

Shackelford County Appraisal District
Adopted Operating Budget
2020

Adopted by the Board of Directors on August 30, 2019

Shackelford County Appraisal District
2020 Adopted Operating Budget
Table of Contents

Adopted Budget

Statement of Revenues, Expenditures, and Change in Fund Balance	1
Detail and Comparative Analysis	2
Notes to the Budget	3

Supplemental Information

Detail of Adopted, Budgeted, and Actual Employee Expenditures	12
Adopted Budget Expenditure Allocation by Tax Unit	13

Shackelford County Appraisal District
 Adopted Budget - Statement of Revenues, Expenditures, and Change in Fund Balance
 Year Ended December 31, 2020

		2020 Proposed
Revenues		
Local funding	\$	384,023
Other income		8,900
		392,923
Expenditures		
Appraisal		192,592
Assessing and collecting		114,442
Administrative		55,988
Building expense		17,500
Capital outlay		2,000
		382,522
Excess of revenues over (under) expenditures		10,401
Beginning fund balance (estimated)		74,083
Ending fund balance (estimated)	\$	84,484

See accompanying notes to the adopted budget

Shackelford County Appraisal District
 Adopted Budget - Detail and Comparative Analysis
 Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020 / 2019</u>	<u>2020 / 2018</u>
	Adopted Budget	Adopted Budget	Unaudited Actual	Budget Vs. Budget	Budget Vs. Actual
Revenues					
Local funding	\$ 384,023	\$ 371,361	\$ 365,444	\$ 12,662	\$ 18,579
Other income	8,900	7,100	10,642	1,800	(1,742)
	<u>392,923</u>	<u>378,461</u>	<u>376,086</u>	<u>14,462</u>	<u>16,837</u>
Expenditures					
Appraisal services	53,000	52,000	48,500	1,000	4,500
Appraisal review board	2,000	2,000	1,988	-	12
Legal & professional	4,000	4,000	5,015	-	(1,015)
Appraising expense	1,000	500	881	500	119
Software and computer maintenance:	44,450	44,236	43,539	214	911
Consulting	-	3,000	8,000	(3,000)	(8,000)
Education and training	3,500	3,500	5,987	-	(2,487)
Employee expenditures	227,824	222,077	211,841	5,747	15,983
Insurance	1,200	2,500	1,211	(1,300)	(11)
Office expense	14,100	9,700	14,802	4,400	(702)
Building:					
Insurance - building	2,500	500	2,579	2,000	(79)
Repairs and maintenance	-	-	1,064	-	(1,064)
Debt service	17,748	13,800	13,760	3,948	3,988
Utilities	8,000	8,000	7,567	-	433
Property taxes	1,200	1,048	1,150	152	50
Capital outlay	2,000	1,200	2,982	800	(982)
	<u>382,522</u>	<u>368,061</u>	<u>370,866</u>	<u>14,461</u>	<u>11,656</u>
Excess of revenues over (under) expenditures	10,401	10,400	5,220	1	5,181
Beginning fund balance	74,083	71,744	61,061	13,022	13,022
Ending fund balance	<u>\$ 84,484</u>	<u>\$ 82,144</u>	<u>\$ 66,281</u>	<u>\$ 13,023</u>	<u>\$ 18,203</u>

See accompanying notes to the adopted budget

Shackelford County Appraisal District
Notes to the Adopted Budget
Year Ended December 31, 2020

Note 1: Revenues

The Shackelford County Appraisal District (hereafter referred to as "the District") generates revenues from both governmental and business like activities in order to operate as the jurisdictional appraisal district and central tax office. Governmental activities are made up of revenues received in the form of local funding from authorized taxing units of which the District appraises and assesses property within the District's jurisdiction, as well as other fees collected in association with governmental activities. Business like activities consist of revenues generated from the leasing of District owned vacant office space to other organizations. For budgeting purposes, any revenues other than local funding are classified as "other income". Below is a reconciliation of revenues by activity type and budget classification to total revenues.

