising out of or resulting from the Employer’s participation in the Arrangement and/or the Employer’s voluntary or involuntary termination of participation in the Arrangement. The agreement of Employer to indemnify, defend and hold harmless survives the termination of the Employer’s participation in the Arrangement and the termination of the Arrangement.

It is understood that current funds have not been obligated by Employer for this indemnification.

Employer Name AUTHORIZATION TO ADOPT

QUALIFIED REPLACEMENT BENEFIT ARRANGEMENT

With respect to the participation of Employer Name in the Texas County & District Retirement System (TCDRS) for the 2019 plan year, this qualified replacement benefit arrangement was adopted in the Open Session Date.

Certification

I certify that the foregoing authorization concerning the participation of Employer Name in the Texas County and District Retirement System Qualified Replacement Benefit Arrangement truly and accurately reflects the official action taken during a properly posted and noticed meeting on Date, 2019 by the Commissioners Court or Governing Board of Employer Name as such is recorded in the official minutes.

County Judge or Presiding Officer _____

Date: _____

MCLENNAN COUNTY APPRAISAL DISTRICT INVESTMENT POLICY

It is the policy of McLennan County Appraisal District (MCAD) to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the district and conforming to all state statutes governing the investment of public funds.

1.0 Scope.

This investment policy applies to all financial assets of McLennan County Appraisal District.

2.0 Prudence.

Investments shall be made with judgment and care – under circumstances then prevailing – which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

3.0 Objectives.

The primary objectives, in priority order, of McLennan County Appraisal District shall be:

SAFETY: Safety of principal is the foremost objective of the investment program.

LIQUIDITY: MCAD's investment portfolio will remain sufficiently liquid to enable MCAD to meet all operating requirements, which might be reasonably anticipated.

RETURN ON INVESTMENT: MCAD's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with MCAD's investment risk constraints and the cash flow characteristics of the portfolio.

4.0 Delegation of Authority.

Authority to manage MCAD's investment program is derived from the Public Funds Investment Act, Chapter 2256 Government Code. The duties of Investment Officer are hereby delegated to the Assistant Chief Appraiser, who shall establish written investment policies as approved by the Board of Directors. Policies should include reference to safekeeping, wire transfer agreements, banking service contracts and collateral/depository agreements. Such policies shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy established by the Investment Officer. The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. The Investment Officer shall consult and report to the Chief Appraiser concerning all of MCAD's investments.

The Investment Officer and any other person so authorized to invest monies of McLennan County Appraisal District are required to attend at least one training session as described in Section 2256.008 Government Code within 12 months of assuming duties.

5.0 Ethics and Conflicts of Interest.

The investment officer of MCAD who has a personal business relationship with an entity seeking to sell an investment to the entity shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree by affinity or consanguinity, as determined under Chapter 573, Local Government Code, to an individual seeking to sell an investment to MCAD shall file a statement disclosing that relationship. A statement required under this section must be filed with the Texas Ethics Commission and with the Board of Directors, McLennan County Appraisal District.

6.0 Authorized and Suitable Investments.

6.1 Obligations of, or guaranteed by Government Entities.

- a. Obligations of the United States or its agencies and instrumentalities;
- b. Direct obligations of the State of Texas or its agencies and instrumentalities;
- c. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
- d. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the state of Texas or the United States or their respective agencies and instrumentalities; and
- e. Obligations of state, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.

6.2 Certificates of Deposit and Share Certificates.

A certificate of deposit is an authorized investment if the certificate is issued by a state or national bank domiciled in this state, a savings and loan association domiciled in this state, or a state or federal credit union domiciled in this state and is guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor, is secured by obligations that are described in 6.1 above, including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described in Section 2256.009(b) Government Code, or secured in any manner and amount provided by law for deposits of the investing entity.

Bids for certificates of deposit may be solicited orally, in writing, electronically, or in any combination of those methods.

6.3 Investment Pools.

An eligible investment pool that complies with the requirements of Section 2256.00 Government Code that has been specifically authorized by the Board of Directors of the McLennan County Appraisal District.

6.4 Sweep Accounts.

The board of directors of MCAD may authorize using bank sweep accounts that combine funds from various account deposits daily and invest them collectively as long as these funds are collateralized as required by law and comply with the requirements of section 2256.00 of the Government Code.

7.0 Collateralization, Safekeeping and Custody.

Collateralization will be required on certificates of deposit, at a level of 102% of market value principal and accrued interest.

All security transactions, including certificates of deposit, entered into by MCAD shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian and evidenced by a clearly marked safekeeping receipts supplied to MCAD.

An independent third party with whom MCAD has a current custodial agreement will always hold collateral. A clearly marked receipt of ownership (safekeeping receipt) must be supplied to MCAD and retained by the Investment Officer.

8.0 Diversification.

McLennan County Appraisal District will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and Certificates of Deposit no more than 60% of MCAD's investment portfolio will be invested in a single security type or with a single financial institution.

9.0 Maximum Maturities.

To the extent possible, MCAD will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, MCAD will not directly invest in securities maturing more than 12 months from the date of purchase.

10.0 Internal Management Reports.

Not less than quarterly the Investment Officer shall prepare and submit to the Board of Directors a written report of investment transactions for the current year. The report must describe in detail the investment position of the entity on the date of the report, be prepared by the investment officer of the district and be signed by the investment officer. Additionally, it must contain a summary statement of the fund that indicates the beginning market value for the reporting period, any additions and changes to the market value during the period and the ending market value for the period. The report is to state the maturity date of each separately invested asset that has a maturity date, the fund or pooled fund from which the asset was acquired and state the compliance of the investment as it relates to the investment strategy expressed in this policy.

11.0 Monitoring Rating Changes.

The Investment Officer or investment advisor shall monitor, on no less than a weekly basis, the credit rating on all authorized investments in the portfolio based upon independent information from a nationally recognized rating agency. If any security falls below the minimum rating required by Policy, the Investment Officer or advisor shall notify the – CFO, Manager, governing board – of the loss of rating, conditions affecting

the rating and possible loss of principal with liquidation options available, within two weeks after the loss of the required rating.

12.0 Annual Review and Compliance Audit.

McLennan County Appraisal District is required by state statute and by this investment policy to review this investment policy and investment strategies not less than annually and to adopt a resolution or an ordinance stating the review has been completed and recording any changes made to either the policy or strategy statements. In conjunction with the annual independent audit, a compliance audit of management controls on investments and adherence to the Investment Policy and the Investment Strategy shall be performed by the district's independent auditor.

13.0 Investment Strategy.

13.1 Operating Funds

Suitability – All investments authorized in the Investment Policy are suitable for Operating Funds.

Preservation and Safety of Principal - All investments shall be high quality securities with no perceived default risk.

Liquidity - Investment strategies for the pooled operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The dollar-weighted average maturity of operating funds, based on the stated final maturity date of each security, will be calculated and limited to one year or less. Constant \$1 NAV investment pools and money market mutual funds shall be an integral component in maintaining daily liquidity. Investments for these funds shall not exceed an 18-month period from date of purchase.

Marketability - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

Diversification - Maturities shall be staggered throughout the budget cycle to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

Yield - The District's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Operating Funds shall be the 91 day Treasury bill.

13.2 Reserve and Deposit Funds

Suitability – All investments authorized in the Investment Policy are suitable for Reserve and Deposit Funds.

Preservation and Safety of Principal - All investments shall be high quality securities with no perceived default risk.

Liquidity - Investment strategies for reserve and deposit funds shall have as the primary objective the ability to generate a dependable revenue stream to the

appropriate reserve fund from investments with a low degree of volatility. Except as may be required by the bond ordinance specific to an individual issue, investments should be of high quality, with short to-intermediate-term maturities. The dollar-weighted average maturity of reserve and deposit funds, based on the stated final maturity date of each security, will be calculated and limited to three years or less. Marketability - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

Diversification - Maturities shall be staggered throughout the budget cycle to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

Yield - The District's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Reserve and Deposit Funds shall be the 91 day Treasury bill.

13.3 Bond and Certificate Capital Project Funds and Special Purpose Funds
Suitability – All investments authorized in the Investment Policy are suitable for Bond and Certificate Capital Project Funds and Special Purpose Funds.

Preservation and Safety of Principal - All investments shall be high quality securities with no perceived default risk.

Liquidity - investment strategies for bond and certificate capital project funds, special projects and special purpose funds' portfolios will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The stated final maturity dates of investments held should not exceed the estimated project completion date or a maturity of no greater than five years. The dollar-weighted average maturity of bond and certificate capital project funds and special purpose funds~ based on the stated final maturity date of each security, will be calculated and limited to three years or less.

Marketability - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

Diversification - Maturities shall be staggered throughout the budget cycle to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

Yield - The District's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Bond and Certificate Capital Project Funds and Special Purpose Funds shall be the 91 day Treasury bill. A secondary objective of these funds is to achieve a yield equal to or greater than the arbitrage yield of the applicable bond or certificate.

13.4 Debt Service Funds
Suitability - All investments authorized in the Investment Policy are suitable for Debt Service Funds.

Preservation and Safety of Principal - All investments shall be high quality securities with no perceived default risk.

Liquidity - Investment strategies for debt service funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date. Securities purchased shall not have a stated final maturity date which exceeds the debt service payment date. The dollar-weighted average maturity of debt service funds, based on the stated final maturity date of each security, will be calculated and limited to one year or less.

Marketability - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

Diversification - Maturities shall be staggered throughout the budget cycle to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

Yield - The District's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Debt Service Funds shall be the 91 day Treasury bill.

Revised 11-9-2017, JDB

[NAME OF LOCAL GOVERNMENT]

House Bill 3834 Certification for Local Governments

According to Section 2054.5191, Government Code, the governing body of a local government, shall:

- verify and report on the completion of a cybersecurity training program by employees of the local government, and
- require periodic audits to ensure compliance with this section.

By signing below, you indicate that you agree with the following statements:

- I certify that the local government is in compliance with the employee security awareness training requirements of Section 2054.5191, Government Code.
- I certify that the local government is in compliance with the audit requirements of Section 2054.5191, Government Code.

Signature Date

Printed Name Title

Signature Date

Printed Name Title

Signature Date

Printed Name Title

Signature Date

Printed Name Title

Signature Date

Printed Name Title

Signature Date

Printed Name Title

McLennan County Appraisal District
General Fund
Financial Statements
February 29, 2020
(With Accountant's Compilation
Report Thereon)



JAYNES REITMEIER BOYD & THERRELL, P.C.
Certified Public Accountants
5400 Bosque Blvd., Ste. 600 | Waco, TX 76710
P.O. Box 7616 | Waco, TX 76714
Main 254.776.4190 | Fax 254.776.8489 | jrbt.com

To the Board of Trustees of
McLennan County Appraisal District:

Management is responsible for the accompanying financial statements of McLennan County Appraisal District (the "District"), which comprise the general fund balance sheet as of February 29, 2020 and the related general fund statements of revenues, expenditures and changes in fund balance – budget and actual for the one month and two months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that receivables from exchange-like transactions be recognized at the time of the exchange, with revenue recognized only to the extent that the resources will be received soon enough to be used to liquidate liabilities of the current period. The District recognizes one-fourth of annual assessment fee revenue at the beginning of each quarterly reporting period during its fiscal year. Management has not determined the effect of the departure from accounting principles generally accepted in the United States of America on the accompanying financial statements.

The accompanying budgeted information of the general fund of McLennan County Appraisal District for the year ending December 31, 2020, that is presented in comparison with the statements of revenues, expenditures and changes in fund balance has not been compiled or examined by us, and, accordingly, we do not express an opinion or any other form of assurance on it.

Management has elected to omit substantially all the disclosures required by accounting principles generally accepted in the United States of America for historical financial statements and the summaries of significant assumptions and accounting policies required under established guidelines for presentation of prospective financial statements. If the omitted disclosures were included in the financial statements, and the omitted summaries were included in the budgeted information, they might influence the user's conclusions about the District's assets, liabilities, fund balance, actual revenues and expenditures, and budgeted revenues and expenditures. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to McLennan County Appraisal District.

April 20, 2020

Jaynes, Reitmeier, Boyd + Therrell, P.C.

McLennan County Appraisal District

General Fund

Balance Sheet

February 29, 2020

Assets

Cash:

Extraco money market	\$	1,053,555.10
Extraco bank cash		1,394,321.38
Extraco flex spending		5,771.19
Accounts receivable		675,551.40
Flexible spending plan receivable		300.40
Prepaid expenditures		24,624.75
Total assets	\$	<u><u>3,154,124.22</u></u>

Liabilities and Fund Balance

Accrued liabilities:

Pension payable	\$	29,127.44
Unearned revenue		1,089,602.76
Total liabilities		<u><u>1,118,730.20</u></u>

Fund balance - Committed for Litigation		300,000.00
Fund balance - Committed for Capital Improvement		80,663.00
Fund balance - Committed for Technology & Professional Services		735,845.82
Current year's budget appropriation		517,177.38
Fund balance - unassigned		401,707.82
Total fund balance		<u><u>2,035,394.02</u></u>

Total liabilities and fund balance	\$	<u><u>3,154,124.22</u></u>
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See accompanying accountant's compilation report.

McLennan County Appraisal District
General Fund
Statements of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual

	Actual 1 Month Ended <u>February 29,</u> <u>2020</u>	Actual 2 Months Ended <u>February 29,</u> <u>2020</u>	Annual <u>Budget</u>	Remaining <u>Budget</u>
Revenues:				
Revenue from taxing entities	\$ 0.00	1,089,602.75	4,358,411.00	3,268,808.25
Interest on investments	0.00	0.00	15,000.00	15,000.00
Miscellaneous revenue	1,216.71	2,737.24	2,000.00	(737.24)
BPP rendition penalty revenue	0.00	964.27	8,000.00	7,035.73
	<u>1,216.71</u>	<u>1,093,304.26</u>	<u>4,383,411.00</u>	<u>3,290,106.74</u>
Expenditures:				
Current:				
Salaries				
Administration	15,000.00	71,231.16	301,775.00	230,543.84
Appraisal	76,470.55	151,214.48	997,242.00	846,027.52
Mapping	20,771.58	41,354.31	270,895.00	229,540.69
Clerical	23,852.14	47,301.37	408,317.00	361,015.63
Auto and phone allowance	9,543.04	18,836.85	137,020.00	118,183.15
Total salaries	<u>145,637.31</u>	<u>329,938.17</u>	<u>2,115,249.00</u>	<u>1,785,310.83</u>
Benefits				
FICA tax expense	10,551.31	25,163.04	162,500.00	137,336.96
Health insurance	16,442.71	32,530.40	228,200.00	195,669.60
Disability long term insurance	566.48	1,132.96	7,200.00	6,067.04
Life insurance	700.65	1,414.01	9,100.00	7,685.99
Longevity	0.00	14,352.00	15,700.00	1,348.00
Pension	18,932.83	42,891.95	277,100.00	234,208.05
Pension UAAL	0.00	0.00	30,000.00	30,000.00
Unemployment compensation	638.33	1,723.91	9,200.00	7,476.09
Workman's compensation	0.00	9,331.56	17,300.00	7,968.44
Health insurance:PB&H-deductible	660.32	1,538.47	33,700.00	32,161.53
Total benefits	<u>48,492.63</u>	<u>130,078.30</u>	<u>790,000.00</u>	<u>659,921.70</u>

See accompanying accountant's compilation report.

McLennan County Appraisal District
General Fund
Statements of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual

	1 Month Ended <u>February 29,</u> <u>2020</u>	2 Months Ended <u>February 29,</u> <u>2020</u>	<u>Annual</u> <u>Budget</u>	<u>Remaining</u> <u>Budget</u>
Professional services				
Appraisal review board	216.00	1,303.50	100,000.00	98,696.50
Appraisal services	0.00	6,375.00	26,000.00	19,625.00
Audit	0.00	0.00	6,500.00	6,500.00
Board of directors	0.00	0.00	1,200.00	1,200.00
Cobra	0.00	63.60	0.00	(63.60)
Computer services	93.00	306.00	4,500.00	4,194.00
Consulting services	25,300.00	25,300.00	25,000.00	(300.00)
Arbitration	850.00	850.00	15,000.00	14,150.00
Payroll service fee	326.65	831.40	4,869.00	4,037.60
Personal property lists	2,832.00	2,832.00	2,800.00	(32.00)
Shredding service	0.00	115.50	500.00	384.50
Temp service	2,335.56	2,335.56	25,000.00	22,664.44
Consulting services: accounting	0.00	0.00	13,110.00	13,110.00
Legal services:retainer	1,900.00	3,800.00	22,800.00	19,000.00
Legal services:court cost	17,278.72	24,283.59	250,000.00	225,716.41
Legal services:misc legal services	4,230.00	4,230.00	10,000.00	5,770.00
Legal services:ARB legal counsel	0.00	1,000.00	3,000.00	2,000.00
Total professional services	<u>55,361.93</u>	<u>73,626.15</u>	<u>510,279.00</u>	<u>436,652.85</u>
Office operation expense				
Dues and memberships	2,000.00	2,300.00	8,000.00	5,700.00
Insurance	0.00	7,916.44	8,500.00	583.56
Legal publications	0.00	2,231.76	8,000.00	5,768.24
Mileage reimbursement	0.00	0.00	300.00	300.00
Small equipment and furniture	5,670.36	5,670.36	1,500.00	(4,170.36)
Small software	0.00	0.00	1,500.00	1,500.00
Subscriptions and books	554.54	4,214.56	24,000.00	19,785.44
Training and education	675.00	3,950.00	22,000.00	18,050.00
Travel	549.56	792.20	15,000.00	14,207.80
Misc expenses	0.00	0.00	1,000.00	1,000.00
Forms and printing:notices	2,072.00	2,072.00	28,000.00	25,928.00

See accompanying accountant's compilation report.

