



Angelina County Appraisal District

2011 BUDGET

Introduction and Organizational Policies

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Budget Summary

Preface

This document is part of the district’s Office & Mass Appraisal System. The system is comprised of four components which include administration, data management, sales management, and valuation. Each component is further divided into appropriate sections and supported with documents.

The Budget is a supporting document included in the administrative component, financial affairs section. The Budget is designed to provide financial guidance to comply with the property tax code and district policies as established by the district Board of Directors.

This document is required by Section 6.06 of the property tax code and is subject to approval by the Board of Directors no later than September 15 of each year. The date of this document will coincide with the meeting in which it was adopted and approved.

Office & Mass Appraisal System

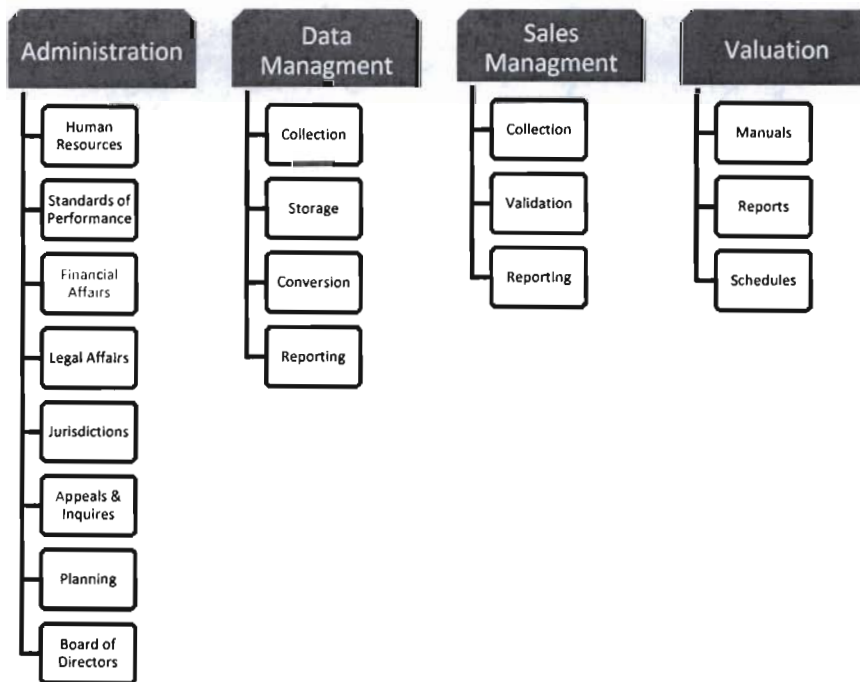


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1 Introduction and Organizational Policies

1.1 Introduction

The appraisal district budget process is required by Section 6.06 of the Texas Property Tax Code. This section of the code requires that a preliminary budget be prepared and delivered to the Board of Directors and the jurisdictions by June 15 of each year. Additionally, the district is required to conduct a public hearing and final approval by the Board of Directors no later than September 15th of each year.

Once approved and submitted to the jurisdictions the district's budget may be disapproved by resolution of a majority of voting jurisdictions within thirty (30) days of adoption.

1.2 Board of Directors

The Board of Directors is elected by the authorized taxing jurisdictions to govern the appraisal district. A primary responsibility of the board is to annually approve a preliminary and final budget. Board members at the time of this budget are as follows:

Robert Telford, Chairman
John Edmons, Secretary
Don Langston, Vice Chairman
Doug Ashburn
Larry Cook
Robert Loggins
Tommy Sanders
Daniel Townsend
Kent Walker

Midget Sherman, Tax Assessor /Collector, Nonvoting member

In order to facilitate the process the board will conduct one or more "budget workshops" prior to the preliminary and final approval of the budget for each year.

1.3 Mission Statement

Our mission is to provide quality mass appraisal products that are accurate and timely, and to treat our customers and employees in a respectful and friendly manner, and to be a positive influence in the community.

1.4 Jurisdictions Served

The appraisal district serves seventeen (17) taxing jurisdictions within the boundaries of Angelina County. Each of these taxing jurisdictions provides a pro rata share of the district’s budget based on the jurisdictions total tax levy.