Reconciliation of revenues by activity type			
	Budgeted 2020	Budgeted 2019	Actual 2018
<u>Governmental activities:</u>			
Local funding	\$ 384,022	\$ 371,361	\$ 365,444
Interest income	3,000	1,000	3,489
Miscellaneous income	500	700	853
	387,522	373,061	369,786
<u>Business like activities:</u>			
Rents received - budgeted & actual	5,400	5,400	6,300
Total revenues	\$ 392,922	\$ 378,461	\$ 376,086

Reconciliation of budget class			
	Budgeted 2020	Budgeted 2019	Actual 2018
Local funding	\$ 384,022	\$ 371,361	\$ 365,444
Other income	8,900	7,100	10,642
Total revenues	\$ 392,922	\$ 378,461	\$ 376,086

Note 2: Local Funding

The local funding required by the District to operate (local funding need) is calculated considering total expenditures, less any other revenues, and excluding any restricted revenues from other sources that are designated for specific purpose funds. The following is the calculation for 2020 local funding.

Total estimated expenditures	\$ 382,522
Reserve for litigation fund	5,000
Less: other revenues not otherwise committed	(3,500)
	\$ 384,022

Shackelford County Appraisal District
Notes to the Adopted Budget
Year Ended December 31, 2020

Note 2: Local Funding - continued

The individual taxing unit's contribution to the local funding need is proportionate to the tax unit's tax levy compared to the total of all tax levies in the District's appraising jurisdiction. The local funding rate for each tax unit is allocated based on the taxing unit's percentage of total taxes levied in the District's jurisdiction during the second prior year (allocation rate). The amount of local funding shared by the tax unit is computed by multiplying the allocation rate by the tax unit's first prior year tax levy, of which is being collected in the current budget year (cost share). Below is the calculation of this process applicable to the current year budget.

	2020		2019		Increase
	Cost Share		Cost Share		(Decrease)
Shackelford County	\$ 104,691	\$	100,579	\$	4,112
Shackelford County Hospital District	36,379		34,919		1,460
City of Albany	17,388		16,146		1,242
Albany ISD	112,890		107,415		5,475
City of Moran	902		861		41
Moran ISD	16,854		15,363		1,491
Clyde CISD	87,473		89,324		(1,851)
Lueders-Avoca ISD	7,446		6,754		692
	<u>\$ 384,023</u>	<u>\$</u>	<u>371,361</u>	<u>\$</u>	<u>12,662</u>

	2020		2019		Increase
	Allo. Rate		Allo. Rate		(Decrease)
Shackelford County	% 27.26	%	27.08	%	0.18
Shackelford County Hospital District	9.47		9.40		0.07
City of Albany	4.53		4.35		0.18
Albany ISD	29.40		28.92		0.47
City of Moran	0.23		0.23		0.00
Moran ISD	4.39		4.14		0.25
Clyde CISD	22.78		24.05		(1.27)
Lueders-Avoca ISD	% 1.94	%	1.82	%	0.12

Changes in the cost share per tax unit are a result of the rate of change in their tax levy from year to year. The largest factor that the District has noted in the variation of tax levies from year to year has been through the abatement and chapter 313 roll off of the windfarms, as well as the fluctuation of mineral and electricity (windfarm and utilities) prices each year.

Shackelford County Appraisal District
Notes to the Adopted Budget
Year Ended December 31, 2020

Note 3: Other Income

Other revenues consist of interest, miscellaneous, and office rent income. Interest is earned on deposits associated with the Central Tax Office, a fiduciary fund of the District, as well as deposits associated with the District's operations. Rent income is earned from leasing out the unused office space located at the District's office location. However, through actions taken by the Board of Directors rental income has been designated as '*committed*', and therefore is restricted for use in the upkeep of the office facility. Any unused committed funds are retained and accumulated in the '*building contingency fund*', until they are needed. Use of these committed funds for ordinary budget items is only permissible through action from the Board of Directors. Below is a breakdown of other income:

Interest income	\$	3,000
Miscellaneous income		500
Rent income (committed revenues)		5,400
	\$	8,900

Note 4: Expenditures

The District incurs operating expenditures through both governmental and business like activities, although almost all expenditures are related to governmental activities. Expenditures related to governmental activities are related to the appraising and assessing/collecting of real property taxes and compliance with state regulator requirements. Expenditures related to business like activities are related to the leasing of District owned vacant office space.