McLennan County Appraisal District
General Fund
Statements of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual

	1 Month Ended <u>February 29,</u> <u>2020</u>	2 Months Ended <u>February 29,</u> <u>2020</u>	<u>Annual</u> <u>Budget</u>	<u>Remaining</u> <u>Budget</u>
Forms and printing:renditions	4,444.43	4,444.43	5,500.00	1,055.57
Forms and printing:misc	0.00	112.00	4,000.00	3,888.00
Office equipment rental:postage machine	370.00	740.00	5,000.00	4,260.00
Office equipment rental:copiers	852.01	1,665.75	10,000.00	8,334.25
Postage and freight:postage	44,462.61	48,641.77	94,000.00	45,358.23
Postage and freight:freight	105.00	107.50	1,000.00	892.50
Supplies:office supplies	1,615.79	3,787.47	24,000.00	20,212.53
Utilities:phone and internet	992.73	2,977.16	14,000.00	11,022.84
Utilities:electric	1,644.96	3,413.17	23,000.00	19,586.83
Utilities:water and sewer	255.80	502.66	3,500.00	2,997.34
Total office operation expense	<u>66,264.79</u>	<u>95,539.23</u>	<u>301,800.00</u>	<u>206,260.77</u>
 Maintenance expense				
Building	52.00	2,084.75	15,000.00	12,915.25
Elevator	0.00	0.00	1,000.00	1,000.00
Lawn service	0.00	0.00	4,000.00	4,000.00
Computer equipment-hardware	795.00	1,485.00	3,000.00	1,515.00
Small equipment and furniture	0.00	0.00	2,000.00	2,000.00
Janitorial services	1,317.00	2,634.00	15,840.00	13,206.00
Software maintenance:true automation	0.00	29,969.56	137,436.00	107,466.44
Software maintenance:software service	0.00	270.15	4,000.00	3,729.85
Software maintenance:ESRI	9,974.25	9,974.25	9,900.00	(74.25)
Total maintenance expense	<u>12,138.25</u>	<u>46,417.71</u>	<u>192,176.00</u>	<u>145,758.29</u>
 Contingency fund				
General contingency fund	0.00	0.00	125,000.00	125,000.00
Total contingency fund	<u>0.00</u>	<u>0.00</u>	<u>125,000.00</u>	<u>125,000.00</u>

See accompanying accountant's compilation report.

McLennan County Appraisal District
General Fund
Statements of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual

	<u>1 Month</u> <u>Ended</u> <u>February 29,</u> <u>2020</u>	<u>2 Months</u> <u>Ended</u> <u>February 29,</u> <u>2020</u>	<u>Annual</u> <u>Budget</u>	<u>Remaining</u> <u>Budget</u>
Capital Outlay:				
Capital outlay expense				
Building improvements	0.00	0.00	7,000.00	7,000.00
Small equipment	22.70	22.70	1,500.00	1,477.30
Large equipment	0.00	15,974.18	15,000.00	(974.18)
Large furniture	0.00	0.00	1,000.00	1,000.00
Aerial photography	0.00	0.00	196,000.00	196,000.00
Total capital outlay expense	22.70	15,996.88	220,500.00	204,503.12
Debt service:				
Debt service expense				
Debt service interest-building	0.00	0.00	43,324.00	43,324.00
Debt service principal-building	0.00	0.00	85,083.00	85,083.00
Total debt service expense	0.00	0.00	128,407.00	128,407.00
Total expenditures	327,917.61	691,596.44	4,383,411.00	3,691,814.56
Net change in fund balance	(326,700.90)	401,707.82	\$ 0.00	\$ 401,707.82
Fund balance at beginning of period	2,362,094.92	1,633,686.20		
Fund balance at end of period	\$ 2,035,394.02	\$ 2,035,394.02		

See accompanying accountant's compilation report.

McLennan County Appraisal District

SELECTED INFORMATION—Substantially All Disclosures Required by Accounting Principles Generally Accepted in the United States of America Are Not Included

Basis of Presentation

The accompanying financial statements present only the general fund and do not purport to, and do not present fairly, the financial position of McLennan County Appraisal District as of February 29, 2020 or the changes in its financial position for the one month and two months ended in accordance with accounting principles generally accepted in the United States of America.

See accompanying accountant's compilation report.

McLennan County Appraisal District
General Fund
Financial Statements
March 31, 2020
(With Accountant's Compilation
Report Thereon)

Draft



JAYNES REITMEIER BOYD & THERRELL, P.C.
Certified Public Accountants
5400 Bosque Blvd., Ste. 600 | Waco, TX 76710
P.O. Box 7616 | Waco, TX 76714
Main 254.776.4190 | Fax 254.776.8489 | jrbt.com

To the Board of Trustees of
McLennan County Appraisal District:

Management is responsible for the accompanying financial statements of McLennan County Appraisal District (the "District"), which comprise the general fund balance sheet as of March 31, 2020 and the related general fund statements of revenues, expenditures and changes in fund balance – budget and actual for the one month and three months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that receivables from exchange-like transactions be recognized at the time of the exchange, with revenue recognized only to the extent that the resources will be received soon enough to be used to liquidate liabilities of the current period. The District recognizes one-fourth of annual assessment fee revenue at the beginning of each quarterly reporting period during its fiscal year. Management has not determined the effect of the departure from accounting principles generally accepted in the United States of America on the accompanying financial statements.

The accompanying budgeted information of the general fund of McLennan County Appraisal District for the year ending December 31, 2020, that is presented in comparison with the statements of revenues, expenditures and changes in fund balance has not been compiled or examined by us, and, accordingly, we do not express an opinion or any other form of assurance on it.

Management has elected to omit substantially all the disclosures required by accounting principles generally accepted in the United States of America for historical financial statements and the summaries of significant assumptions and accounting policies required under established guidelines for presentation of prospective financial statements. If the omitted disclosures were included in the financial statements, and the omitted summaries were included in the budgeted information, they might influence the user's conclusions about the District's assets, liabilities, fund balance, actual revenues and expenditures, and budgeted revenues and expenditures. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to McLennan County Appraisal District.

May 8, 2020

McLennan County Appraisal District

General Fund

Balance Sheet

March 31, 2020

Assets

Cash:

Extraco money market	\$	1,054,117.96
Extraco bank cash		1,540,338.05
Extraco flex spending		6,006.41
Accounts receivable		210,121.38
Flexible spending plan receivable		68.41
Prepaid expenditures		23,586.45
Total assets	\$	<u>2,834,238.66</u>

Liabilities and Fund Balance

Accrued liabilities:

Pension payable	\$	29,039.37
Unearned revenue		1,089,602.76
Total liabilities		<u>1,118,642.13</u>
Fund balance - Committed for Litigation		300,000.00
Fund balance - Committed for Capital Improvement		80,663.00
Fund balance - Committed for Technology & Professional Services		735,845.82
Current year's budget appropriation		517,177.38
Fund balance - unassigned		81,910.33
Total fund balance		<u>1,715,596.53</u>
 Total liabilities and fund balance	\$	<u>2,834,238.66</u>

See accompanying accountant's compilation report.

McLennan County Appraisal District
General Fund
Statements of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual

	Actual 1 Month Ended <u>March 31,</u> <u>2020</u>	Actual 3 Months Ended <u>March 31, 2020</u>	Annual <u>Budget</u>	Remaining <u>Budget</u>
Revenues:				
Revenue from taxing entities	\$ 0.00	1,089,602.75	4,358,411.00	3,268,808.25
Interest on investments	0.00	0.00	15,000.00	15,000.00
Miscellaneous revenue	1,509.93	4,247.17	2,000.00	(2,247.17)
BPP rendition penalty revenue	0.00	964.27	8,000.00	7,035.73
	<u>1,509.93</u>	<u>1,094,814.19</u>	<u>4,383,411.00</u>	<u>3,288,596.81</u>
Expenditures:				
Current:				
Salaries				
Administration	15,000.00	86,231.16	301,775.00	215,543.84
Appraisal	75,999.14	227,213.62	997,242.00	770,028.38
Mapping	20,869.20	62,223.51	270,895.00	208,671.49
Clerical	23,785.60	71,086.97	408,317.00	337,230.03
Auto and phone allowance	9,543.04	28,379.89	137,020.00	108,640.11
Total salaries	<u>145,196.98</u>	<u>475,135.15</u>	<u>2,115,249.00</u>	<u>1,640,113.85</u>
Benefits				
FICA tax expense	10,517.62	35,680.66	162,500.00	126,819.34
Health insurance	16,867.90	49,398.30	228,200.00	178,801.70
Disability long term insurance	566.48	1,699.44	7,200.00	5,500.56
Life insurance	700.65	2,114.66	9,100.00	6,985.34
Longevity	0.00	14,352.00	15,700.00	1,348.00
Pension	18,875.60	61,767.55	277,100.00	215,332.45
Pension UAAL	30,000.00	30,000.00	30,000.00	0.00
Unemployment compensation	224.86	1,948.77	9,200.00	7,251.23
Workman's compensation	0.00	9,331.56	17,300.00	7,968.44
Health insurance:PB&H-deductible	264.00	1,802.47	33,700.00	31,897.53
Total benefits	<u>78,017.11</u>	<u>208,095.41</u>	<u>790,000.00</u>	<u>581,904.59</u>

See accompanying accountant's compilation report.

McLennan County Appraisal District
General Fund
Statements of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual

	1 Month Ended <u>March 31,</u> <u>2020</u>	3 Months Ended <u>March 31, 2020</u>	<u>Annual</u> <u>Budget</u>	<u>Remaining</u> <u>Budget</u>
Professional services				
Appraisal review board	201.00	1,504.50	100,000.00	98,495.50
Appraisal services	0.00	6,375.00	26,000.00	19,625.00
Audit	0.00	0.00	6,500.00	6,500.00
Board of directors	0.00	0.00	1,200.00	1,200.00
Cobra	(63.60)	0.00	0.00	0.00
Computer services	2,084.00	2,390.00	4,500.00	2,110.00
Consulting services	16,983.36	42,283.36	25,000.00	(17,283.36)
Arbitration	400.00	1,250.00	15,000.00	13,750.00
Payroll service fee	387.70	1,219.10	4,869.00	3,649.90
Personal property lists	0.00	2,832.00	2,800.00	(32.00)
Shredding service	70.00	185.50	500.00	314.50
Temp service	3,496.80	5,832.36	25,000.00	19,167.64
Consulting services: accounting	0.00	0.00	13,110.00	13,110.00
Legal services:retainer	1,900.00	5,700.00	22,800.00	17,100.00
Legal services:court cost	12,111.80	36,395.39	250,000.00	213,604.61
Legal services:misc legal services	840.00	5,070.00	10,000.00	4,930.00
Legal services:ARB legal counsel	0.00	1,000.00	3,000.00	2,000.00
Total professional services	<u>38,411.06</u>	<u>112,037.21</u>	<u>510,279.00</u>	<u>398,241.79</u>
Office operation expense				
Dues and memberships	100.00	2,400.00	8,000.00	5,600.00
Insurance	0.00	7,916.44	8,500.00	583.56
Legal publications	0.00	2,231.76	8,000.00	5,768.24
Mileage reimbursement	0.00	0.00	300.00	300.00
Small equipment and furniture	0.00	5,670.36	1,500.00	(4,170.36)
Small software	0.00	0.00	1,500.00	1,500.00
Subscriptions and books	12,814.45	17,029.01	24,000.00	6,970.99
Training and education	225.00	4,175.00	22,000.00	17,825.00
Travel	972.61	1,764.81	15,000.00	13,235.19
Misc expenses	0.00	0.00	1,000.00	1,000.00
Forms and printing:notices	0.00	2,072.00	28,000.00	25,928.00

See accompanying accountant's compilation report.

McLennan County Appraisal District
General Fund
Statements of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual

	1 Month Ended <u>March 31,</u> <u>2020</u>	3 Months Ended <u>March 31, 2020</u>	<u>Annual Budget</u>	<u>Remaining Budget</u>
Forms and printing:renditions	0.00	4,444.43	5,500.00	1,055.57
Forms and printing:misc	0.00	112.00	4,000.00	3,888.00
Office equipment rental:postage machine	370.00	1,110.00	5,000.00	3,890.00
Office equipment rental:copiers	842.61	2,508.36	10,000.00	7,491.64
Postage and freight:postage	4,300.00	52,941.77	94,000.00	41,058.23
Postage and freight:freight	20.31	127.81	1,000.00	872.19
Supplies:office supplies	938.18	4,725.65	24,000.00	19,274.35
Utilities:phone and internet	92.32	3,069.48	14,000.00	10,930.52
Utilities:electric	1,722.27	5,135.44	23,000.00	17,864.56
Utilities:water and sewer	261.16	763.82	3,500.00	2,736.18
Total office operation expense	<u>22,658.91</u>	<u>118,198.14</u>	<u>301,800.00</u>	<u>183,601.86</u>
Maintenance expense				
Building	1,416.65	3,501.40	15,000.00	11,498.60
Elevator	0.00	0.00	1,000.00	1,000.00
Lawn service	0.00	0.00	4,000.00	4,000.00
Computer equipment-hardware	0.00	1,485.00	3,000.00	1,515.00
Small equipment and furniture	50.00	50.00	2,000.00	1,950.00
Janitorial services	1,317.00	3,951.00	15,840.00	11,889.00
Software maintenance:true automation	33,969.56	63,939.12	137,436.00	73,496.88
Software maintenance:software service	270.15	540.30	4,000.00	3,459.70
Software maintenance:ESRI	0.00	9,974.25	9,900.00	(74.25)
Total maintenance expense	<u>37,023.36</u>	<u>83,441.07</u>	<u>192,176.00</u>	<u>108,734.93</u>
Contingency fund				
General contingency fund	0.00	0.00	125,000.00	125,000.00
Total contingency fund	<u>0.00</u>	<u>0.00</u>	<u>125,000.00</u>	<u>125,000.00</u>

See accompanying accountant's compilation report.

McLennan County Appraisal District
General Fund
Statements of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual

	<u>1 Month Ended March 31, 2020</u>	<u>3 Months Ended March 31, 2020</u>	<u>Annual Budget</u>	<u>Remaining Budget</u>
Capital Outlay:				
Capital outlay expense				
Building improvements	0.00	0.00	7,000.00	7,000.00
Small equipment	0.00	22.70	1,500.00	1,477.30
Large equipment	0.00	15,974.18	15,000.00	(974.18)
Large furniture	0.00	0.00	1,000.00	1,000.00
Aerial photography	0.00	0.00	196,000.00	196,000.00
Total capital outlay expense	0.00	15,996.88	220,500.00	204,503.12
Debt service:				
Debt service expense				
Debt service interest-building	0.00	0.00	43,324.00	43,324.00
Debt service principal-building	0.00	0.00	85,083.00	85,083.00
Total debt service expense	0.00	0.00	128,407.00	128,407.00
Total expenditures	321,307.42	1,012,903.86	4,383,411.00	3,370,507.14
Net change in fund balance	(319,797.49)	81,910.33	\$ 0.00	\$ 81,910.33
Fund balance at beginning of period	2,035,394.02	1,633,686.20		
Fund balance at end of period	\$ 1,715,596.53	\$ 1,715,596.53		

See accompanying accountant's compilation report.

McLennan County Appraisal District

SELECTED INFORMATION—Substantially All Disclosures Required by Accounting Principles Generally Accepted in the United States of America Are Not Included

Basis of Presentation

The accompanying financial statements present only the general fund and do not purport to, and do not present fairly, the financial position of McLennan County Appraisal District as of March 31, 2020 or the changes in its financial position for the one month and three months then ended in accordance with accounting principles generally accepted in the United States of America.

Draft

See accompanying accountant's compilation report.