Schools	Cities	County & Special Districts
Lufkin ISD	Lufkin	Angelina County
Hudson ISD	Diboll	Angelina Co. FWSD
Central ISD	Hudson	Angelina County WCID #3
Huntington ISD	Huntington	
Diboll ISD	Zavalla	
Zavalla ISD		
Wells ISD		
Colmesneil ISD		
Angelina College		

1.5 Basic Objectives

The objective of the budget process is to ensure the efficient and prudent application of taxpayer funds to meet the requirements of the property tax code and the rules as promulgated by the Comptroller’s Property Tax Assistance Division (PTAD).

The line item accounts have been divided into nine (9) expense categories consistent with the way the accounts are grouped in the annual audit. This will improve the understanding of both documents. It will also make reporting to the auditors a more efficient process.

1.6 Budget Calendar

- April 8, 2010 BOD Budget Workshop
- August 12, 2010 Draft 2011 Preliminary Budget
- June 10, 2010 BOD Approval Preliminary Budget (Statutory date June 15th)
- Aug 12, 2010 Public Hearing & BOD Approval Final Budget (Statutory Sep 15th)
- September 13, 2010 Jurisdiction review and acceptance

2 Revenue

2.1 Jurisdiction Contributions

Each taxing jurisdiction served by the appraisal district is required to participate in funding the district's budget. The budget allocation is determined by the amount of levy as a percent of the total levy of all jurisdictions. This percentage is applied to the budget to determine each entities allocation.

The budget allocation for all jurisdictions is estimated to be almost the same as last year. The overall budget increase is \$6,685.

The following chart is based on the percentage of levy for 2009 which is the last known levy. The actual allocations will be based on the 2010 levy when that amount is known.

Jurisdictions	2011	2010	2009	Change
Angelina County	258,832	260,455	283,799	-1,623
Angelina College	82,334	82,851	90,251	-516
City of Diboll	17,919	18,032	19,611	-112
City of Hudson	5,387	5,421	5,882	-34
City of Huntington	3,631	3,653	4,012	-23
City of Lufkin	176,732	177,840	193,799	-1,108
City of Zavalla	1,054	1,061	1,104	-7
Central ISD	45,676	45,963	50,041	-286
Diboll ISD	50,127	50,441	54,903	-314
Hudson ISD	64,298	64,701	70,535	-403
Huntington ISD	42,865	43,134	47,013	-269
Lufkin ISD	406,987	409,539	446,067	-2,552
Zavalla ISD	14,171	14,260	15,527	-89
Wells ISD	586	589	678	-4
Colmesneil ISD	117	118	135	-1
Angelina Co. FWD	351	354	422	-2
Angelina Co. WC #3	117	118	170	-1
TOTAL	1,171,185	1,178,530	1,283,950	-7,345

2.2 Interest Income

The district's depository is First Bank & Trust. The bank accounts are as follows:

Account Type	Account #	Interest Rate	Average Balance	2009 Interest Est.	2010 Interest Est.	2011 Interest Est.
Money Market	#200008656	0.35%	482,147	1,090	1,000	1,000
Payroll	#200002121	0.10%	22,790	0	20	20
Operating	#200002139	0.10%	13,272	0	15	15
Certificate of Deposit		1.00%	149,569	1,930	300	300
TOTAL				5,330	1,335	1,335

Interest income from the 2009 audit was \$5,111.29. The total for 2010 is estimated at \$1,090 from the anticipated reduction in funds and lower interest rates.

The certificate of deposit renews automatically every six months and the interest is accumulated to the certificate at time of renewal. Based on the district's financial management and depository policy's the interest will be subject to be returned to the taxing jurisdictions as surplus income and accrued to the excess funds from the budget.

The projected interest income for 2011 is \$1,335.

2.3 Other Income

Other income is derived from charges for documents and services provided by the district in compliance with the public information act. The district has posted rates for certain documents which typically include property cards, plats, maps, and aerial photos.

Routine documents that are readily available are provided for free to the owner. Other copies are typically .10 per copy.

Total other income for 2009 was \$419 and is projected to be \$600 for 2011. Pictometry may increase the request for aerial photos. The internet makes most records available to the public.