Note 5: Appraisal Services

The District contracts with Capitol Appraisal Group, LLC for appraisal services on mineral, industrial and utility properties that require specialized valuation techniques.

	Budgeted 2020	Budgeted 2019	Actual 2018
Appraisal Services - budgeted & actual	\$ 53,000	\$ 52,000	\$ 48,500

Note 6: Appraisal Review Board

The Appraisal Review Board (ARB) is a required panel that reviews taxpayer appeals during the protest period. The ARB members are required by state law to attend training and to have legal representation. ARB members are compensated at a rate of \$100 per day of service to the board, and are entitled to be reimbursed for expenditures associated with out-of-town travel for ARB purposes. The extent of compensation costs to be expected depends on the number of taxpayers that request to go before the ARB and seek judgment.

Shackelford County Appraisal District
Notes to the Adopted Budget
Year Ended December 31, 2020

Note 7: Legal & Professional

An annual audit of the District's financial statements is required in accordance with state law. An audit must be completed annually, and must be 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 District engages in legal services from McCreary Veleska Bragg & Allen LLP as needed.

Note 8: Appraising Expense

Employees of the District are reimbursed for travel while performing appraisal services for the District in their own vehicle. Mileage is reimbursed at the standard government rate as published by the IRS, and thus is estimated based on the miles needed to travel the reappraisal area.

Note 9: Software and Computer Maintenance (IT Expense)

The District contracts with True Automation to provide license and support for PACS software, used to compute annual tax levies and appraise individual properties as well as the collection of tax levies. BIS Consulting provides mapping of property lines and aerial overlays as well as IT services through a contract. Lesser software licenses are payable to Intuit for QuickBooks. Below is the amount budgeted for 2019 compared to the approved 2018 budget, as well the actual 2017 expenditure.

	Service Type		
	Budgeted 2020	Budgeted 2019	Actual 2018
Appraisal and collection software licenses	\$ 29,700	\$ 29,678	\$ 28,876
IT maintenance and mapping services	13,700	13,558	13,616
Other software and licenses	1,050	1,000	1,047
	<u>\$ 44,450</u>	<u>\$ 44,236</u>	<u>\$ 43,539</u>

Note10: Consulting

The chief appraiser retained the advice and assistance of Western Valuation and Consulting in 2019, however, there is not a current plan to retain the same service in 2020.

	Budgeted 2020	Budgeted 2019	Actual 2018
Consulting	\$ -	\$ 3,000	\$ 8,000

Shackelford County Appraisal District
Notes to the Adopted Budget
Year Ended December 31, 2020

Note 11: Education and Training

The chief appraiser must obtain required education credits periodically to stay in good standing with the TDLR (Texas Department of Licensing and Registration). The chief appraiser is also in the process of taking classes needed to become a RTA (registered tax assessor-collector) in order to comply with state law regarding the assessment of taxes and truth-in-taxation requirements.

As part of succession and contingency planning by the District, the board of directors approved for other employees of the District to begin the certification process in order to limit the risk of increased budgetary needs to meet regulatory requirements in the future.

In addition, employees need additional training to stay current with software and law updates, which are typically available at appraisal district related conferences in metropolitan areas. Conventions and training seminars ensure that the District's employees are up to date on appraisal and collection practices.

	Budgeted 2020	Budgeted 2019	Actual 2018
Education and Training	\$ 3,500	\$ 3,500	\$ 5,987

Note 12: Employee Expense

The District evaluates employee salaries annually based on, but not limited to, related labor market trends in demand, supply and competition, employee merit, responsibility, reliability and job performance, employee education level and skill set, regulatory requirements, the District's budgetary constraints, and economic factors affecting the District's jurisdiction. District employees are evaluated individually based on, but not limited to, the criteria previously mentioned, and are not evaluated based on a standard pay scale.

In 2019, the Chief Appraiser candidate will be eligible to take over responsibilities from the interim Chief Appraiser. With the exit of the interim, sole responsibility will be on the District's staff, and therefore, it is being proposed to expand the responsibilities of certain staff members and compensate them accordingly.