**MCLENNAN COUNTY APPRAISAL DISTRICT
YEARLY BUDGET COMPARISON**

YEAR	2016	2017	2018	2019	2020	2021
TOTAL BUDGET AMOUNT	3,931,923	4,015,115	4,640,293	4,465,382	4,383,511	4,372,817
% BUDGET INCREASE	-12.90%	2.12%	15.57%	-3.77%	-1.83%	-0.24%
ENTITY CONTRIBUTION	3,913,850	3,998,615	4,240,290	4,451,232	4,358,511	4,222,817
TOTAL EXPENSE AUDITED	3,905,032	3,628,095	3,940,399			
***WHAT SHOULD HAVE BEEN CREDITED	8,818	370,520	299,891			
ENTITY ACTUAL CREDITED AMOUNT	0	385,853	222,572			
FUND BALANCE	630,655	630,655	730,655			
CONTINGENCY FUNDS	200,000	150,000	100,000	100,000	125,000	100,000
NUMBER OF EMPLOYEES	41	41	42	42	44	44
*** This is the difference between the Entity Contribution & what the District actually spent.						

**MCLENNAN COUNTY APPRAISAL DISTRICT
2021 PRELIMINARY ANNUAL BUDGET**

	2020 BUDGET	2021	\$ CHANGE	PERCENT CHANGE	Comment
5000 SALARIES					
5001 ADMINISTRATION	301,775	301,775	0	0.0%	
5002 APPRAISAL	997,242	997,242	0	0.0%	
5003 MAPPING	270,895	271,300	405	0.1%	
5004 CLERICAL	408,317	405,952	(2,365)	-0.6%	
5006 PART TIME	0	48,000	48,000	4800000%	MAI Appraiser
5008 AUTO & PHONE ALLOWANCE	137,020	137,020	0	0.0%	
TOTAL SALARIES	2,115,249	2,161,289			
		2.18%			
5100 BENEFITS					
5105 FICA TAX EXPENSE	162,600	162,100	(500)	-0.3%	
5110 HEALTH INSURANCE	228,200	239,000	10,800	4.7%	
5110-1 PB&H DEDUCTIBLE (HRA)	33,700	35,100	1,400	4.2%	
5113 DISABILITY	7,200	7,200	0	0.0%	
5115 LIFE INSURANCE	9,100	9,100	0	0.0%	
5120 LONGEVITY	15,700	15,100	(600)	-3.8%	
5125 PENSION	277,100	276,700	(400)	-0.1%	
5126 PENSION UAAL	30,000	30,000	0	0.0%	
5130 UNEMPLOYMENT COMPENSATION	9,200	7,400	(1,800)	-19.6%	
5135 WORKMANS COMPENSATION	17,300	17,300	0	0.0%	
TOTAL BENEFITS	790,100	799,000			
		1.13%			
5200 PROFESSIONAL SERVICES					
5201 APPRAISAL REVIEW BOARD	100,000	120,000	20,000	20.0%	
5205 APPRAISAL SERVICES	26,000	66,000	40,000	153.8%	
5210 AUDIT	6,500	6,700	200	3.1%	Industrial Properties assigned to Capitol Appraisal Group
5215 BOARD OF DIRECTORS	1,200	1,200	0	0.0%	
5217 COBRA	0	0	0	0.0%	
5218 COMPUTER SERVICES	4,500	4,500	0	0.0%	
5220 CONSULTING SERVICES	0	0	0	0.0%	
5220-1 ACCOUNTING	13,110	13,110	0	0.0%	
5220-2 MISC CONSULTING	25,000	0	(25,000)	-100.0%	Moved to subscriptions
5220-5 HOMESTEAD AUDIT	0	0	0	0.0%	
5229 ARBITRATION	15,000	15,000	0	0.0%	
5230 LEGAL SERVICES	0	0	0	0.0%	
5230-1 RETAINER	22,800	22,800	0	0.0%	
5230-2 COURT COST	250,000	150,000	(100,000)	-40.0%	Litigation fund balance
5230-3 MISC LEGAL SERVICES	10,000	10,000	0	0.0%	
5230-4 ARB Legal Counsel	3,000	3,000	0	0.0%	
5233 MOVING SERVICE	0	0	0	0.0%	
5234 PAYROLL SERVICE FEE	4,869	4,869	(1)	0.0%	
5235 PERSONAL PROPERTY LISTS	2,800	2,800	0	0.0%	
5239 SHREDDING SERVICE	500	1,500	1,000	200.0%	Clean out containers of files past retention period
5240 TEMP SERVICES	25,000	25,000	0	0.0%	
TOTAL PROFESSIONAL SERVICES	510,279	446,479			
		-12.50%			
5300 OFFICE OPERATING EXPENSES					
5301 DUES AND MEMBERSHIPS	8,000	8,000	0	0.0%	
5305 FORMS AND PRINTING	0	0	0	0.0%	
5305-1 NOTICES	28,000	28,000	0	0.0%	
5305-2 RENDITIONS	5,500	5,500	0	0.0%	
5305-3 MISC	4,000	4,400	400	10.0%	
5310 INSURANCE	8,500	8,500	0	0.0%	
5315 LEGAL PUBLICATIONS	8,000	8,000	0	0.0%	
5317 MILEAGE REIMBURSEMENT	300	300	0	0.0%	
5320 OFFICE EQUIPMENT RENTAL	0	0	0	0.0%	
5320-1 POSTAGE MACHINE	5,000	5,000	0	0.0%	
5320-2 COPIERS	10,000	10,000	0	0.0%	
5330 POSTAGE AND FREIGHT	0	0	0	0.0%	
5330-1 POSTAGE	94,000	148,100	54,100	57.6%	Additional notice requirements
5330-2 FREIGHT	1,000	1,000	0	0.0%	
5335 SMALL EQUIPMENT AND FURNITURE	1,500	1,500	0	0.0%	
5336 SMALL SOFTWARE	1,500	1,500	0	0.0%	
5340 SUBSCRIPTIONS AND BOOKS	24,000	88,200	64,200	267.5%	Reclassified 25,000 from consulting, new appraisal data service
5345 SUPPLIES	0	0	0	0.0%	
5345-1 OFFICE SUPPLIES	24,000	24,000	0	0.0%	
5350 TRAINING AND EDUCATION	22,000	25,000	3,000	13.6%	
5355 TRAVEL	15,000	15,000	0	0.0%	
5360 UTILITIES	0	0	0	0.0%	
5360-1 PHONE AND INTERNET	14,000	13,500	(500)	-3.6%	
5360-2 ELECTRIC	23,000	21,000	(2,000)	-8.7%	
5360-4 WATER AND SEWER	3,500	4,000	500	14.3%	
5365 MISC EXPENSE	1,000	1,000	0	0.0%	
TOTAL OFFICE OPERATING EXPENSES	301,800	421,500			
		39.66%			

5400 MAINTENANCE EXPENSES					
5401 BUILDING	15,000	15,000	0	0.0%	
5401-1 JANITORIAL SERVICES	15,840	15,840		0.0%	
5402 ELEVATOR	1,000	1,000	0	0.0%	
5403 LAWN SERVICE	4,000	4,000		0.0%	
5405 COMPUTER EQUIPMENT-HARDWARE	3,000	2,000	(1,000)	-33.3%	
5410 SMALL EQUIPMENT AND FURNITURE	2,000	2,000	0	0.0%	
5415 SOFTWARE MAINTENANCE	0	0	0	0.0%	
5415-1 TRUE AUTOMATION	137,436	168,902	31,466	22.9%	Increase for Mobile platform
5415-5 SOFTWARE SERVICE	4,000	4,000	0	0.0%	and disaster recovery
5415-6 ESRI	9,900	9,900	0	0.0%	
TOTAL MAINTENANCE EXPENSES	192,176	222,642			
		15.85%			
5500 CAPITAL OUTLAY					
5501 BUILDING IMPROVEMENTS	7,000	5,000	(2,000)	-28.6%	
5502 SMALL EQUIPMENT	1,500	2,500	1,000	66.7%	
5505 LARGE EQUIPMENT	15,000	10,000	(5,000)	-33.3%	
5510 LARGE FURNITURE	1,000	1,000	0	0.0%	
5525 AERIAL PHOTOGRAPHY	196,000	75,000	(121,000)	-61.7%	Street level Photography contract ended
TOTAL CAPITAL OUTLAY	220,500	93,500			
		-57.60%			
5600 DEBT SERVICE EXPENSE					
5601 DEBT SERVICE INTEREST--BUILDING	43,324	39,452	(3,872)	-8.9%	
5605 DEBT SERVICE PRINCIPLE--BUILDING	85,083	88,955	3,872	4.6%	
TOTAL DEBT SERVICE EXPENSE	128,407	128,407			
		0.00%			
6000 CONTINGENCY FUND					
6010 GENERAL CONTINGENCY FUND	125,000	100,000	(25,000)	-20.0%	
TOTAL CONTINGENCY FUND	125,000	100,000			
		-20.00%			
TOTAL OPERATING BUDGET	\$ 4,383,511	\$ 4,372,817	(10,695)	-0.2%	
		-0.24%			
LESS BUDGETED GENERAL INCOME					
4033 INTEREST ON INVESTMENTS	-	-		0.0%	
4015 INTEREST ON BANK ACCTS	15,000	15,000	0		
4025 SURPLUS FROM PRIOR YEAR		125,000	125,000		
4040 MISCELLANEOUS REVENUE	2,000	2,000	0	0.0%	
4045 BPP RENDITION PENALTY REVENUE	8,000	8,000	0	0.0%	
TOTAL GENERAL INCOME	25,000	150,000	125,000		
LESS FUND BALANCE CREDIT TO ENTITIES	0	0			
TOTAL ENTITY SUPPORT	\$ 4,358,511	\$ 4,222,817	\$ (135,695)	-3.1%	
		-3.11%			
Fund Balances					
Litigation	300,000				
Capital Improvements	80,663				
Technology and Professional Services	735,845				
	1,116,508				
Unassigned-Pending 2019 Audit	517,893				

**MCLENNAN COUNTY APPRAISAL DISTRICT
Profit Loss Budget Yearly Comparison**

	Final Budget	Approved	Estimated		Forecast				
	2019	2020	2021		2022	2023	2024	2025	2026
Litigation			300,000						
Capital Improvements			80,663						
Technology and Professional Services			735,845						
Income									
4020 · Revenue from Taxing Entities	4,451,232	4,358,511	4,222,817	-3.11%	4,387,881	4,571,685	4,542,411	4,620,112	4,699,180
4025 · Surplus from Prior Year	-	-	125,000						
4030 · Interest on Investments	150								
4035 · Interest - Bank Accts		15,000	15,000		15,000	15,000	15,000	15,000	15,000
4040 · Miscellaneous Revenue	4,000	2,000	2,000	0.00%	4,000	4,000	4,000	4,000	4,000
4045 · BPP RENDITION PENALTY REVENUE	10,000	8,000	8,000	0.00%	10,000	10,000	10,000	10,000	10,000
Total Income	4,465,382	4,383,511	4,372,817	-0.24%	4,416,881	4,600,685	4,571,411	4,649,112	4,728,180
Gross Profit	4,465,382	4,383,511	4,372,817	-0.24%	4,416,881	4,600,685	4,571,411	4,649,112	4,728,180
Expense									
5000 · Salaries									
5001 · Administration	293,475	301,775.00	301,775	0.00%	309,319	317,052	324,979	333,103	341,431
5002 · Appraisal	953,020	997,242.00	997,242	0.00%	1,022,173	1,047,727	1,073,921	1,100,769	1,128,288
5003 · Mapping	267,585	270,895.00	271,300	0.15%	278,083	285,035	292,160	299,464	306,951
5004 · Clerical	396,102	408,317.00	405,952	-0.58%	416,101	426,503	437,166	448,095	459,297
5006 · Part Time			48,000		48,000	48,000	48,000	48,000	48,000
5008 · Auto and Phone Allowance	137,020	137,020	137,020	0.00%	137,020	137,020	137,020	137,020	137,020
Total 5000 · Salaries	2,047,202	2,115,249	2,161,289	2.18%	2,210,696	2,261,338	2,313,246	2,366,451	2,420,987
5100 · Benefits									
5105 · FICA Tax Expense	153,900	162,600	162,100	-0.31%	176,856	180,907	185,060	189,316	193,679
5110 · Health Insurance									
5110-1 · PB&H-Deductible	33,700	33,700	35,100	4.15%	35,100	35,100	35,100	35,100	35,100
5110 · Health Insurance - Other	227,900	228,200	239,000	4.73%	243,780	248,656	253,629	258,701	263,875
Total 5110 · Health Insurance	261,600	261,900	274,100	4.66%	278,880	283,756	288,729	293,801	298,975
5113 · Disability Long Term Insurance	6,100	7,200	7,200	0.00%	7,200	7,200	7,200	7,200	7,200
5115 · Life Insurance	8,600	9,100	9,100	0.00%	9,100	9,100	9,100	9,100	9,100
5120 · Longevity	13,500	15,700	15,100	-3.82%	16,000	16,000	16,000	16,000	16,000
5125 · Pension	262,200	277,100	276,700	-0.14%	287,390	293,974	300,722	307,639	314,728
5126 · Pension UAAL-TCDRS	30,100	30,000	30,000	0.00%	30,000	30,000	30,000	30,000	30,000
5130 · Unemployment Compensation	9,200	9,200	7,400	-19.57%	9,200	9,200	9,200	9,200	9,200
5135 · Workers Compensation-TML	16,500	17,300	17,300	0.00%	17,000	17,000	17,000	17,000	17,000
Total 5100 · Benefits	761,700	790,100	799,000	1.13%	831,626	847,136	863,010	879,256	895,883
5200 · Professional Services									
5201 · Appraisal Review Board	119,200	100,000	120,000	20.00%	100,000	100,000	100,000	100,000	100,000
5205 · Appraisal Services	30,000	26,000	66,000	153.85%	30,000	30,000	30,000	30,000	30,000
5210 · Audit-PB&H	6,850	6,500	6,700	3.08%	6,700	6,700	6,700	6,700	6,700
5215 · Board of Directors	1,200	1,200	1,200	0.00%	1,200	1,200	1,200	1,200	1,200
5218 · Computer Services	20,000	4,500	4,500	0.00%	4,500	4,500	4,500	4,500	4,500
5220 · Consulting Services									
5220-1 · Accounting	11,700	13,110	13,110	0.00%	13,110	13,110	13,110	13,110	13,110
5220-2 · Misc Consulting		25,000		-100.00%					
5220 · Homestead Audit Service	112,300.00								
Total 5220 · Consulting Services	124,000.00	38,110.00	13,110.00	-65.60%	13,110.00	13,110.00	13,110.00	13,110.00	13,110.00
5229 · Arbitration	19,000	15,000	15,000	0.00%	15,000	15,000	15,000	15,000	15,000

**MCLENNAN COUNTY APPRAISAL DISTRICT
Profit Loss Budget Yearly Comparison**

	Final Budget	Approved	Estimated		Forecast				
	2019	2020	2021		2022	2023	2024	2025	2026
5230 · Legal Services									
5230-1 · Retainer-MVBA	24,000	22,800	22,800	0.00%	22,800	22,800	22,800	22,800	22,800
5230-2 · Court Cost-MVBA	155,000	250,000	150,000	-40.00%	150,000	150,000	150,000	150,000	150,000
5230-3 · Misc Legal Services	20,000	10,000	10,000	0.00%	10,000	10,000	10,000	10,000	10,000
5230-4 · ARB Legal Counsel-RAY ARMSTRON	5,000	3,000	3,000	0.00%	3,000	3,000	3,000	3,000	3,000
Total 5230 · Legal Services	204,000	285,800	185,800	-34.99%	185,800	185,800	185,800	185,800	185,800
5234 · Payroll Service Fee	4,869	4,869	4,869	-0.01%	4,869	4,869	4,869	4,870	4,870
5235 · Personal Property Lists	2,800	2,800	2,800	0.00%	2,800	2,800	2,800	2,800	2,800
5239 · Shredding Service	500	500	1,500	200.00%	500	500	500	500	500
5240 · Temp Service	60,000	25,000	25,000	0.00%	25,000	25,000	25,000	25,000	25,000
Total 5200 · Professional Services	592,419	510,279	446,479	-12.50%	389,479	389,479	389,479	389,480	389,480
5300 · Office Operation Expenses									
5301 · Dues and Memberships	6,000	8,000	8,000	0.00%	8,000	8,000	8,000	8,000	8,000
5305 · Forms and Printing									
5305-1 · Notices	28,000	28,000	28,000	0.00%	28,000	28,000	28,000	28,000	28,000
5305-2 · Renditions	7,500	5,500	5,500	0.00%	5,500	5,500	5,500	5,500	5,500
5305-3 · Misc	5,000	4,000	4,400	10.00%	4,400	4,400	4,400	4,400	4,400
Total 5305 · Forms and Printing	40,500	37,500	37,900	1.07%	37,900	37,900	37,900	37,900	37,900
5310 · Insurance on Bldg-TML	7,700	8,500	8,500	0.00%	8,500	8,500	8,500	8,500	8,500
5315 · Legal Publications-Waco Tribune	8,000	8,000	8,000	0.00%	8,000	8,000	8,000	8,000	8,000
5317 · Mileage Reimbursement	1,000	300	300	0.00%	300	300	300	300	300
5320 · Office Equipment Rental									
5320-1 · Postage Machine-Neopost	5,000	5,000	5,000	0.00%	5,000	5,000	5,000	5,000	5,000
5320-2 · Copiers-CTWP	10,000	10,000	10,000	0.00%	10,000	10,000	10,000	10,000	10,000
Total 5320 · Office Equipment Rental	15,000	15,000	15,000	0.00%	15,000	15,000	15,000	15,000	15,000
5330 · Postage and Freight									
5330-1 · Postage	95,000	94,000	148,100	57.55%	151,062	154,083	157,165	160,308	163,514
5330-2 · Freight	1,500	1,000	1,000	0.00%	1,000	1,000	1,000	1,000	1,000
Total 5330 · Postage and Freight	96,500	95,000	149,100	56.95%	152,062	155,083	158,165	161,308	164,514
5335 · Small Equipment and Furniture	2,000	1,500	1,500	0.00%	1,500	1,500	1,500	1,500	1,500
5336 · Small Software	3,000	1,500	1,500	0.00%	1,500	1,500	1,500	1,500	1,500
5340 · Subscriptions and Books	44,000	24,000	88,200	267.50%	92,610	97,241	102,103	107,208	112,568
5345 · Supplies									
5345-1 · Office Supplies	24,000	24,000	24,000	0.00%	24,000	24,000	24,000	24,000	24,000
Total 5345 · Supplies	24,000	24,000	24,000	0.00%	24,000	24,000	24,000	24,000	24,000
5350 · Training and Education	17,000	22,000	25,000	13.64%	20,000	20,000	20,000	20,000	20,000
5355 · Travel	15,000	15,000	15,000	0.00%	15,000	15,000	15,000	15,000	15,000
5360 · Utilities									
5360-1 · Phone and Internet	14,000	14,000	13,500	-3.57%	13,500	13,500	13,500	13,500	13,500
5360-2 · Electric-Hudson	23,000	23,000	21,000	-8.70%	24,000	24,000	24,000	24,000	24,000
5360-4 · Water and Sewer-City of Waco	4,000	3,500	4,000	14.29%	4,000	4,000	4,000	4,000	4,000
Total 5360 · Utilities	41,000	40,500	38,500	-4.94%	41,500	41,500	41,500	41,500	41,500
5365 · Misc Expenses	1,000	1,000	1,000	0.00%	1,000	1,000	1,000	1,000	1,000
5366 · Bank Service Fee									
Total 5300 · Office Operation Expenses	321,700	301,800	421,500	39.66%	426,872	434,524	442,467	450,716	459,282