Therefore, the year 2011 budget amount for other income is estimated at \$600.

2.4 Chart of Revenues

Revenues of the district are derived from the taxing jurisdictions, interest, and service fees.

Revenue Type	Amount
Jurisdictions	1,171,185
Interest	1,335
Other (Fees & Services)	600
TOTAL	1,182,030

3 Expenses

Expenses have been divided into nine (9) categories consistent with the audit reports. Each category is further divided into line items and in many cases; line items are further divided into specific expenditures.

Some previous line items have been combined into one line item such as utilities. However, the detail of utilities is specified and divided for comparison. The two line items for legal fees have also been combined as one line item.

The primary expense categories for review in the budget process include:

- Expenses
 1. Salaries
 2. Benefits
 3. Contracted Services
 4. Board of Review
 5. Transportation
 6. Office
 7. Capital Outlay
 8. Other
 9. Capital Lease Payments

A narrative of each line item is presented for clarification.

In addition, the district has established a restricted fund that can only be used for the following purposes.

1. Contingency emergency fund
 The emergency fund is reserved for unforeseen emergencies that would require the immediate authorization of non budgeted funds in order to continue district operations until insurance or amendments to the budget can occur.
2. Legal expenditure fund
 The legal reserve is to be used for unexpected legal expenses such as lawsuits or other legal actions that threaten the district and were not anticipated in the annual budget. Replacement of these funds would be from subsequent budgets.

3. Depreciation replacement fund

The depreciation replacement fund will recognize the depreciation of critical assets so that funds are available at the time of replacement. An example would be the requirement to replace computers every three years and the server every five years. Once the fund is expended for the purchase it would be replaced by each subsequent budget at a rate necessary to replace the new items at the end of three years.

3.1 Salaries

The objectives of good personnel administration are:

- To promote and increase efficiency and economy in the service of the District.
- To develop a program of recruitment, advancement and tenure. To make the service of the District attractive as a career and encourage each employee to render their best services to the District.
- To establish and maintain a uniform plan of evaluation and pay based upon the relative duties and responsibilities of positions in the service of the District.

To meet these objectives funds should be available to be awarded based on merit and contained within the parameters of an up to date and competitive salary schedule. Therefore, the budget contains an amount to be available for merit increases as determined by the districts policies and procedures for performance evaluation and salary review.

The district is divided into three groups, Administration, Operations, and Appraisal. Each group and the anticipated staffing levels are reported below.

Salaries	2011	2010	2009	Change
Administration	117,230	111,500	111,500	5,730
Appraisal	204,490	207,700	316,900	-3,210
Operations	247,115	265,041	199,800	-17,926
Incentive Allowance	0	23,370	0	-6,305
TOTAL	568,835	607,611	628,200	-21,711

3.1.1 Administrative Personnel (\$117,230)

Administration is conducted by the chief appraiser and an administrative assistant. The Chief Appraiser is the district's executive officer and presides over all administrative and personnel matters. The administrative assistant is responsible for financial reporting, human resource management, and maintaining the calendar and organization of Board activities. This budget provides for an increase in the amount available for the Chief Appraiser consistent with the

salary schedule. The amount allocated for the administrative assistant is within the salary schedule for professional staff and should be appropriate within the amounts available for incentive pay. When combined with the districts contracted services this staffing level is sufficient and no additional changes are required.

3.1.2 Appraisal Personnel (\$204,490)

Appraisal personnel are responsible for the appraisal of all property which exceeds 63,000 parcels. About 2,800 parcels are contracted out leaving over 60,000 parcels to be appraised by four registered appraisers and a supervisor (Director of Appraisal). This is approximately 12,000 parcels per appraiser. Through the use of mass appraisal techniques, updated technology, and skill training this level of registered appraisers will be sufficient for the next few years. The appraisers are supported by the Sales & Market Data Manager who is also a registered appraiser and performs field inspection, sales analysis, and market analysis.

Business personal property is additionally supported by the use of contracted temporary data entry personnel to enter renditions into the data base. This is a once a year requirement that funnels an enormous amount of work into a short time frame. The use of temporary staff is a good utilization of funds without the need to add full time staff.

No additional appraisal staffing changes are anticipated for 2011.