The District currently contributes 250% in matching employee contributions to retirement as an additional incentive for employee retainage, through TCDRS (*Texas County & District Retirement System*) . Exceptional retirement contributions are made affordable to the District through the exemption from the social security tax. As a condition for the exemption, employees must contribute 7% to retirement, of which is roughly equal to the social security portion of FICA (*Federal Insurance Contributions Act*). Employees must work for the District or another qualifying organization for 10 years in order to vest the District's matching contribution. Actuarial calculations determine the present contribution rate required of the District to meet its obligations.

Shackelford County Appraisal District
Notes to the Adopted Budget
Year Ended December 31, 2020

Note 12: Employee Expense - continued

In response to the requirement for small businesses to comply with the Affordable Care Act, beginning in 2017, the District approved health insurance coverage for employees beginning in October 2015 (the insurance plan year). Health insurance expense is classified, for budgeting purposes, as part of employee expenditures instead of insurance expense because the need arises as a result and is contingent upon employees.

Below is a comparative analysis and breakdown of employee expenditure categories.

	Budgeted 2020	Budgeted 2019	Actual 2018	2019 / 2018 Differences
Salaries	\$ 167,750	\$ 167,750	\$ 162,250	\$ -
Retirement contributions	25,918	23,519	22,833	2,399
Payroll taxes	2,552	3,032	2,438	(480)
Insurance & allowances	31,604	27,776	24,320	3,828
	<u>\$ 227,824</u>	<u>\$ 222,077</u>	<u>\$ 211,841</u>	<u>\$ 5,747</u>

Further detail on employee expenditures by position can be seen in the supplemental information.

Note 13: Office Expenditures

Office expenditures consist of various items considered necessary to operate the District's office. The budget reflects small decreases when compared to the prior year. Aside from basic office supplies, this includes postage and mailing services, as well as various fees associated with licenses and dues, legal fees, county document fees, and etc. The District purchases as much locally as is possible. Below is a breakdown of the contents of office expenditures:

	Budgeted 2020	Budgeted 2019	Actual 2018
Office supplies and administrative expenses	\$ 3,500	\$ 2,500	\$ 3,595
Postage/ mailing	9,250	5,500	9,245
Licenses, fees, and dues	1,350	1,700	1,337
	<u>\$ 14,100</u>	<u>\$ 9,700</u>	<u>\$ 14,177</u>

Shackelford County Appraisal District
Notes to the Adopted Budget
Year Ended December 31, 2020

Note 14: Building Expense

Building expense consists of the costs associated with the maintenance and cost of servicing the debt obligations of the office and rental properties owned by the District. In 2015, the District approved the creation of a contingency fund for which rent income would be 'Committed', to protect the District against major repairs and damages or other property related contingencies that might exceed budgeted expenses. Through this committed fund, the board of directors may also approve the use of funds for general operating purposes if all other options are exhausted. Because funds are committed for repairs, if necessary, the District does not budget repairs.

Note 15: Capital Outlay

The District budgets for larger capital expenditures when they are necessary for the continuation of operations or the improvement of operations. Purchases of less than \$5,000 are not capitalized regardless of their useful life in accordance with the District's policy. The District previously put a plan into place to begin replacing computer systems periodically starting in 2018. The schedule below shows the amount budgeted for 2019 compared to the approved 2018 budget, as well as the actual 2017 expenditure.

	Budgeted 2020	Budgeted 2019	Actual 2018
Capital outlay	\$ 2,000	\$ 1,200	\$ 2,982

Note 16: Debt Service

The District has two debt obligations. The first is a 15 year real estate loan with First National Bank Albany in the amount of \$155,000 entered into on January 31, 2012, of which the remaining debt at the end of 2020 should be \$44,346. The second is a 5 year server equipment capital lease entered into on January 1, 2019 in the amount of \$18,607, of which the remaining debt at the end of 2020 should be approximately \$11,421. Below is a breakout of the requirements that make up debt service:

	Budgeted 2020	Budgeted 2019	Actual 2018
Building Commercial Loan	\$ 13,800	\$ 13,800	\$ 13,800
Server Commercial Capital Lease	3,948	-	
<i>Adjustment for known deviations</i>		<i>3,948</i>	
	\$ 17,748	\$ 17,748	\$ 13,800

Shackelford County Appraisal District
Notes to the Adopted Budget
Year Ended December 31, 2020

Note 17: Litigation Contingency

The District's auditor has recommended that a litigation contingency fund be set up to combat any unexpected appraisal litigation costs in the future. Litigation expenses can range from \$10,000 to \$100,000 depending on the type of assets. This would lessen the risk of increasing local funding need to taxing units in the middle of the budget year. Given the current fund balance, the District is proposing \$5,000 of local funding be committed each year until an appropriate level of fund balance as compared to the whole annual budget is reached (approximately 20% of annual expenditures). These funds will be committed to the litigation contingency fund and only usable with board action. The expected future contributions to this fund as of this report date are as follows.

	<u>Average</u>	<u>Budgeted 2019</u>	<u>Unaudited 2018</u>	<u>Audited 2017</u>
Average annual expenditures	364,649	368,061	370,866	355,021
	X 20%			
Target balance	<u>72,930</u>			
Beginning fund balance	(74,083)			
Less: building fund	36,125			
Contributions schedule:				
2020	(5,000)			
2021	(5,000)			
2022	(5,000)			
2023	(5,000)			
2024	(5,000)			
2025	(5,000)			
2026	(4,972)			
	<u>(72,930)</u>			

Shackelford County Appraisal District
Notes to the Adopted Budget
Year Ended December 31, 2020

Note 18: Fund Balance

Fund balances are divided into general and committed classifications. Committed funds consist of the building contingency fund and the litigation contingency fund. All other funds are considered unassigned and go to the general fund. Committed revenues include litigation contingency expense taken from local funding and building contingency revenues taken from rents received. See the schedules below for further detail.

	General Fund (Unassigned)		
	Estimated 2020	Estimated 2019	Actual 2018
Beginning fund balance	\$ 27,958	\$ 31,906	\$ 37,986
Unassigned funds added (used)	-	(3,948)	(6,080)
	\$ 27,958	\$ 27,958	\$ 31,906

	Committed Fund - Building		
	Estimated 2020	Estimated 2019	Actual 2018
Beginning fund balance	\$ 36,125	\$ 29,375	\$ 23,075
Committed funds added (used)	5,400	6,750	6,300
	\$ 41,525	\$ 36,125	\$ 29,375

	Committed Fund - Litigation		
	Estimated 2020	Estimated 2019	Actual 2018
Beginning fund balance	\$ 10,000	\$ 5,000	\$ -
Committed funds added (used)	5,000	5,000	5,000
	\$ 15,000	\$ 10,000	\$ 5,000

	Total Fund Balance		
	Estimated 2020	Estimated 2019	Actual 2018
Beginning fund balance	\$ 74,083	\$ 66,281	\$ 61,061
Net funds added (used)	10,400	7,802	5,220
Estimated and actual fund balance total	\$ 84,483	\$ 74,083	\$ 66,281

Reconciliation: Estimate to budgeted

<i>Estimated and known adjustments total</i>	-	8,061	-
Budgeted and actual fund balance	\$ 84,483	\$ 82,144	\$ 66,281

Supplementary Information

Shackelford County Appraisal District
 Supplementary Information - Detail of the Actual and Budgeted Employee Expenditures
 Year Ended December 31, 2020

Salary Expenditures					
Position	2018	2019	2020	Budget Change	
	Actual	Budgeted	Proposed	\$	%
Chief Appraiser	60,250	60,000	60,000	-	0.00%
Assistant Chief Appraiser	35,250	40,000	40,000	-	0.00%
Collections/Office Manager	34,500	34,250	34,250	-	0.00%
Appraisal/Collections Clerk	32,250	33,500	33,500	-	0.00%
	162,250	167,750	167,750	-	0.00%