Projected Salary and Benefits

B	C	D	CURRENT 2020				H	I	J	PROJECTED 2021			L	M
			Hourly	Salary	AUTO	2.0% COLA				1.0% Merit	TOTAL SALARIES	DEPT TOTALS		
PAYROLL TYPE	POSITION	HOURLY	Salary	AUTO	2.0% COLA	1.0% Merit	E+G	H8/2080	SALARY + AUTO	Projected Taxable Group Term Life	Salary +Auto + GTL	O * .0765	411.47 0.10 452.62	
			D*2080											
5001	CHIEF APPR	63.37	131,800.00	6480			130,700.00	62.84	\$137,180.00	\$0.00	\$137,180.00	10,494.27	5,431.40	
5001	ASST CHIEF APPR	43.79	91,075.00	6480			91,075.00	43.79	\$97,555.00	\$142.72	\$97,697.72	7,473.88	5,431.40	
5001	ADMIN ASST	18.03	37,500.00				37,500.00	18.03	\$37,500.00	\$24.00	\$37,524.00	2,870.59	5,431.40	
5001	ADMIN ASST	20.43	42,500.00				42,500.00	20.43	\$42,500.00	\$96.60	\$42,596.60	3,258.64	5,431.40	
							301,775.00		\$314,735.00	\$263.32	\$314,998.32			
5002	COMMERCIAL-SUPERVISOR	43.28	90,025.00	6480			90,025.00	43.28	\$96,505.00	\$0.00	\$96,505.00	7,382.63	5,431.40	
5002	COMMERCIAL-STAFF APPRAISER	31.73	66,000.00	6480			66,000.00	31.73	\$72,480.00	\$649.44	\$73,129.44	5,594.40	5,431.40	
5002	COMMERCIAL-STAFF APPRAISER	21.63	45,000.00	6480			45,000.00	21.63	\$51,480.00	\$543.00	\$52,023.00	3,979.76	5,431.40	
5002	COMMERCIAL-STAFF APPRAISER	29.81	62,000.00	6480			62,000.00	29.81	\$68,480.00	\$586.08	\$69,066.08	5,283.56	5,431.40	
5002	COMMERCIAL-JR APPRAISER	18.27	38,000.00	6480			38,000.00	18.27	\$44,480.00	\$24.96	\$44,504.96	3,404.63	5,431.40	
5002	COMMERCIAL-JR APPRAISER	21.63	45,000.00	0			17,065.00	8.20	\$17,065.00	\$0.00	\$17,065.00	1,305.47	5,431.40	
							318,090.00		\$350,490.00	\$1,803.48	\$352,293.48			
5002	RES-SUPERVISOR	31.29	65,075.00	6480			65,075.00	31.29	\$71,555.00	\$96.18	\$71,651.18	5,481.32	5,431.40	
5002	RES-STAFF APPRAISER	21.72	45,178.00	6480			45,178.00	21.72	\$51,658.00	\$48.43	\$51,706.43	3,955.54	5,431.40	
5002	RES-STAFF APPRAISER	21.59	44,901.00	6480			44,901.00	21.59	\$51,381.00	\$47.76	\$51,428.76	3,934.30	5,431.40	
5002	RES-STAFF APPRAISER	16.83	35,000.00	6480			30,000.00	14.42	\$36,480.00	\$0.00	\$36,480.00	2,790.72	5,431.40	
5002	RES-STAFF APPRAISER	21.59	44,900.00	6480			44,900.00	21.59	\$51,380.00	\$0.00	\$51,380.00	3,930.57	5,431.40	
5002	RES-STAFF APPRAISER	21.13	43,950.00	6480			43,950.00	21.13	\$50,430.00	\$104.60	\$50,534.60	3,865.90	5,431.40	
5002	RES-STAFF APPRAISER	21.06	43,800.00	6480			43,800.00	21.06	\$50,280.00	\$40.61	\$50,320.61	3,849.53	5,431.40	
5002	RES-STAFF APPRAISER	18.28	38,025.00	6480			38,025.00	18.28	\$44,505.00	\$28.13	\$44,533.13	3,406.78	5,431.40	
5002	RES-STAFF APPRAISER	20.67	43,000.00	6480			43,000.00	20.67	\$49,480.00	\$38.88	\$49,518.88	3,788.19	5,431.40	
5002	RES-JR APPRAISER	17.14	35,642.00	6480			35,642.00	17.14	\$42,122.00	\$20.43	\$42,142.43	3,223.90	5,431.40	
							434,471.00		\$499,271.00	\$425.03	\$499,696.03			
5002	BPP-SUPERVISOR	33.98	70,675.00	2520			70,675.00	33.98	\$73,195.00	\$723.49	\$73,918.49	5,654.76	5,431.40	
5002	BPP-APPRAISER	19.56	40,675.00	5460			40,675.00	19.56	\$46,135.00	\$56.43	\$46,191.43	3,533.64	5,431.40	
5002	BPP-STAFF APPRAISER	22.03	45,825.00	5460			45,825.00	22.03	\$51,285.00	\$74.97	\$51,359.97	3,929.04	5,431.40	
5002	BPP-STAFF APPRAISER	19.56	40,685.00	5460			40,685.00	19.56	\$46,145.00	\$30.12	\$46,175.12	3,532.40	5,431.40	
5002	BPP-STAFF APPRAISER	22.51	46,821.00	5460			46,821.00	22.51	\$52,281.00	\$225.19	\$52,506.19	4,016.72	5,431.40	
							244,681.00		\$269,041.00	\$1,110.20	\$270,151.20			
5003	GIS SUPERVISOR	35.79	74,450.00	1500			74,450.00	35.79	\$75,950.00	\$783.29	\$76,733.29	5,870.10	5,431.40	
5003	GIS MAPPER	23.38	48,620.00	1000			48,620.00	23.38	\$49,620.00	\$45.35	\$49,665.35	3,799.40	5,431.40	
5003	GIS MAPPER	21.90	45,550.00				45,550.00	21.90	\$45,550.00	\$49.32	\$45,599.32	3,488.35	5,431.40	
5004	DATA ANALYST	15.87	33,010.00				33,010.00	15.87	\$33,010.00	\$28.83	\$33,038.83	2,527.47	5,431.40	
5004	DATA ANALYST	16.18	33,660.00				33,660.00	16.18	\$33,660.00	\$20.78	\$33,680.78	2,576.58	5,431.40	
5004	DATA ANALYST	17.31	36,010.00				36,010.00	17.31	\$36,010.00	\$15.85	\$36,025.85	2,755.98	5,431.40	
							271,300.00		\$273,800.00	\$943.43	\$274,743.43			
5004	CUST SERV SUPERVISOR	24.57	51,100.00				51,100.00	24.57	\$51,100.00	\$144.07	\$51,244.07	3,920.17	5,431.40	
5004	CS-DATA CLERK	12.26	25,500.00				25,500.00	12.26	\$25,500.00	\$0.00	\$25,500.00	1,950.75	5,431.40	
5004	CS-DATA CLERK	14.12	29,375.00				29,375.00	14.12	\$29,375.00	\$45.15	\$29,420.15	2,250.64	5,431.40	
5004	CS-DATA CLERK	15.16	31,525.00				31,525.00	15.16	\$31,525.00	\$67.34	\$31,592.34	2,416.81	5,431.40	
5004	DATA ANALYST	12.57	26,152.00				26,152.00	12.57	\$26,152.00	\$2.21	\$26,154.21	2,000.80	5,431.40	
5004	DATA ANALYST	20.59	42,825.00				42,825.00	20.59	\$42,825.00	\$282.35	\$43,107.35	3,297.71	5,431.40	
5004	DATA ANALYST	17.44	36,275.00				36,275.00	17.44	\$36,275.00	\$62.24	\$36,337.24	2,779.80	5,431.40	
5004	DATA ANALYST	16.37	34,050.00				34,050.00	16.37	\$34,050.00	\$17.38	\$34,067.38	2,606.15	5,431.40	
5004	CS-DATA CLERK	16.67	34,675.00				34,675.00	16.67	\$34,675.00	\$34.83	\$34,709.83	2,655.30	5,431.40	
5004	DATA ANALYST	16.83	35,000.00				35,000.00	16.83	\$35,000.00	\$0.00	\$35,000.00	2,677.50	5,431.40	
5004	DATA ANALYST	13.79	28,675.00				28,675.00	13.79	\$28,675.00	\$7.94	\$28,682.94	2,194.24	5,431.40	
5004	DATA ANALYST	14.81	30,800.00				30,800.00	14.81	\$30,800.00	\$12.53	\$30,812.53	2,357.16	5,431.40	
5004	DATA ANALYST	16.83	35,000.00				0.00	0.00	\$0.00	\$0.00	\$0.00	0.00	5,431.40	
							405,952.00		\$405,952.00	\$676.03	\$406,628.03			
			2,045,304	137020	0	0	1,976,269					162,066.05	238,981.78	
			2,182,324											

Total Compensation	Salaries	Benefits	FICA	HEALTH
2,882,289.00	2,113,289.00	769,000.00	162,100	239,000

Projected Salary and Benefits

B	C	N	O	P	Q	S	T	U	X	Y	V	W
PAYROLL TYPE	POSITION	HRA	Life & AD&D Total		PENSION	UNEMPLOYMENT	WORKERS COMP	DISABILITY	TOTAL ANNUAL			BY CATEGORY SALARIES AND BENEFITS
			Projected 2% Increase	LONGEVITY	13.00%	COMPENSATION .019 X 1ST \$9000	WORKSHEET	TOTAL BENEFITS 2021	SALARY & BENEFITS 2021			
			5115	5120	5125	5130	5135	5113	2021	2021		
		765.91			(K+P)*0.13							
5001	CHIEF APPR	731.71	584.32	0	17,833.40	171.00	1,399.24	463.67				\$174,289.01
5001	ASST CHIEF APPR	731.71	415.54	432	12,738.31	171.00	995.06	329.74				\$126,273.63
5001	ADMIN ASST	731.71	159.73	0	4,875.00	171.00	168.75	126.75				\$52,034.93
5001	ADMIN ASST	731.71	181.03	288	5,562.44	171.00	191.25	143.65				\$58,459.12
												\$96,321.70
5002	COMMERCIAL--SUPERVISOR	731.71	411.06	912	12,664.21	171.00	984.35	326.19				\$125,519.56
5002	COMMERCIAL--STAFF APPRAISER	731.71	308.73	1,200	9,578.40	171.00	739.30	244.98				\$96,479.92
5002	COMMERCIAL--STAFF APPRAISER	731.71	219.28	864	6,804.72	171.00	525.10	174.00				\$70,380.97
5002	COMMERCIAL--STAFF APPRAISER	731.71	291.69	768	9,002.24	171.00	698.50	231.46				\$91,089.56
5002	COMMERCIAL--JR APPRAISER	731.71	189.46	0	5,782.40	171.00	453.70	150.34				\$60,794.65
5002	COMMERCIAL--JR APPRAISER	731.71	72.69	0	2,218.45	171.00	174.06	57.68				\$27,227.47
												\$121,002.13
5002	RES--SUPERVISOR	731.71	304.79	816	9,408.23	171.00	729.86	241.86				\$94,871.17
5002	RES--STAFF APPRAISER	731.71	220.04	576	6,790.42	171.00	526.91	174.60				\$70,235.63
5002	RES--STAFF APPRAISER	731.71	218.86	384	6,729.45	171.00	524.09	173.67				\$69,679.48
5002	RES--STAFF APPRAISER	731.71	155.39	0	4,742.40	171.00	372.10	123.30				\$50,998.02
5002	RES--STAFF APPRAISER	731.71	218.85	672	6,766.76	171.00	524.08	173.66				\$70,000.04
5002	RES--STAFF APPRAISER	731.71	214.81	480	6,618.30	171.00	514.39	170.45				\$68,627.96
5002	RES--STAFF APPRAISER	731.71	214.17	624	6,617.52	171.00	512.86	169.95				\$68,602.13
5002	RES--STAFF APPRAISER	731.71	189.57	0	5,785.65	171.00	453.95	150.43				\$60,825.50
5002	RES--STAFF APPRAISER	731.71	210.76	432	6,488.56	171.00	504.70	167.24				\$67,405.57
5002	RES--JR APPRAISER	731.71	179.42	0	5,475.86	171.00	429.64	142.37				\$57,907.31
												\$179,881.79
5002	BPP--SUPERVISOR	731.71	311.78	816	9,621.43	171.00	746.59	247.40				\$96,927.07
5002	BPP--APPRaiser	731.71	196.51	0	5,997.55	171.00	470.58	155.94				\$62,823.33
5002	BPP--STAFF APPRAISER	731.71	218.45	528	6,735.69	171.00	523.11	173.34				\$69,726.74
5002	BPP--STAFF APPRAISER	731.71	196.56	336	6,042.53	171.00	470.68	155.97				\$63,213.24
5002	BPP--STAFF APPRAISER	731.71	222.69	0	6,796.53	171.00	533.27	176.71				\$70,361.04
												\$94,010.43
5003	GIS SUPERVISOR	731.71	323.51	1,200	10,029.50	171.00	341.78	256.71				\$100,305.71
5003	GIS MAPPER	731.71	211.36	480	6,513.00	171.00	223.29	167.72				\$67,348.88
5003	GIS MAPPER	731.71	194.02	720	6,015.10	171.00	204.98	153.96				\$62,660.52
5004	DATA ANALYST	731.71	140.61	0	4,291.30	171.00	148.55	111.57				\$46,563.61
5004	DATA ANALYST	731.71	143.38	0	4,375.80	171.00	151.47	113.77				\$47,355.11
5004	DATA ANALYST	731.71	153.39	0	4,681.30	171.00	162.05	121.71				\$50,218.54
												\$100,652.36
5004	CUST SERV SUPERVISOR	731.71	217.66	816	6,749.08	171.00	229.95	172.72				\$69,539.69
5004	CS--DATA CLERK	731.71	108.62	0	3,315.00	171.00	114.75	86.19				\$37,409.42
5004	CS- DATA CLERK	731.71	125.12	240	3,849.95	171.00	132.19	99.29				\$42,406.30
5004	CS- DATA CLERK	731.71	134.28	0	4,098.25	171.00	141.86	106.55				\$44,756.88
5004	DATA ANALYST	731.71	111.39	0	3,399.76	171.00	117.68	88.39				\$38,204.14
5004	DATA ANALYST	731.71	182.41	624	5,648.37	171.00	192.71	144.75				\$59,249.07
5004	DATA ANALYST	731.71	154.51	288	4,753.19	171.00	163.24	122.61				\$50,870.46
5004	DATA ANALYST	731.71	145.04	288	4,463.94	171.00	153.23	115.09				\$48,155.56
5004	CS- DATA CLERK	731.71	147.70	288	4,545.19	171.00	156.04	117.20				\$48,918.54
5004	DATA ANALYST	731.71	149.08	0	4,550.00	171.00	157.50	118.30				\$48,986.50
5004	DATA ANALYST	731.71	122.14	0	3,727.75	171.00	129.04	96.92				\$41,279.21
5004	DATA ANALYST	731.71	131.19	0	4,004.00	171.00	138.60	104.10				\$43,869.17
5004	DATA ANALYST	731.71	0.00	0	-	0.00	-	0.00				\$6,163.11
												\$173,856.07