3.1.3 Operations Personnel (\$247,115)

Operations personnel consist of a supervisor (Director of Operations), Customer Service Manager, Sales & Market Data Manager, a Deed and Ownership technician and two full time Data Base Technicians. Additionally, the district utilizes three part time personnel.

The operations department is responsible for the routine communication with the taxpayer (customer service), the processing of applications, the maintenance and operation of the information technology, and the analysis and reporting of sales and market data.

Customer service is conducted by phone, walk-in, mail and website. The primary customer service responsibilities include the processing of exemptions, agriculture, timber, abatement, and special use valuation applications. The property tax code will require the appraisal district to provide for online protesting by 2014. This requirement will be part of the contract with True Automation and will be part of the 2014 budget.

Information technology includes the use of the contracted data base, mapping and aerial photography. Data management is critical to the operation of the district. Good data management enables the operations department to effectively communicate with the taxpayers, enables the appraisal department to efficiently and accurately use appraisal tools for the efficient appraisal of property, and administration to communicate with the taxing jurisdictions and the tax office. Additionally, data management delivers the reporting requirements of the property tax code to the legislature and the Comptroller's Property Tax Assistance Division (PTAD) as well as being responsible for the storage and security of the district's official records.

The Geographic Information System (GIS) mapping requirements have been outsourced for maintenance of the system. The cost of outsourcing has been less than the anticipated \$38,000 per year so the maintenance has been reduced to \$30,000. The budget provides for rectification of the base map based on the new photography that was purchased in 2010. The estimated cost of rectification is \$114,000.

Additional responsibility is for sales and market data analysis. The lack of a comprehensive analysis of market data was a major contributor to having problems with the "Property Value Study". This emphasis and job responsibility will ensure the comprehensive use of sales and other market data in analysis and reporting to support the appraisal effort.

3.1.4 Incentive Pay (\$0)

The district's personnel policies provides for salary increases based on merit. The merit should be documented in employee evaluations and on the recommendation of the supervisor. All merit increases will be awarded by the chief appraiser in accordance with board policies and the approved salary schedule.

Due to the economic situation and the fact that other jurisdictions are not going to give their employees a raise, the district will not provide for merit increases for 2011.

$\$ 568,835 \times 0 = \$ 0$

3.2 Benefits

The district provides health insurance, retirement, Medicare, and a death benefit. The district budget has an increase for individual insurance coverage as well as the amount necessary to fund the retirement.

Benefits	2011	2010	2009	Change
Health Insurance	92,301	88,300	108,375	4,001
Retirement	50,500	52,900	43,974	-2,400
Medicare	7,300	7,800	7,711	-500
Death Benefits	2,700	2,400	2,450	300
Texas Emp. Comm.	6,400	6,400	6,500	0
TOTAL	159,201	157,800	169,010	1,401

3.2.1 Health Insurance (\$92,301)

Health insurance for the district is provided by the Texas Municipal League – Intergovernmental Employee Benefit Pool (TML-IEBP) and renews annually in December. The district provides for the coverage of all full time employees. A lot of uncertainty surrounds health care in light of the actions taken by the Congress with new mandates and requirements. Based on the uncertainty

it is recommend to increase the health care budget by 15% above the estimated actual expense for 2010.

No change in health service providers or level of coverage is projected for 2011.

$$\$6,174 \times 13 = \$80,262 \times 1.15 = \$92,301$$

3.2.2 Retirement (\$66,627)

Full time employees are provided retirement under the Texas County & District Retirement System (TCDRS). The contribution by the district is based on contributions from the employee’s, age of employee’s and the investment results of TCDRS. The district has been notified that the district’s contribution will change from 9.19 % of salaries to 9.09% in 2011. However, this is the minimum and the district may consider a recommended 3% flat rate for a total of 12.09%. This contribution will help fund some of the short falls in the retirement system that occurred in 2008 due to the downturn in the stock market. Part-time employees must participate in social security.

\$ 568,835 - \$36,400 x .1209	= \$64,371	TCDRS
\$ 36,400 x .062	= \$ 2,257	Social Security

3.2.3 Medicare (\$7,300)

Medicare is required by all employees except those who were “grandfathered in” due to changes in the law. The district currently has one employee that is not required to pay Medicare. The rate for Medicare is 1.45% of all other employee’s.