Retirement Expenditures					
Position	2018	2019	2020	Budget Change	
	Actual	Budgeted	Proposed	\$	%
Chief Appraiser	8,202	8,412	9,270	858	10.20%
Assistant Chief Appraiser	4,784	5,608	6,180	572	10.20%
Collections/Office Manager	5,470	4,802	5,292	490	10.20%
Appraisal/Collections Clerk	4,377	4,697	5,176	479	10.20%
	22,833	23,519	25,918	2,399	10.20%

Payroll Tax Expenditures					
Position	2018	2019	2020	Budget Change	
	Actual	Budgeted	Proposed	\$	%
Chief Appraiser	869	1,019	879	(140)	-13.74%
Assistant Chief Appraiser	507	730	589	(141)	-19.32%
Collections/Office Manager	589	647	589	(58)	-8.96%
Appraisal/Collections Clerk	473	636	495	(141)	-22.17%
	2,438	3,032	2,552	(480)	-15.83%

Health Insurance/Allowance Expenditures					
Position	2018	2019	2020	Budget Change	
	Actual	Budgeted	Proposed	\$	%
Chief Appraiser	6,181	7,342	8,443	1,101	15.00%
Assistant Chief Appraiser	6,181	7,342	8,443	1,101	15.00%
Collections/Office Manager	5,777	5,750	6,274	524	9.11%
Appraisal/Collections Clerk	6,181	7,342	8,443	1,101	15.00%
	24,320	27,776	31,604	3,828	13.78%
Total Employee Expenditures	211,841	222,077	227,824	5,747	2.59%

* 2018 actual amounts are unaudited as of the date of this report.

Shackelford County Appraisal District
 Supplementary Information - Adopted Budget Expenditure Allocation by Tax Unit
 Year Ended December 31, 2020

	<u>City of Albany</u>	<u>Albany ISD</u>	<u>Clyde CISD</u>	<u>Lueders- Avoca ISD</u>	<u>City of Moran</u>
Appraisal services	\$ 2,400	\$ 15,579	\$ 12,073	\$ 1,028	\$ 125
Appraisal review board	91	588	456	39	5
Audit	181	1,176	911	78	9
Appraising expense	45	294	228	20	2
Software and computer maintenance:	2,013	13,067	10,125	862	104
Consulting	-	-	-	-	-
Education and training	158	1,029	797	68	8
Employee expenditures	10,316	66,973	51,894	4,418	535
Insurance	54	353	273	23	3
Office expense	638	4,145	3,212	273	33
Building:					
Insurance - building	113	735	569	48	6
Repairs & maintenance	-	-	-	-	-
Debt service	804	5,217	4,043	344	43
Utilities	362	2,352	1,822	155	19
Property taxes	54	353	273	23	3
Capital outlay	91	588	456	39	5
Litigation contingency fund	226	1,470	1,139	97	12
Other governmental revenues	(158)	(1,029)	(797)	(68)	(8)
<i>Rounding</i>	1	-	(1)	-	(2)
Cost Share	<u>\$ 17,389</u>	<u>\$ 112,890</u>	<u>\$ 87,473</u>	<u>\$ 7,447</u>	<u>\$ 902</u>

<u>Moran ISD</u>	<u>Shackelford County</u>	<u>Shackelford County HD</u>	<u>Rounding</u>	<u>Total</u>
\$ 2,326	\$ 14,448	\$ 5,021	\$ -	\$ 53,000
88	545	189	(1)	2,000
176	1,090	379	-	4,000
44	273	95	(1)	1,000
1,951	12,118	4,211	(1)	44,450
-	-	-	-	-
154	954	332	-	3,500
9,999	62,108	21,582	-	227,825
53	327	114	-	1,200
619	3,844	1,336	-	14,100
110	682	236	1	2,500
-	-	-	-	-
779	4,838	1,681	(1)	17,748
351	2,181	758	-	8,000
53	328	114	(1)	1,200
88	545	189	(1)	2,000
219	1,363	474	-	5,000
(154)	(954)	(332)	-	(3,500)
(2)	(1)	-	5	-
<u>\$ 16,854</u>	<u>\$ 104,689</u>	<u>\$ 36,379</u>	<u>\$ -</u>	<u>\$ 384,023</u>