32,195.24 \$9,001.60 \$15,072.00 \$276,686.93 \$7,353.00 17,224.96 \$7,142.92 \$765,724.47 \$765,724.47 \$2,879,013.47 2,879,013.47

2,880.00

HRA	LIFE	LONGEVITY	PENSION	UNEMPLOYMENT	WORK COMP	DISABILITY
35,100	9,100	15,100	276,700	7,400	17,300	7,200

**MCLENNAN COUNTY APPRAISAL DISTRICT
ESTIMATED 2021 BUDGET ALLOCATION**

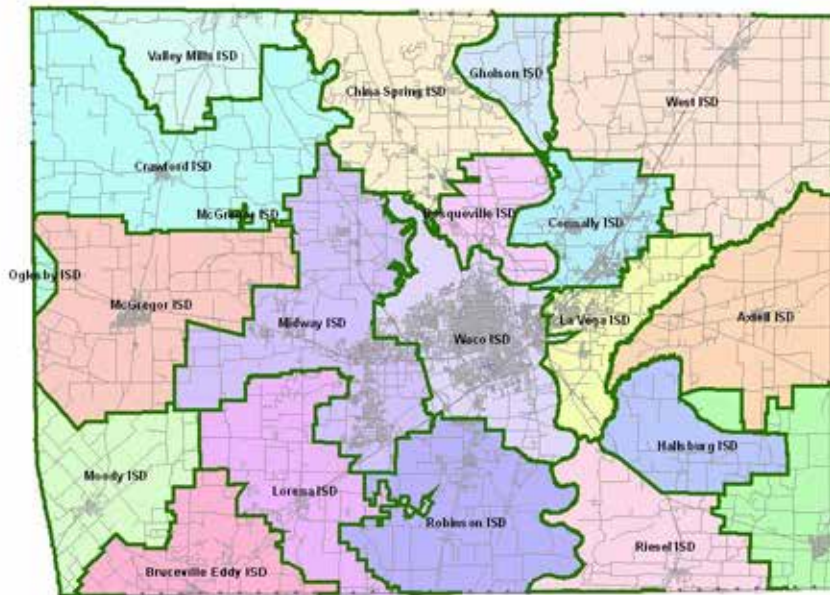
2021 TOTAL BUDGET = \$4,372,817
2021 ENTITY SUPPORT = \$4,222,817

JURISDICTION	2019 TAX LEVY	PERCENT OF TOTAL LEVY & BUDGET	EST 2021 ALLOCATION	EST 2021 QUARTERLY PAYMENT
SCHOOL DISTRICTS				
AXTELL ISD	1,760,731.02	0.353121%	14,912	3,727.91
BOSQUEVILLE ISD	2,838,749.13	0.569321%	24,041	6,010.34
BRUCEVILLE-EDDY ISD	2,450,470.84	0.491450%	20,753	5,188.26
CHINA SPRING ISD	13,774,788.11	2.762581%	116,659	29,164.68
CONNALLY ISD	10,872,846.66	2.180587%	92,082	23,020.54
CRAWFORD ISD	2,678,335.89	0.537149%	22,683	5,670.71
GHOLSON ISD	633,347.69	0.127020%	5,364	1,340.96
HALLSBURG ISD	1,049,705.84	0.210522%	8,890	2,222.49
LA VEGA ISD	13,865,952.23	2.780864%	117,431	29,357.70
LORENA ISD	8,770,442.67	1.758942%	74,277	18,569.23
MART ISD	1,334,581.61	0.267655%	11,303	2,825.64
McGREGOR ISD	6,490,427.94	1.301678%	54,967	13,741.86
MIDWAY ISD	75,700,082.73	15.181911%	641,104	160,276.06
MOODY ISD	1,832,959.54	0.367606%	15,523	3,880.84
OGLESBY ISD	9,579.20	0.001921%	81	20.28
RIESEL ISD	7,655,647.36	1.535366%	64,836	16,208.93
ROBINSON ISD	10,810,560.41	2.168095%	91,555	22,888.67
VALLEY MILLS ISD	984,288.40	0.197402%	8,336	2,083.99
WACO ISD	94,539,421.31	18.960205%	800,655	200,163.67
WEST ISD	6,308,475.59	1.265186%	53,427	13,356.63
COUNTY				
MCLENNAN COUNTY	91,074,322.94	18.265268%	771,309	192,827.18
CITIES				
BELLMEAD, CITY OF	1,580,739.77	0.317023%	13,387	3,346.82
BEVERLY HILLS, CITY OF	531,618.70	0.106618%	4,502	1,125.57
BRUCEVILLE-EDDY, CITY OF	347,214.80	0.069635%	2,941	735.14
CRAWFORD, CITY OF	274,379.86	0.055028%	2,324	580.93
GHOLSON, CITY OF	101,965.38	0.020450%	864	215.89
**GOLINDA, CITY OF	18,500.00	0.003710%	157	39.17
HALLSBURG, CITY OF	15,830.13	0.003175%	134	33.52
HEWITT, CITY OF	5,592,956.28	1.121687%	47,367	11,841.69
LACY-LAKEVIEW, CITY OF	1,419,342.93	0.284654%	12,020	3,005.10
LEROY, CITY OF	28,139.43	0.005643%	238	59.58
LORENA, CITY OF	700,975.37	0.140583%	5,937	1,484.14
MART, CITY OF	459,463.84	0.092147%	3,891	972.80
McGREGOR, CITY OF	2,566,927.50	0.514806%	21,739	5,434.83
MOODY, CITY OF	340,532.29	0.068295%	2,884	720.99
RIESEL, CITY OF	1,827,835.95	0.366579%	15,480	3,869.99
ROBINSON, CITY OF	4,566,363.08	0.915800%	38,673	9,668.14
VALLEY MILLS, CITY OF	6,784.72	0.001361%	57	14.36
WACO, CITY OF	86,326,738.05	17.313123%	731,101	182,775.36
WEST, CITY OF	1,212,007.57	0.243072%	10,264	2,566.12
WOODWAY, CITY OF	5,731,315.33	1.149435%	48,539	12,134.63
SPECIAL DISTRICTS				
CASTLEMAN CREEK WATERSHED	24,008.87	0.004815%	203	50.83
ELM CREEK WATERSHED	13,720.74	0.002752%	116	29.05
MCLENNAN COMMUNITY COLLEGE	29,444,800.32	5.905256%	249,368	62,342.03
TETONACANA CREEK WATER & CONTROL DIST #1	52,369.30	0.010503%	444	110.88
TOTAL	498,620,247.32	100.000000%	4,222,817	1,055,704.13

4,222,817

CALCULATION CHECK

McLENNAN COUNTY APPRAISAL DISTRICT



2021-2022 REAPPRAISAL PLAN

Revised 5/4/2020 JDB

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EXECUTIVE SUMMARY

TAX CODE REQUIREMENT

Passage of S.B. 1652 amended the Tax Code to require a written biennial reappraisal plan. The following details the changes to the Tax Code:

The Written Plan

Section 6.05, Tax Code, is amended by adding Subsection (i) 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.

Plan for Periodic Reappraisal

Subsections (a) and (b), Section 25.18, 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)

The McLennan County Appraisal District board of directors, by approval of this 2021 and 2022 reappraisal plan, adopts the policy that McCAD reappraises all property in the district annually. The reappraisal year is a complete appraisal analysis of all properties in the district and requires that each property owner be noticed in compliance with section 25.19 of the Tax Code. Tax years 2021 and 2022 will be reappraisal years. Market areas that have existing values consistent with the market and demonstrate uniformity will be noticed at current year value levels.

REAPPRAISAL YEAR ACTIVITIES

1. Performance Analysis – the equalized values from the previous tax year will be analyzed with 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 for tax year 2021 are detailed in the 2021 budget, as adopted by the board of directors and attached to the written biennial plan by reference. Existing appraisal practices, which are continued from year to year, will be identified and methods utilized to keep these practices current will be specified. Technology 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. This calendar identifies all key events for appraisal, and appraisal staff. A calendar is prepared for tax years 2021 and 2022. Production standards for field activities, and review of aerial photography 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 scheduled with the technology department who will also coordinate any changes necessary with the current software vendor for the District. All computer forms and technology procedures will be reviewed and revised as required. Where necessary all computer forms will comply with the content required by the Comptroller's office.

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 is to 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/or 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 randomly selected market areas. Pilot modeling and ratio studies will be conducted in accordance with IAAO standards and the *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 Tax Code required mass appraisal report will 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 2020 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 referenced in the mass appraisal report.
9. Value defense – evidence to be used by the appraisal 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 to the taxpayer upon request.

2021 -2022 REAPPRAISAL PLAN

The McLennan County Appraisal District reappraises all property in the district every year. The reappraisal year is a complete appraisal analysis of all market areas in the district and each property requiring notice is noticed in compliance with section 25.19 of the Texas Property Tax Code.

PERFORMANCE ANALYSIS

In each tax year 2021 and 2022, the previous tax year’s equalized values are analyzed with ratio studies to determine appraisal accuracy and appraisal uniformity overall and by market area within state property reporting categories. Ratio studies are conducted in compliance with the current *Standard on Ratio Studies* from the International Association of Assessing Officers. Mean, median and weighted mean ratios are calculated for properties in each reporting category to measure the level of appraisal (appraisal accuracy). The mean ratio is calculated in each

market area to indicate the level of appraisal (appraisal accuracy) by property reporting category. The coefficient of dispersion (COD) will be calculated to measure appraisal uniformity by property reporting category. In 2021 and 2022, the reappraisal years, this analysis is used to develop the starting point for establishing the level and accuracy of appraisal performance; and to also indicate the uniformity or equity of existing appraisals.

ANALYSIS OF AVAILABLE RESOURCES

Staffing and budget requirements for tax year 2021 are detailed in the 2021 appraisal district budget, as adopted by the board of directors and attached to the written biennial plan by reference. This reappraisal plan is adjusted to reflect the available staffing in tax year 2021. The anticipated staffing for tax year 2022 will be contingent upon the 2022 budget. Staffing will impact the cycle of real property re-inspection and personal property on-site review that can be accomplished in the 2021 – 2022 time period.

Existing appraisal practices, which are continued from year to year, are identified and methods utilized to keep these practices current are specified. In the reappraisal year, real property appraisal depreciation tables and cost new tables are tested against verified sales data to ensure they represent current market data. Residential staff will also review *Marshall & Swift* cost guides to insure consistency of data. The cap rate study by commercial real property type is updated from current market data and market rents are reviewed and updated from local published data. Personal property depreciation tables are tested and analyzed based on rendition and prior year hearing documentation.

Technology support is detailed with year specific functions identified and system upgrades scheduled. Additional programming is decided on and requested from the district’s software vendor. Computer generated forms are reviewed for revisions based on each year of reappraisal. Legislative changes are incorporated in the CAMA software by the District’s software vendor, and checked by the technology department. Existing maps and data requirements are specified and updates scheduled.

PLANNING AND ORGANIZATION

A calendar of key events with critical completion dates is prepared for each major work area. This calendar identifies all key events for appraisal, and appraisal support. Each department prepared their work plans for 2021 and 2022. Production standards for field activities are calculated and incorporated in the planning and scheduling process. See attached Calendar of Appraisal Events for 2021 and 2022 Exhibit ‘D’

MASS APPRAISAL SYSTEM

Computer Assisted Mass Appraisal (CAMA) system revisions are specified and scheduled with the Technology Department. The technology department will coordinate any changes needed with the current software vendor for the District. All computer forms and technology procedures are reviewed and revised as required. The following details these procedures as it relates the 2021 and 2022 tax years.

REAL PROPERTY VALUATION

Revisions to cost models, income models and market models are specified, updated and tested each tax year.

Cost schedules are tested with market data (sales) to insure that the appraisal district is in compliance with Texas Property Tax Code, Section 23.011. Replacement cost new tables as well as depreciation tables are tested for accuracy and uniformity using ratio study tools and compared with cost data from recognized industry leaders, such as *Marshall & Swift*.

Land tables are updated using current market data (sales) and then tested with ratio study tools. Value modifiers are developed for property categories by market area and tested on a pilot basis with ratio study tools. The District may use their own appraiser or an outside vendor to develop land values by area which are then tested and incorporated into district land tables by district employees.

Income, expense and occupancy data is updated in the income models for each market area. Cap rate studies are completed using current sales data. The resulting models are tested using ratio study tools.

PERSONAL PROPERTY VALUATION

Depreciation schedules are updated using data received during the previous tax year from renditions and hearing documentation. Valuation procedures are reviewed modified as needed and tested.

NOTICING PROCESS

25.19—Appraisal notice forms are reviewed and edited for updates and legal correctness. Enclosures will also be updated and include information on how to protest noticed values along with protest forms.

HEARING PROCESS

Protest hearing scheduling for Appraisal Review Board hearings are reviewed and updated as required. Standards of documentation are reviewed and amended as required. The appraisal district hearing documentation is reviewed and updated to reflect the current valuation process. Production of documentation is tested for compliance with HB 201 (evidence 14 days in advance) and all other tax code requirements. The ARB committee surveys the Appraisal Review Board, and appraisal district staff to see what changes need to be considered to better serve the public. All are compiled, reviewed and solutions are submitted to administration for approval. This committee begins meeting the next week after hearings are completed and continue to meet thru March of the next year. This committee performs all training on procedures and processes for the next ARB season.

DATA COLLECTION REQUIREMENTS

Field and office procedures are 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, and re-inspection of the universe of properties on a specific cycle.

NEW CONSTRUCTION / DEMOLITION

New construction field and office review procedures are identified and revised as required. Field production standards are established and procedures for monitoring tested. Building permits will be received electronically from the City of Waco and McGregor and in paper form from other cities and the county. System input procedures are identified and included in the departmental plans. The process of verifying demolition of improvements is ongoing. This process will be enhanced as we begin using the change finder system in conjunction with Pictometry Aerials.

REMODELING

Market areas with extensive improvement remodeling will be identified and field on-site inspections will be scheduled to update property characteristic data. Updates to valuation procedures are tested with ratio studies before being finalized in the valuation modeling.

I. MARKET AREA DELINEATION

Market areas are defined by the physical, economic, governmental and social forces that influence property values. The effects of the forces were used to identify, classify and stratify or delineate similarly situated properties into smaller, more comparable and manageable subsets for valuation purposes. Delineation can involve the physical drawing of neighborhood boundary lines on a map or, it can also involve statistical separation or stratification based on attribute analysis. These homogeneous properties have been delineated into valuation neighborhoods for both residential and commercial properties, 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. The major market areas of McLennan County are the twenty school districts within the county as shown on exhibit B. These major areas are then broken into neighborhoods as shown on exhibit C. Neighborhoods for 2021 & 2022 will be reviewed during the reappraisal cycle for each of those years.

i. RE-INSPECTION OF THE UNIVERSE OF PROPERTIES

The Texas Property Tax Code, Section 25.18 (b) requires the re-inspection of the universe of properties at least once every three years. The annual re-inspection requirements for tax years 2021 and 2022 will be identified by property type and property classification and scheduled on the key events calendar. Re-inspection of properties will be completed using a combination of field inspections and office review. Office review of property for the 2021 tax year will include the examination of aerial photography using the 2020-flown oblique and orthographic imagery provided by *Pictometry, Inc.* McCAD has also contracted *Tyler Technologies* to provide updated street level photography to assist in evaluating condition and identifying where additional improvements have been added or demolished along with verifying situs address. Property sketches, existing property characteristics, and aerial photography will be delivered to the district and installed in the CAMA system. The use of more recent oblique and orthographic imagery by the contracted vendors will be dependent on the approval of subsequent budgets for aerial mapping.

There are approximately 121,000 real and personal property parcels in McLennan County. In order to meet the three year re-inspection mandate of S.B. 1652, the district will re-inspect approximately one third of these parcels in both tax year 2021 and 2022 using the afore mentioned resources. See exhibit C for planned re-inspections.

ii. **RE-INSPECTION OF PROBLEMATIC MARKET AREAS**

Real property market areas, by property classification, are tested for: low or high protest volumes; low or high sales ratios; or high coefficient of dispersion. Market areas that fail any or all of these tests are determined to be problematic. A combination of field and office reviews are scheduled to verify and/or correct property characteristic data. Additional sales data is researched and verified. In the absence of adequate market data, neighborhood delineation is verified and neighborhood clusters are identified.