There is no change anticipated for 2011.

$$\$585,900 - 36,400 (PT) - 48,450 \times .0145 = \$7,265$$

3.2.4 Death Benefits (\$2,700)

A death benefit for full time employees is provided by the retirement provider (TCDRS) and healthcare provider (TML). Each full time employee has a death benefit of the employee’s gross annual salary at a cost of .49% of district’s contribution or approximately \$216 per year. The health care provider includes a death and dismemberment policy in the amount of \$15,000 which is included in the cost of the plan.

No change is anticipated for 2011.

$$\$585,900 - 36,400(PT) \times .0049 = \$2,693$$

3.2.5 Texas Employment /Workforce Commission (\$6,400)

The district is required to make payments to the Texas Employment Commission for the benefit of unemployed workers seeking employment. This amount fluctuates with claims into the larger Texas pool as well as local changes. The actual amount for 2009 was \$2,675.

It is recommended that the prior year budgeted amount of \$6,400 be maintained.

3.2.6 Detail Chart of Salaries & Benefits (\$752,542)

EMPLOYEE	SALARIES	RETIREMENT	INSURANCE	MEDICARE	SUPP. DEATH	TOTAL
CHIEF APPRAISER	80,000	9,672	7,100	1,160	392	98,324
ADMIN. ASST	37,230	4,501	7,100	540	182	49,553
TOTAL	117,230	14,173	14,200	1,700	574	147,877
DIRECTOR OF OPERATIONS	57,680	6,974	7,100	836	283	72,873
DATA TECHNICIAN	35,535	4,296	7,100	515	174	47,621
SALES & MARKET DATA MANGER	30,000	3,627	7,100	435	147	41,309
CUSTOMER SERVICE MANGER	28,000	3,385	7,100	406	137	39,028
CUSTOMER SERVICE TECH	24,480	2,960	7,100	355	120	35,015
OWNERSHIP & DEED TECH	35,020	4,234	7,100	508	172	47,033
PART TIME	15,600	967	0	128	0	16,695
PART TIME	10,400	645	0	128	0	11,173
PART TIME	10,400	645	0	128	0	11,173
TOTAL	247,115	27,732	42,600	3,439	1,033	321,919
DIRECTOR OF APPRAISAL	45,900	5,549	7,100	666	225	59,440
APPRAISER, RPA	48,450	5,858	7,100	703	237	62,348
APPRAISER, RPA	41,259	4,988	7,100	598	202	54,148
APPRAISER- PP	36,750	4,443	7,100	533	180	49,006
APPRAISER	32,131	3,885	7,100	466	157	43,739
TOTAL	204,490	24,723	35,500	2,965	1,002	268,680
SECTION TOTALS	568,835	66,628	92,300	8,104	2,609	738,476
INCENTIVE SALARIES	0	0	0	0	0	0
GRAND TOTAL	568,835	66,628	92,300	8,104	2,609	738,476

ORGANIZATIONAL CHART



3.3 Contracted Services

The contracted services are designed to provide special skills and expertise that is so specialized that it is more economical to contract those services. The following contracts are currently being utilized by the district and no change for 2011 is anticipated.

Contracted Services	2011	2010	2009	Change
Appraisal Consultants	39,780	38,625	37,500	1,155
Accounting & Audit	3,600	3,400	3,100	200
Legal Services	16,000	16,000	65,000	0
Security Monitoring	670	670	650	0
Service Contracts	13,000	9,900	17,000	3,100
Deed Information	1,300	1,050	1,000	250
Data Base Maintenance	36,000	72,600	38,500	-36,600
GIS Maintenance	30,000	0	0	30,000
TOTAL	140,350	142,245	162,750	-1,895

3.3.1 Appraisal Engineers & Consultants (\$39,780)

Thomas Y. Pickett, Inc. (TYP) assists the district in the appraisal of industrial, utility, mineral, and other specialty properties. The current contract with (TYP) expires at the end of 2011. The contractual fee for the 2011 appraisal year is \$39,780.