Analyses of prior and current protest are performed to determine areas that may need reviewing. Ratio studies are run by school district, by classes, by neighborhoods and any other criteria the appraisers deem necessary to conclude their research for problematic areas. Additional reports of sold and unsold property are run by school district neighborhood, by street, etc., to determine equality in each area. Ratio studies are run several times during the discover period to verify work being performed and to determine if additional attention is warranted.

FIELD OR OFFICE VERIFICATION OF SALES DATA AND PROPERTY CHARACTERISTICS

Sales information must be verified and property characteristic data contemporaneous with the date of sale captured. The sales ratio tools require that the property that sold must equal the property appraised in order that statistical analysis results will be valid.

PILOT STUDY

New and/or revised mass appraisal models are tested on randomly selected market areas. These modeling tests (sales ratio studies) are conducted each tax year. Actual test results are compared with anticipated results and those models not performing satisfactorily are refined and retested. The procedures used for model specification and model calibration are in compliance with *Uniform Standards of Professional Appraisal Practice*.

VALUATION BY TAX YEAR

Valuation by tax year – using market analysis of comparable sales and locally tested cost data, market area specific income and expense data, valuation models are specified and calibrated in compliance with the supplemental standards from the International Association of Assessing Officers and the *Uniform Standards of Professional Appraisal Practice*. The calculated values are tested for accuracy and uniformity using ratio studies. Performance standards are those as established by the IAAO Standard on Ratio Studies. Property values in all market areas are updated each reappraisal year. Tax years 2021 and 2022 are reappraisal years.

RESIDENTIAL REAL PROPERTY

Ratio studies will be conducted 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 likely occur from October to late March.

Valuation Method Used:

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 the unit-in-place method. Table-driven cost factors, taken from *Marshall & Swift*, a nationally recognized commercial cost service, will be adjusted for local or regional differences in construction and labor costs. Neighborhood or location adjustment factors will be developed from appraisal statistics provided by ratio studies to ensure that estimated values reflect both the supply and demand side of the market. The following equation denotes the hybrid model used:

$$MV = MA [RCN - D] + LV$$

The market value (MV) equals the market adjustment factor (MA) applied to the replacement cost new less depreciation (RCNLD), plus the land value (LV). Market adjustments will be applied uniformly within neighborhoods to account for location variances between market areas or across a jurisdiction.

Most residential land values will be estimated using a square foot (adjusting for size) method, which establishes the value of average size lots within each stratum or delineated neighborhood through sales comparison analysis. Some residential land values may use the front foot method or the lot value to better reflect market value in that area. The analysis assumes that the major factors causing variations among land values within a neighborhood are view, 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 lot values within a neighborhood. 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 view, shape, size, and topography, among others.

If a neighborhood is to be updated, the analyst will run a cost 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 update 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 appraiser will judge the appraisal level and uniformity in both update and non-update neighborhoods, and finally, for the school district as a whole.

A review and revision of the residential cost schedules will be performed before each reappraisal

year. If there has been little or no change from one year to the next, the same values may be unchanged from one year to the next. Samples of newly constructed sold properties of varying construction quality in McLennan County will be reviewed. The property characteristics of these sampled properties will be verified. The results of this comparison will be analyzed using several measures, including stratification by quality where applicable and review of estimated building costs, as well as land value to sales prices.

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 models 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 does use the sales comparison approach in both formal and informal meetings with the taxpayer to justify values obtained using the hybrid cost-market approach.

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 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 model used to estimate the present value of income expected in the future is represented by the following formulas known as IRV.

$$\text{Value} = \text{Income}/\text{Rate or, Income} = \text{Rate} \times \text{Value or, Rate} = \text{Income}/\text{Value}$$

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 normally not conducive to the valuation of single-family residential properties that are seldom rented, or where market demand factors such as personal preferences or location unduly influence the market. The district does use the income approach in both formal and informal meetings with the taxpayer to justify values obtained using the cost-market approach when it is prudent to do so.

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 sends inventory appraisal rendition forms to qualified developers each year. These completed forms are used by the district for the actual

itemized construction, labor, and material costs, plus other soft or indirect costs. The information is analyzed to determine the discount that should be applied to the land and or improvement values 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 an owner who will occupy the improvement for residential purposes.

COMMERCIAL REAL PROPERTY

The valuation period will begin in January and last until the end of mid-April. Once proposed values will be finalized, a ratio study will be performed to test the level and uniformity of appraisal within property use and among various classes. Apartments with over twenty units, 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.

Valuation Methods Used:

Cost Approach

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 is a utility equivalent of the property being appraised using current construction methods and materials and are updated annually. This method is 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 specifically for McLennan County. 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, sixty, sixty-five, seventy and seventy-five year expected economic life. These schedules will be tested every other year to ensure they will be reflective of current market conditions. The actual and effective ages of improvements will be noted in the CAMA software. Effective age estimates will be based observed condition, desirability and utility of the improvement.

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 appraiser 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 sales 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 and from local offerings for rent. A bi-annual rental survey for apartments is performed by McCAD’s commercial department or by using accepted journals that collect sales and recent data for our area. This per unit rental rate multiplied by the number of units results in the estimate of potential gross rent. The district subscribes to a national service that provides local sales and rental information on commercial business enterprises within McLennan County to supplement our own sales and data collection efforts.

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 data or journals. This allows and 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. 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”. When necessary 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 of 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

These properties will be valued each year by district staff as well as outside appraisal firms under contract. For 2021 Industrial properties will be primarily appraised by Capitol Appraisal Group and will be re-evaluated for 2022 based on internal staffing and budget constraints. 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.

Valuation Model Used:

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 (sales) to ensure that the appraisal district is in compliance with 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* and are updated annually.

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 are 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 enough industrial facilities built by industrial users that are 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 appraisers consider all three approaches to value to see 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 see if its method is suitable for the industrial property being examined.

BUSINESS PERSONAL PROPERTY

Valuation Method Used:

Cost Approach

The primary approach to the valuation of business personal property is 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, if necessary.

Comparable type property values will be used to estimate the value of new accounts for which no property owner's rendition is filed. Comparable values will establish parameters for testing the valuation of property for which prior years' data exists or for which current year rendered information is available.

The percent good depreciation factors will be based on the depreciation schedules for furniture, fixtures, and equipment as published in the *Marshall Valuation Service* for October of each year. This mass appraisal percent good depreciation schedule is used to ensure that estimated values are uniform and consistent within the market. RCN and percent good depreciation factors will be utilized to develop value estimates using the following formula:

MARKET VALUE ESTIMATE = RCN X PERCENT GOOD FACTOR

Sales Comparison Approach

Business personal property is typically sold as part of the business as a whole and not by itself, which makes this approach unsuitable for valuing most personal property. This approach is only suitable for the valuation of certain types of vehicles and heavy equipment. Value estimates for vehicles will be provided by an outside vendor and are based on data furnished by National Market Reports. An appraiser using published market guides such as the NADA blue book will appraise these types of properties.

There are not enough known sales of business personal property to have a meaningful population of sales for value comparison purposes. This category of personal property is inclusive of various types, such as furniture, computers and machinery with each having different useful lives. It is typical for personal property to be included in the sale of a facility, instead of being sold separately. There may be certain subsets of personal property that are sold, but all of the personal property must sell at the location with this separate personal property amount known to make meaningful value comparisons under the sales approach.

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 personal property. Industrial facilities are not in the business of leasing their personal property to another industrial facility for the production of an end service or product.

CAPITOL APPRAISAL GROUP CAD Plan for Periodic Reappraisal of Utility, Railroad and Pipeline Property

Subsections (a) and (b), Section 25.18, Tax Code:

- (a) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (I).
- (b) The plan provides for annual reappraisal of all utility, railroad and pipeline property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, Inc. (CAGI) to appraise these properties for the CAD.
 - (1) Identifying properties to be appraised: Utility, railroad and pipeline properties that are susceptible to inspection are identified by inspection. The appraiser may also refer to other documents, both public and also confidential to assist in identification of these properties.
 - (2) Identifying and updating relevant characteristics of each property
In the appraisal records: The appraiser identifies and updates relevant characteristics through data collected as part of the inspection process and through later submissions by the property owner, sometimes including confidential rendition. Additional data are obtained through public sources, regulatory reports and through analysis of comparable properties.
 - (3) Defining market areas in the district: Market areas for utility, railroad and pipeline property tend to be regional or national in scope. Financial analyst and investor services reports are used to help define market areas.
 - (4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics: For all three types of property, the appraiser must first form an opinion of highest and best use. Among the three approaches to value (cost, income and market), pipeline value is calculated using a Replacement/Reproduction Cost New Less Depreciation model [RCNLD]. In addition to the RCNLD indicator, a unit value model may be used if appropriate data are available. Utility and

railroad property are appraised in a manner similar to pipeline except that the RCNLD model is not used.

- (5) Comparison and Review: The appraiser considers results that best address the individual characteristics of the subject property when multiple models are used. Year-to year property value changes for the subject property are examined using computer-assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser contributes to the review process. These types of property are subject to review by the Property Tax Division of the Texas Comptroller's Office through their annual Property Value Study.

CAD Plan for Periodic Reappraisal of Industrial Property

Subsections (a) and (b), Section 25.18, Tax Code:

- (b) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (I).
- (b) The plan provides for annual reappraisal of selected industrial property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, Inc. (CAGI) to appraise these properties for the CAD.
 - (1) Identifying properties to be appraised: Industrial properties are identified as part of the appraiser's physical inspection process each year and through submitted data by the property owner. The appraiser may also refer to legal documents, photography and other descriptive items.
 - (2) Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through the inspection process. Confidential rendition, assets lists and other confidential data also provide additional information. Subject property data is verified through previously existing records and through published reports.
 - (3) Defining market areas in the district: Market areas for industrial properties tend to be regional, national and sometimes international. Published information such as prices, financial analysis and investor services reports are used to help define market area.
 - (4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics: Among the three approaches to value (cost, income and market), industrial properties are most commonly appraised using Replacement/Reproduction Cost New Less Depreciation models because of readily available cost information. If sufficient income or market data are available, those appraisal models may also be used.

- (5) Comparison and Review: The appraiser considers results that best address the individual characteristics of the subject property and that are based on the most reliable data when multiple models are used. Year-to-year property value changes for the subject property are examined using computer-assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser contributes to the review process.

CAD Plan for Periodic Reappraisal of Industrial Personal Property

Subsections (a) and (b), Section 25.18, Tax Code:

- (c) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of all industrial personal property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, Inc. (CAGI) to appraise these properties for the CAD.
 - (1) Identifying properties to be appraised: Through inspection the appraiser identifies personal property to be appraised. The appraiser may also refer to other documents, both public and confidential, to assist in identification of these properties. Such documents might include but are not limited to the previous year's appraisal roll, vehicle listing services and private directories.
 - (2) Identifying and updating relevant characteristics of each property in the appraisal records: Data identifying and updating relevant characteristics of the subject properties are collected as part of the inspection process through directories and listing services as well as through later submissions by the property owner, sometimes including confidential rendition. These data are verified through previously existing records and through public reports.
 - (3) Defining market areas in the district: Market areas for industrial personal property are generally either regional or national in scope. Published price sources are used to help define market areas.
 - (4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics. Personal property is appraised using Replacement/Reproduction Cost New Less Depreciation models. Income approach models are used when economic and/or subject property income is available, and a market data model is used when appropriate market sales information is available.
 - (5) Comparison and Review: The appraiser reconciles multiple models by considering the model that best addresses the individual characteristics of the subject property. Year-to-year property value changes for the subject

property are examined using computer-assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser contributes to the review process.



VALUE DEFENSE

Evidence to be used by the appraisal 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 provided to the property owner or agent in compliance with HB. 201. After a protest is received and verified, hearing evidence will be generated. To the extent possible, hearing evidence will be available for the following property types:

- Residential Property
- Special Inventory Residential Property
- Muti-Family Residential Property
- Commercial Real Property
- Vacant Real Property
- Industrial Real Property
- Utilities
- Mineral Interests
- Special Valuation Properties
- Business Tangible Personal Property
- Industrial Tangible Personal Property

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. See Exhibit A.

Exhibit 'A'

MASS APPRAISAL SUMMARY REPORT

MCLENNAN COUNTY APPRAISAL DISTRICT

2020 MASS APPRAISAL SUMMARY REPORT

Identification of Subject: The property subject to this report is all real property and tangible personal property, unless specifically exempted, located within the boundaries of the McLennan County Appraisal District, hereinafter referred to as "MCAD" or "District".

Effective Date of Appraisal: The effective date of this mass appraisal is January 1, 2020, unless otherwise specified as in the case of some inventories, which may qualify for appraisal as of September 1 in accordance with Section 23.12, Texas Property Tax Code. The date of this appraisal report is May 15, 2020.

Purpose and Intended Use of Appraisal: The purpose of this mass appraisal is to estimate the market value of all taxable property in an equitable and efficient manner for ad valorem tax purposes in accordance with the laws of the State of Texas.

Legal Requirements: This mass appraisal is made within the provisions of the Texas Property Tax Code.

Administrative Requirements: This mass appraisal is conducted in accordance with the reappraisal policy of MCAD and the methods and procedures described in the appraisal manual of the District. Furthermore, the District subscribes to the standards of The Appraisal Foundation known as the *Uniform Standards of Professional Appraisal Practices*.

Definition of Market Value: Market value for purposes of this mass appraisal is as defined by the Texas Property Tax Code, §1.04(7), and is as follows:

"Market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- A. exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- B. both the seller and the purchaser 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
- C. both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

In regards to inventory held as part of a business, §23.12(a) of the Texas Property Tax Code further provides, in part; "the market value of an inventory is the price for which it would sell as a unit to a purchaser who would continue the business."

Identification of Properties: The descriptions of the properties included in this appraisal are included in detail within the appraisal records of MCAD. These descriptions include, but are not limited to the legal description, situs location, ownership and detailed listing of the characteristics of the properties.

Property Rights to be Valued: Properties are appraised in fee simple interest. However, restrictions, easements, encumbrances, etc., are considered on an individual basis. Fractional interests or partial holdings are appraised in fee simple for the total property and divided proportionately based on the pro-rated interests.

Assumptions and Limiting Conditions: The District has taken reasonable steps to secure adequate funding; however fiscal restraints do impact the mass appraisal process. Limited resources and personnel are available to perform the appraisals; therefore, it is not possible to physically inspect

every property included on the appraisal roll. When physical inspections were conducted on real property, they were generally performed with exterior review only. It is assumed that the interior conditions are consistent with the exterior condition. When physical inspections were made for the valuation of personal property, inspections were made of the entire facility if allowed by the owner or management of the business.

This mass appraisal has been made under the following additional assumptions and limiting conditions:

- It is assumed that the title to the properties is good and merchantable.
- No liability is assumed for matters of a legal nature.
- Assumptions made in the report are based on the best knowledge and judgment of the appraiser and are believed to be typical of the market.
- All properties are appraised as if free and clear of any or all liens or encumbrances, unless otherwise stated.
- Existence of hazardous materials or other adverse environmental conditions are not considered, unless otherwise indicated.
- Any drawings, photographs, plan, or plats are assumed to be correct and are included solely to assist in visualizing the property.
- It is assumed that there is full compliance with all applicable federal, state, and local regulations and laws, unless otherwise noted.
- No responsibility is assumed for hidden or unapparent conditions in the property that may affect its value.
- It is assumed that all required licenses, certificates of occupancy, consents or other administrative authority from local, state or federal governments can be obtained or renewed for any use on which the value estimate contained in this report is based.
- A specific survey and analysis of properties to determine compliance with the provisions of the Americans with Disabilities Act has not been performed and possible non-compliance has not been considered in valuing these properties.
- While it is believed all information included in the appraisal is correct and accurate; the appraiser does not guarantee such.

This report may not be used for any purpose or by any person other than the party to which it is addressed without the written permission of the McLennan County Appraisal District.

Scope of Appraisal: The scope of the appraisal relates to the nature of the appraisal assignment and the extent of collecting, confirming, and reporting the data, which provides the basis for the estimate of value.

The three generally accepted approaches to value are considered in estimating the market value for each property, with the most appropriate method given the greatest emphasis.

A market-based cost approach is considered the most appropriate for single family residential, most owner occupied commercial, and mobile homes since this method reflects the actions of buyers and sellers in the market, with some exceptions. This approach is based on the principal that a buyer will not pay more for a property than the cost of acquiring a vacant site and constructing a substitute structure of comparable utility, assuming no costly delays in construction.

The sales comparison method is used for vacant lots and land because it reflects the actions of the market place. Where there are no vacant lot sales, an allocation by abstraction is used to value land. Since these properties typically do not produce any income, the income approach to value is given minimal emphasis.

The income approach is applicable to revenue producing property. It is based on the principal of present worth of future benefits. High-valued commercial properties rarely sell and although difficult to obtain, Income information is usually the only available source of factual data.

In the event a property is unavailable for inspection and the owner has not supplied any information, the appraiser has estimated the measurements and condition of the improvements or a lump sum value for the property.

Personal property is appraised utilizing the cost approach to value. The market approach is used for some categories of personal property when available.

All appraisal estimates are made in compliance with requirements as provided in the Texas Property Tax Code.

This report is applicable to the following property types: single family and multifamily residential, vacant lots and acreage, farm and ranch properties, commercial and industrial properties, mineral, utility, business personal property and mobile homes.

Personnel Resources: The McLennan County Appraisal District staff consists of 42 full-time employees within the departments listed below.

- 4 - Administration
- 12 - Customer Service
- 10 - Residential Valuation
- 5 - Commercial Valuation
- 5 - Personal Property Valuation
- 6 - GIS Mapping

The administrative staff is responsible for overall planning, organizing, staffing, coordinating, and supervising MCAD and the appraisal activities. The appraisal duties are divided among three departments: Residential, Commercial, and Personal Property. The Residential Department is responsible for appraising all residential housing, and mobile homes in the District. The Commercial Department is responsible for appraising all commercial, industrial, utility, multi-family real property, excluding 4-plexes and smaller in the District. Land is appraised by both the residential and commercial departments. The Personal Property Department appraises business personal property. The Customer Service Department is responsible for exemptions, owner addresses, some data entry, and first response to the property owner. Several support staff are responsible for data entry and verification of data. The Chief Appraiser, Assistant Chief Appraiser and all appraisers are registered with the Texas Department of Licensing and Regulation. All but two of the twenty appraisers have obtained their Registered Professional Appraiser (RPA) certification. The Chief Appraiser has his RPA and RTA designation.

The McLennan County Appraisal District contracts with Capitol Appraisal Group Inc. to appraise its personal property utility properties (Category J).

Data Collection and Verification Resources: The McLennan County Appraisal District is responsible for approximately 121,932 real and personal property accounts covering approximately 1,198 square miles. MCAD is responsible for appraising property for 44 entities comprised of twenty (20) school districts, twenty (20) cities, three (3) special districts, McLennan County and McLennan Community College. Appraisal records are maintained in a computer automated mass appraisal (CAMA) system.

Property characteristic data is recorded for each property to be appraised. Resources for the discovery, describing, and listing of property include, but are not limited to the following: field inspections by appraisal staff, renditions, deed records, plat records, and assumed name certificates filed for record with the McLennan County Clerk's office, city building permits, local fee appraisers, builders and realtors, newspaper publications, maps, aerial photography, various third party data sources and other appraisal records of the District.

Construction costs are gathered from available sources including, but not limited to the Marshall and Swift Valuation Service and local builders and developers for use in the cost approach to value.

Information for the sales comparison approach is gathered from properties within the appraisal district through the mailing of questionnaires to grantors and grantees, and all other available sources deemed reliable. Sales data is entered into the "Sales Module" of the appraisal database making it available for use by the appraisal staff. Sales are checked for validity by appraisal and clerical staff.

Rental rates, expenses and occupancy rates are gathered on income producing properties for use in the income approach to value through questionnaire mailings, owner filed property reports and telephone surveys. Income and expense information is entered into a spreadsheet database for analysis and use by district appraisers.

Information relating to business personal property is collected during the normal inspection process and through owner filed renditions and property reports. Costs are also researched for personal property using NADA Guides and other sources.

General trends in new construction techniques, construction costs, interest rates and other pertinent data are gathered from various sources such as trade journals, Marshall and Swift Valuation Service, university real estate research centers, and any other sources deemed appropriate and reliable.

Preliminary Analysis: A ratio analysis is performed for all types of property to determine the accuracy of schedules and properties that need visual inspection or reappraisal.

Area Analysis: MCAD appraises all properties that fall within the county limits. There are thirteen school districts that extend beyond McLennan County. The City of Waco is located in McLennan County, surrounded by several smaller cities. Waco has a population of approximately 140,000 which is about half of the total county population. Baylor University, with a student enrollment of approximately 16,700, is located in Waco. The area also contains a technical college, Texas State Technical College and a junior college, McLennan Community College.

With relatively low interest rates and a growing economy in Waco, new construction and market activity are increasing at a rapid rate in some areas.

Neighborhood Analysis: Neighborhood analysis examines how economic, social, physical, and governmental forces affect property values. The effects of these factors are used to identify neighborhoods. Properties whose values are influenced by the same economic, social, physical and governmental forces are grouped as neighborhoods. Included in the neighborhood analysis is the consideration of patterns of development and property use. Neighborhoods typically experience a three-stage cycle: development, stability, and decline.

Highest and Best Use: Highest and best use is the reasonably, probable and legal use of vacant land or improved property, which when physically possible, financially feasible, and appropriately supported, results in the highest value for the property. For improved properties, the highest and best use determination of a site is made both as if the site is vacant and as improved. The highest and best use for residential property that has a homestead exemption is by law its current use even though its highest and best use may be commercial or industrial.

Data Collection and Validation: Appraisers are assigned areas to work annually either by aerial photography or physical inspection. Although most inspections are performed as a drive-by, properties with changes such as additions, swimming pools, and etc. are conducted by an on-site inspection or aerial photos if the image allows. Properties where physical data has been questioned or requires reviewing, inspections may include confirming the dimensions of structures and/or a complete interior and exterior inspection. The field appraiser determines the extent of the inspection needed. A walk-through inspection is made on all new construction if possible. Physical characteristics such as size, quality of construction, detail and property amenities are determined during these inspections. Additionally, size is confirmed through sources such as building permits, construction plans, aerial photos and realtor information. All available and reliable resources are used in pursuit of accurate characteristic data for each property.

Recently sold properties, with high variances from typical sales ratios are site inspected or inspected by aerial photos to ensure proper classification and accurate characteristic descriptions prior to being used in ratio studies or being used to develop market value adjustment factors. They are also checked for any enhancements made prior to sale that may update effective age or change over all depreciation since the last inspection and appraisal.

Depreciation: Depreciation is the loss in value from replacement cost new of an improvement or personal property item due to physical deterioration, functional obsolescence and/or economic obsolescence. Each property, during the on-site review process, is assigned a depreciation factor

based on the observed physical condition of the property. Additional adjustments may be made to the property for functional or economic obsolescence if conditions so warrant. Personal property is depreciated using the age-life method based on a typical economic life for each personal property component type.

Testing: Appraised values to sale price ratio studies are conducted to determine the accuracy of values in the District. All areas are tested every year based on the availability of sales information. Ratio tests are performed first to see if global or general adjustments should be made to the cost and/or depreciation schedules or if certain geographic areas or improvement subclasses require reappraisal. The final ratios are performed by school district and/or state code, where sales information is available. Stratification is performed to help in determining if certain valued properties need to be reappraised.

Certification:

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have not made a personal inspection of the properties that are the subject of this report.
- Don Whitney, Gary Schibler, and Jim Halbert provided significant professional assistance to the person signing this report.

/Original Signed/

Joe Don Bobbitt, Acting Chief Appraiser
McLennan County Appraisal District

/Original Signed/

Don Whitney, Director of Appraisal
McLennan County Appraisal District

/Original Signed/

Gary Schibler, Personal Property Supervisor
McLennan County Appraisal District

/Original Signed/

Jim Halbert, Residential Supervisor
McLennan County Appraisal District

Exhibit 'B'

SCHOOL DISTRICTS TO BE REAPPRAISED

MCAD REAPPRAISAL DISTRICTS 2021-2022

2021

	School District	Total Props	Commercial	Business Personal Property	Residential
12	AXTELL ISD	2177	77	94	2006
14	BOSQUEVILLE ISD	1703	254	153	1296
18	CHINA SPRING ISD	6539	195	281	6063
20	CONNALLY ISD	7833	674	515	6644
24	GHOLSON ISD	1126	22	34	1070
26	HALLSBURG ISD	919	54	34	831
28	LA VEGA ISD	7121	991	567	5563
44	ROBINSON ISD	5871	276	366	5229
	Total Parcels	33289	2543	2044	28702

2022

	School District	Total Props	Commercial	Business Personal Property	Residential
16	BRUCEVILLE-EDDY ISD	2513	245	113	2155
22	CRAWFORD ISD	1963	127	103	1733
30	LORENA ISD	4087	294	266	3527
34	McGREGOR ISD	3929	441	470	3018
36	MIDWAY ISD	20646	1748	1786	17112
38	MOODY ISD (Formerly BELL)	2162	177	83	1902
40	OGLESBY ISD (formerly Coryell)	33	1	1	31
46	VALLEY MILLS ISD (formerly Bosque)	726	20	27	679
	Total Parcels	36059	3053	2849	30157

Exhibit 'C'

MARKET AREAS

2021 Residential Neighborhood Plan

12890.1	42890.1	48045.0	48096.0	48139.0	48505.1	48557.1	48709.1	50000.3
12890.5	42890.3	48046.0	48097.0	48140.0	48510.1	48558.1	48710.1	50001.1
20890.1	42890.4	48048.0	48098.0	48141.1	48511.1	48559.1	48711.1	50001.2
24890.1	42890.5	48049.0	48099.0	48142.1	48511.2	48560.1	48711.2	50001.3
26275.0	44890.1	48050.0	48100.0	48143.1	48512.1	48561.1	48711.3	50002.1
28890.1	44890.4	48051.0	48101.0	48144.1	48512.2	48562.1	48711.4	50002.2
32000.0	48001.0	48052.0	48102.1	48145.1	48513.1	48563.1	48712.1	50003.1
32000.1	48002.0	48053.0	48102.2	48146.1	48513.2	48563.2	48713.1	50003.2
32000.3	48003.0	48054.0	48102.3	48147.0	48513.3	48564.1	48714.1	50003.3
32001.1	48004.0	48055.0	48102.4	48148.0	48515.0	48565.1	48715.1	50004.1
32001.2	48005.0	48055.1	48102.5	48149.0	48515.1	48566.1	48716.1	50004.2
32002.1	48006.0	48056.0	48103.0	48150.1	48516.0	48567.1	48717.1	50004.3
32002.2	48007.0	48057.0	48104.0	48151.1	48516.1	48570.1	48718.1	50006.5
32003.1	48007.1	48057.1	48105.0	48152.0	48517.1	48571.1	48719.1	50018.0
32003.2	48008.0	48058.0	48105.1	48153.0	48517.2	48572.1	48720.1	50020.1
32004.1	48009.0	48059.0	48106.0	48154.0	48517.3	48573.1	48721.1	50022.1
32004.2	48010.0	48059.1	48107.0	48155.0	48520.1	48574.1	48722.1	50035.0
32325.2	48011.0	48060.0	48108.0	48156.1	48522.1	48575.0	48723.1	50038.0
32725.0	48012.0	48060.1	48108.1	48157.1	48523.1	48575.1	48724.1	50039.0
32870.0	48013.0	48061.0	48110.0	48237.0	48527.1	48576.1	48724.2	50040.0
32890.1	48014.0	48062.0	48111.0	48300.0	48528.1	48577.1	48725.1	50041.0
32890.3	48015.0	48063.0	48112.0	48350.0	48529.1	48578.1	48726.1	50042.0
32890.4	48016.0	48064.0	48113.0	48360.0	48529.2	48579.1	48727.1	50045.0
32890.5	48019.0	48066.0	48114.0	48370.0	48530.1	48600.1	48728.1	50100.0
32890.6	48020.0	48067.0	48115.0	48375.0	48531.1	48600.2	48729.1	50478.0
36017.0	48021.0	48068.0	48116.0	48375.1	48532.1	48600.3	48730.1	50700.0
36130.0	48023.0	48069.0	48117.0	48375.2	48533.1	48600.4	48731.1	50701.0
36135.1	48023.1	48071.0	48119.0	48375.3	48534.1	48600.5	48732.1	50715.7
36158.0	48024.0	48072.0	48120.0	48385.0	48535.1	48600.61	48733.1	50760.0
36871.0	48025.0	48073.0	48121.0	48401.1	48536.1	48600.62	48734.1	50793.0
36880.0	48025.1	48074.0	48122.0	48402.1	48537.1	48600.71	48734.2	50793.1
42000.0	48026.0	48075.0	48123.0	48403.1	48538.1	48600.72	48735.1	50801.0
42000.1	48026.1	48076.0	48124.0	48405.1	48539.1	48601.1	48736.1	50870.0
42000.3	48027.0	48077.0	48125.0	48406.1	48540.1	48601.2	48737.1	50870.1
42001.1	48028.0	48078.0	48126.0	48407.1	48542.1	48601.3	48738.1	50890.1
42001.2	48029.0	48079.0	48127.0	48408.1	48543.1	48601.4	48739.1	50890.3
42002.1	48031.0	48081.0	48128.0	48409.1	48544.1	48601.5	48870.0	50890.4
42002.2	48033.0	48082.0	48129.0	48411.1	48545.1	48601.6	48870.1	50890.5
42003.1	48034.0	48083.0	48130.0	48412.1	48546.1	48601.8	48870.2	50890.6
42003.2	48034.1	48084.0	48131.0	48413.1	48547.1	48701.1	48870.3	50890.7
42004.1	48035.0	48084.1	48132.0	48500.1	48548.1	48702.1	48890.1	
42004.2	48036.0	48085.0	48133.0	48500.2	48551.1	48703.1	48890.3	
42275.3	48039.0	48086.0	48134.0	48500.3	48552.1	48704.1	48890.4	
42375.0	48040.0	48088.0	48135.0	48501.1	48553.1	48705.1	48890.5	
42535.0	48041.0	48089.0	48136.0	48502.1	48554.1	48706.1	48890.6	
42870.0	48042.0	48092.0	48137.0	48503.1	48555.1	48707.1	50000.0	
42870.1	48043.0	48095.0	48138.0	48504.1	48556.1	48708.1	50000.1	

2021 Commercial Neighborhood Plan

32950.1	48905.3	48925.6	48950.1	48980.D	50957.5
32950.2	48905.A	48925.8	48951.0	48980.E	50957.6
32980.1	48905.E	48925.A	48951.F	48981.0	50957.7
42950.1	48905.F	48925.B	48951.G	48981.1	50957.8
42980.1	48909.2	48925.D	48952.1	48982.1	50957.9
42989.1	48909.3	48925.G	48952.2	48982.2	50957.A
42989.2	48909.4	48925.H	48952.3	48982.4	50957.B
42989.4	48909.5	48925.J	48952.G	48982.5	50957.C
42989.5	48909.6	48925.L	48952.J	48982.6	50957.D
42989.6	48909.A	48925.N	48952.K	48982.7	50957.E
42989.A	48909.B	48925.P	48953.2	48982.8	50957.F
42989.B	48909.D	48925.S	48953.3	48982.9	50957.G
44955.1	48909.J	48926.0	48953.4	48983.5	50957.H
48900.1	48909.L	48928.0	48953.5	48984.0	50957.J
48900.1C1	48912.0	48928.1	48953.A	48984.2	50957.K
48900.1C2	48912.2	48928.2	48953.C	48984.3	50957.L
48900.2	48912.3	48928.3	48955.1	48984.5	50970.1
48900.2C1	48912.4	48928.4	48955.2	48984.A	50975.1
48900.2C2	48912.5	48928.5	48955.3	48985.1	50980.1
48900.2C3	48915.1	48928.6	48955.4	48985.2	
48900.2C4	48915.2	48928.9	48955.5	48985.3	
48900.2C5	48919.0	48928.C	48955.6	48985.6	
48900.2C6	48919.1	48928.D	48955.7	48986.3	
48900.2C7	48919.2	48928.E	48955.8	48986.4	
48900.2C8	48919.3	48930.1	48955.9	48986.5	
48900.2C9	48919.4	48930.2	48955.A	48986.6	
48900.3	48919.5	48930.3	48955.B	48986.7	
48900.3C1	48919.6	48930.4	48955.C	48986.B	
48900.4	48919.7	48930.5	48955.D	48987.0	
48900.5	48919.8	48931.0	48955.E	48987.1	
48900.6	48919.9	48931.2	48957.1	48987.4	
48900.7	48919.A	48931.4	48957.2	48987.6	
48900.8	48919.B	48931.B	48957.3	48987.7	
48900.A	48919.C	48932.0	48957.4	48987.8	
48900.G	48919.D	48933.0	48957.5	48987.9	
48902.1	48919.E	48933.3	48957.6	48987.B	
48902.2	48919.F	48935.0	48970.0	48987.D	
48902.3	48919.G	48937.1	48970.1	48987.E	
48902.4	48919.J	48937.2	48975.1	48987.F	
48902.5	48919.N	48940.1	48975.3	48987.G	
48903.0	48919.P	48940.2	48975.4	48987.P	
48903.2	48919.U	48940.5	48980.0	48988.2	
48903.3	48919.V	48941.1	48980.2	48988.3	
48903.4	48919.W	48941.2	48980.3	48988.5	
48903.5	48924.0	48941.3	48980.5	48989.0	
48903.A	48924.A	48941.4	48980.6	48995.0	
48903.B	48925.0	48941.6	48980.7	50950.1	
48903.C	48925.1	48941.7	48980.8	50957.0	
48903.D	48925.2	48941.8	48980.9	50957.1	
48905.0	48925.3	48941.9	48980.A	50957.2	
48905.1	48925.4	48941.A	48980.B	50957.3	
48905.2	48925.5	48941.C	48980.C	50957.4	

2022 Residential Neighborhood Plan

12001.0	18007.0	18093.1	20003.0	20703.0	26757.0	28031.1	30890.1	44032.1
12002.0	18008.0	18172.0	20004.0	20710.7	26757.1	28032.1	30890.3	44033.0
12025.0	18009.0	18325.7	20004.1	20713.1	26870.0	28033.1	36891.1	44034.0
12870.0	18010.0	18451.0	20004.2	20714.0	26890.1	28034.1	44000.0	44035.0
12870.1	18011.0	18468.0	20005.0	20740.7	26890.3	28035.1	44001.0	44036.1
12890.1	18011.1	18475.0	20005.1	20779.0	26890.4	28036.1	44002.1	44037.0
12890.3	18012.0	18477.0	20006.1	20791.0	26890.5	28037.1	44003.1	44038.0
12890.4	18013.0	18582.0	20006.2	20870.0	26890.6	28038.1	44004.1	44039.1
12890.5	18014.0	18582.1	20007.0	20870.1	26890.7	28039.1	44005.0	44040.1
12890.6	18014.1	18710.0	20008.0	20870.3	28001.0	28040.1	44006.1	44075.0
14000.0	18015.1	18723.0	20009.0	20870.4	28002.0	28041.1	44007.0	44475.5
14001.1	18016.1	18725.0	20010.1	20870.7	28003.0	28042.1	44008.0	44701.0
14002.1	18026.0	18726.0	20014.1	20890.1	28004.0	28043.1	44009.1	44743.0
14004.1	18075.0	18746.2	20015.0	20890.3	28004.2	28044.1	44009.2	44744.4
14010.0	18077.0	18746.3	20016.0	20890.4	28005.0	28045.1	44010.0	44870.0
14011.1	18077.4	18753.0	20017.0	20890.5	28006.0	28046.1	44010.1	44890.1
14015.1	18077.41	18757.1	20020.0	20890.6	28007.0	28100.0	44011.1	44890.3
14019.1	18077.42	18767.0	20021.1	20890.7	28008.0	28870.0	44012.1	44890.4
14175.0	18077.43	18778.0	20021.2	20893.7	28010.0	28870.1	44013.0	44890.5
14401.0	18077.44	18778.1	20023.1	22890.1	28011.0	28870.2	44014.0	44890.6
14475.0	18077.7	18783.0	20026.1	22890.5	28012.1	28870.3	44016.0	46890.1
14477.0	18078.0	18783.7	20027.1	24001.1	28013.0	28870.4	44016.1	48405.1
14477.1	18079.0	18870.0	20028.1	24002.1	28015.0	28870.5	44017.0	48890.1
14870.0	18080.0	18870.1	20031.1	24100.1	28016.0	28870.6	44018.1	48890.4
14870.1	18081.0	18871.1	20032.1	24870.0	28017.0	28870.7	44019.1	50478.0
14890.1	18082.0	18872.1	20033.0	24890.1	28019.0	28870.8	44021.0	50870.0
14890.3	18084.0	18873.1	20035.1	24890.3	28020.0	28870.9	44023.1	50890.1
14890.4	18085.0	18890.1	20035.2	24890.4	28021.0	28871.1	44024.0	50890.4
14890.5	18088.0	18890.3	20036.1	24890.5	28022.0	28871.2	44026.0	50890.6
14890.6	18089.0	18890.4	20040.1	24890.7	28023.1	28890.1	44027.0	
14890.7	18090.1	18890.5	20050.1	24950.1	28023.2	28890.3	44028.0	
18003.0	18091.1	18890.6	20325.0	26275.0	28027.1	28890.4	44029.0	
18004.1	18092.1	18890.7	20500.0	26364.0	28028.1	28890.5	44030.0	
18006.0	18092.2	20002.0	20588.0	26570.1	28029.1	28890.6	44031.0	

2022 Commercial Neighborhood Plan

12940.0	14980.1	20909.3	20960.1	28909.3	28957.5	28980.6	36955.6	44950.1
12950.1	14999.1	20928.0	20970.1	28909.A	28957.6	28980.7	44909.1	44955.1
12980.1	18919.2	20937.0	20980.1	28909.C	28957.7	28980.8	44909.2	44955.4
12980.2	18919.3	20937.1	24950.1	28909.D	28957.8	28980.9	44909.3	44955.6
14919.1	18919.4	20940.0	24980.1	28940.0	28957.9	28987.1	44909.4	44980.1
14919.2	18919.5	20950.1	26940.0	28940.1	28960.1	28987.2	44909.5	48909.8
14919.3	18919.9	20957.0	26950.1	28940.5	28970.1	28987.4	44909.6	48933.0
14919.4	18970.1	20957.1	26980.1	28940.6	28980.0	28987.5	44909.7	48955.E
14919.5	18980.1	20957.2	26989.1	28950.1	28980.1	28987.6	44909.8	48957.2
14928.0	18999.1	20957.3	26989.2	28957.1	28980.2	28987.7	44909.9	48957.4
14931.0	20909.0	20957.4	26989.3	28957.2	28980.3	28987.8	44909.A	48980.E
14940.0	20909.1	20957.5	28909.1	28957.3	28980.4	28987.9	44909.B	48987.4
14950.1	20909.2	20957.6	28909.2	28957.4	28980.5	28989.2	44940.0	48987.E

Exhibit 'D'

CALENDAR OF EVENTS

Exhibit 'E'

BUDGET

Exhibit 'F'

RESOLUTION ADOPTING REAPPRAISAL PLAN

**RESOLUTION OF ADOPTION OF A REAPPRAISAL PLAN
FOR TAX YEARS 2021 & 2022 FOR
McLENNAN COUNTY APPRAISAL DISTRICT**

WHEREAS, Sections 6.05 and 25.18 of the Texas Property Tax Code, sets forth requirements for developing a biennial written plan for the periodic reappraisal of all property within the boundaries of the appraisal district; and

WHEREAS, in order to create a definitive plan, the McLennan County Appraisal District has developed a written plan for the District to use for the periodic reappraisal of all property within the boundaries of the district for tax years 2021 & 2022; and

WHEREAS, the Board of Directors of the McLennan County Appraisal District have reviewed the reappraisal plan prepared by the Appraisal District and has determined that the plan meets the statutory criteria and that it is in the public interest that the plan be adopted by the McLennan County Appraisal District,

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE McLENNAN COUNTY APPRAISAL DISTRICT:

That the McLennan County Appraisal District adopts the Reappraisal Plan for Tax Years 2021 and 2022, attached hereto as Exhibit 1.

PASSED AND APPROVED THIS THE ____th Day of _____, 2020

John Kinnaird, Chairman
McLennan County Appraisal District

ATTEST:

Allen Sykes, Secretary
McLennan County Appraisal District

McLENNAN COUNTY



APPRAISAL DISTRICT

May 14, 2020

To: McLennan County Appraisal District Board of Directors

Subject: Taxpayer Liaison Officer Complaints Report

I have no pending complaints from April 16, 2020 meeting and no new complaints to report.

Most residential notices have been mailed. Appraisers are working to settle cases and formal hearings will begin May 20th. We have had to make many changes due to Covid19 and are doing the best we can to assist property owners/agents through the protest process.

Thank you and have a blessed day.


Betty Sanchez – Taxpayer Liaison Officer

Chief Appraiser Updates

April 16, 2020

APPRAISAL:

- § Notice Dates
 - May 5th (postponed from April 2nd)
 - Personal Property May 29th
- § Business rendition deadline extended 30 days to May 15th
- § Preliminary Totals submitted

ARB:

- § ARB hearings start May 20th
- § AG opinion on teleconferences may require external site or prolonged ARB process
- § ARB training and organizational meeting conducted Monday, May 11th

ARBITRATION:

- § 62 arbitrations filed for 2019. Of the 62, 3 are active, 45 have been settled, 5 won, and 9 lost

LAWSUITS:

- § 54 new Causes in 2019
- § 85 cases currently pending

TRAINING AND EDUCATION:

FORMAL OPEN RECORDS REQUESTS:

- § 2019-102
- § 2020-22

BUILDING/FACILITIES:

- § Exterior Lobby is open for drop box

MISCELLANEOUS:

- § Entity Meeting was conducted on April 21st

2019 COMPARABLE VALUES

	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>CITIES</u>	<u>CERTIFIED</u>	<u>CERTIFIED</u>	<u>PRELIMINARY ESTIMATES</u>
BELLMEAD	\$456,548,836	\$479,460,340	\$474,514,480
BEVERLY HILLS	\$103,169,419	\$107,110,798	\$111,992,386
BRUCEVILLE-EDDY	\$69,058,916	\$69,248,696	\$68,440,864
CRAWFORD	\$53,514,783	\$58,782,054	\$66,376,330
GHOLSON	\$43,003,453	\$47,396,711	\$52,377,960
GOLINDA	\$9,085,800	\$10,321,500	\$10,321,500
HALLSBURG	\$23,674,343	\$22,633,393	\$23,727,278
HEWITT	\$936,909,734	\$1,008,342,875	\$1,040,292,244
LACY LAKEVIEW	\$363,195,409	\$395,870,174	\$399,563,682
LEROY	\$11,235,236	\$12,214,674	\$13,560,713
LORENA	\$117,815,452	\$123,854,376	\$129,307,346
MART	\$46,904,165	\$49,014,621	\$49,654,361
MCGREGOR	\$388,606,253	\$427,581,691	\$434,328,029
MOODY	\$49,074,105	\$50,955,623	\$56,927,158
RIESEL	\$63,602,097	\$67,535,407	\$56,132,167
ROBINSON	\$864,871,756	\$929,969,501	\$1,196,684,361
VALLEY MILLS	\$1,282,357	\$1,413,777	\$1,480,380
WACO	\$10,099,447,126	\$10,780,588,735	\$11,284,639,062
WEST	\$182,965,009	\$196,572,824	\$210,607,757
WOODWAY	\$1,165,499,928	\$1,250,365,840	\$1,283,467,143
OTHER'S			
MCC	\$18,062,707,293	\$19,392,702,650	\$20,214,442,690
MCLENNAN CNTY	\$16,966,251,291	\$18,236,795,131	\$19,180,163,959
CASTLEMAN CRK	\$23,588,547	\$25,366,932	\$27,134,772
ELM CREEK	\$39,030,664	\$41,748,574	\$45,950,449
MCL & HILL TEHU	\$199,284,644	\$209,710,889	\$216,754,683
WATER CNTRL #2	\$88,691,716	\$94,621,587	\$94,403,979
ISD'S			
AXTELL	\$119,023,761	\$130,106,708	\$136,857,357
BOSQUEVILLE	\$163,713,311	\$183,976,676	\$196,456,651
BRUCEVILLE-EDDY	\$148,169,992	\$163,797,547	\$170,542,054
CHINA SPRING	\$787,819,164	\$870,873,330	\$931,066,982
CONNALLY	\$665,021,790	\$715,496,533	\$719,474,031
CRAWFORD	\$172,823,553	\$188,641,982	\$203,991,334
GHOLSON	\$46,843,933	\$51,296,715	\$57,263,815
HALLSBURG	\$72,092,238	\$75,540,471	\$78,601,771
LA VEGA	\$882,683,346	\$947,573,620	\$971,496,988
LORENA	\$459,960,647	\$491,954,155	\$526,326,399
MART	\$77,735,849	\$81,408,650	\$82,157,382
MCGREGOR	\$414,657,990	\$454,721,175	\$472,006,129
MIDWAY	\$4,747,996,307	\$5,060,671,804	\$5,309,216,019
MOODY	\$114,944,224	\$118,454,968	\$128,210,341
OGLESBY	\$987,493	\$805,697	\$829,135
RIESEL	\$439,163,106	\$484,011,713	\$377,725,758
ROBINSON	\$611,912,747	\$657,221,126	\$704,498,049
VALLEY MILLS	\$54,272,037	\$57,759,559	\$61,101,215
WACO	\$5,802,357,927	\$6,137,112,895	\$6,520,134,609
WEST	\$412,156,309	\$441,844,620	\$475,731,420
TOTALS	\$66,614,268,256	\$71,393,127,817	\$74,866,933,170

\$ 207,407,500

Rendition Error	Capitol Appraisal Changes	Unapplied Freeport	ARB Loss	ARB loss %	Current Unadjusted Totals
-1%	\$ 280,000		(31,730,047.42)	6.3%	\$ 505,964,527.00
5%	\$ 10,000		(3,047,840.89)	2.6%	\$ 115,030,227.00
-1%	\$ 80,000		(1,616,476.58)	2.3%	\$ 69,977,341.00
13%	\$ 30,000		(975,001.37)	1.4%	\$ 67,321,331.00
11%	\$ -		(866,392.10)	1.6%	\$ 53,244,352.00
14%	\$ -		(251,207.54)	2.4%	\$ 10,572,708.00
5%	\$ -		(424,648.84)	1.8%	\$ 24,151,927.00
3%	\$ 180,000		(25,680,052.21)	2.4%	\$ 1,065,792,296.00
1%	\$ 130,000		(12,525,877.60)	3.0%	\$ 411,959,560.00
11%	\$ -		(124,016.49)	0.9%	\$ 13,684,729.00
4%	\$ 60,000		(2,321,827.53)	1.8%	\$ 131,569,174.00
1%	\$ 60,000		(1,892,834.05)	3.7%	\$ 51,487,195.00
2%	\$ 190,000		(10,395,687.69)	2.3%	\$ 444,533,717.00
12%	\$ 30,000		(1,151,025.83)	2.0%	\$ 58,048,184.00
-17%	\$ (1,290,000)		(14,086,775.31)	19.7%	\$ 71,508,942.00
29%	\$ 290,000	\$ 989,276,861.29	(22,680,646.71)	1.9%	\$ 1,219,075,008.00
5%	\$ -		-	0.0%	\$ 1,480,380.00
5%	\$ 2,370,000	\$ (215,000,000.00)	(453,085,752.42)	3.8%	\$ 11,950,354,814.00
7%	\$ 70,000		(7,987,264.34)	3.7%	\$ 218,525,021.00
3%	\$ 120,000		(33,546,009.40)	2.5%	\$ 1,316,893,152.00
4%	\$ (44,490,000)		(772,265,601.25)	3.7%	\$ 21,031,198,291.00
5%	\$ (44,490,000)	\$ (250,000,000.00)	(742,369,086.21)	3.7%	\$ 20,217,023,045.00
7%	\$ -		(380,369.31)	1.4%	\$ 27,515,141.00
10%	\$ -		(254,050.82)	0.5%	\$ 46,204,500.00
3%	\$ 240,000		(3,404,614.64)	1.5%	\$ 219,919,298.00
0%	\$ 10,000		(2,853,593.88)	2.9%	\$ 97,247,573.00
5%	\$ 140,000		(1,610,467.87)	1.2%	\$ 138,327,825.00
7%	\$ 50,000		(5,942,259.03)	2.9%	\$ 202,348,910.00
4%	\$ (50,000)		(3,203,397.77)	1.8%	\$ 173,795,452.00
7%	\$ 190,000		(23,299,853.30)	2.4%	\$ 954,176,835.00
1%	\$ 500,000		(22,309,674.39)	3.0%	\$ 741,283,705.00
8%	\$ 160,000		(3,682,963.76)	1.8%	\$ 207,514,298.00
12%	\$ -		(1,040,665.00)	1.8%	\$ 58,304,480.00
4%	\$ 220,000		(1,571,856.33)	2.0%	\$ 79,953,627.00
3%	\$ 640,000	\$ (6,000,000.00)	(35,824,624.74)	3.5%	\$ 1,012,681,613.00
7%	\$ 220,000		(9,961,208.27)	1.9%	\$ 536,067,607.00
1%	\$ 90,000		(2,547,796.89)	3.0%	\$ 84,615,179.00
4%	\$ 400,000		(9,823,474.78)	2.0%	\$ 481,429,604.00
5%	\$ 790,000	\$ 5,101,808,518.55	(160,700,436.45)	2.9%	\$ 5,469,126,455.00
8%	\$ 200,000		(2,627,066.00)	2.0%	\$ 130,637,407.00
3%	\$ -		(33,920.13)	3.9%	\$ 863,055.00
-22%	\$ (51,040,000)		(61,405,072.35)	12.5%	\$ 490,170,830.00
7%	\$ 330,000		(14,324,441.07)	2.0%	\$ 718,492,490.00
6%	\$ 110,000		(1,419,979.49)	2.3%	\$ 62,411,194.00
6%	\$ 1,960,000	\$ (60,000,000.00)	(283,969,236.64)	4.1%	\$ 6,862,143,846.00
8%	\$ 540,000		(12,433,259.02)	2.5%	\$ 487,624,679.00