3.3.2 Accounting and Auditing (\$3,600)

Accounting and auditing services are performed by Axley & Rode, LLP. The district uses the accounting software of "quick books" for day to day activities to record the district's financial transactions. Monthly, quarterly, and end of year reports are generated by the district and used to report the district's financial condition. Axley & Rode, LLP, conducts the district's annual audit and report to the Board of Directors concerning the audited condition of the district. These audits have not shown any deficiencies in district operations. The actual cost of the 2009 audit paid in the 2009 budget was \$3,250 which exceeded the budgeted amount by \$150.

The Board of Directors has approved new financial policies requiring a change in auditors at least every five years. Since Axley & Rode, LLP has audited the district for more than five years the district anticipates a change for 2011. It is estimated that the costs should be competitive but it is recommended that the amount be increase to \$3,600 to insure that funds are available for the change in auditor.

3.3.3 Legal Services (\$16,000)

The district uses two law firms for legal services. Wayne Haglund, LLC, performs administrative and personnel advice and general counsel. McCrery, Veselka, Bragg and Allen, provide counsel concerning compliance with the property tax code, Comptroller rules, and general appraisal district operations with regard to exemptions, preferential assessment, property value study appeals and valuation lawsuits.

The amount budgeted is considered to cover routine expenditures. Unanticipated expenditures for legal services are expected to be charged to the restricted reserve legal fund. The necessary replacement to the restricted reserve would be replaced in subsequent budget years.

3.3.4 Security Monitoring (\$670)

Guardian Force provides access security for the building owned by the district. The cost of this service is \$51.13 per month. A budgeted amount of 670.00 should be sufficient for this expenditure.

3.3.5 Service Contracts (13,000)

Service contracts include the following vendors:

- C I Host, Inc. - Provider of email addresses for the district. They charge \$32.42 per month or \$389.04 per year.
- Lufkin Multiple Listing Service – Provider of listings, sales, and market information at \$237.50 per month, plus internet access fee (\$33.50).
- East Texas Drug Testing - Provides services on an as needed basis for drug testing and new hire physicals. The cost is approximately \$90.00 per person or new employee.
- Advanced Temporaries, Inc. or others, - Provides short term assistance for special projects such as a large mail out or to supplement the absence of an employee.
- Pac Sun – Provides air conditioning and heating service at \$500 per year.

Costs for this item have been reduced by eliminating excess MLS accounts.

3.3.6 Deed Information (\$1,300)

Essential deed and ownership information is provided by the County Clerk's office which charges the appraisal district for each transaction.

The district also uses an information service to correct addresses. Accurint, Inc., charges the district based on searches. This fee was increased to \$50 per month plus an additional amount for volume. Therefore, it is recommended to increase this account to \$1,300 per year.

3.3.7 Database Maintenance (\$36,000)

The district contracts with a Plano, Texas based company named True Automation, Inc. (TA). True Automation is a leader in the field of appraisal and tax collection software and is used by small and large county appraisal districts. Some of the larger accounts include Travis, Bexar, and Denton counties. The district went through a conversion to the new PACS software in December 2008 and the process had few problems and was completed in January 2009. The database is much faster and more flexible in its use and will require less effort to maintain than the previous system.

The 2010 budget included funds for GIS services to be performed by True Automation; however, True Automation would not contract with the mapping maintenance without a base map rectification at a cost of over \$100,000. Since the base map rectification had not been budgeted the district looked for other alternatives and found two firms that would provide the mapping maintenance at a lower cost. The district is currently examining the quality of these vendors. Therefore, the cost of base map maintenance is being reduced in this account.

The annual cost for maintenance of the data base is expected to be approximately \$36,000.

3.3.8 GIS Maintenance (30,000)

In 2010 the district budgeted \$38,000 for maintenance of the base map and included that amount in the maintenance for True Automation. Since we have not contracted with True Automation for that service a separate line items under contract services is created for that expenditure. The district now believes that the amount required will be closer to \$30,000 per year and it is recommended for 2011.

3.4 Board of Review

3.4.1 Appraisal Review Board (\$14,500)

The property tax code requires the Board of Directors to support and provide funding for the Appraisal Review Board (ARB). The ARB requires office space, clerical support, supplies, training, and legal counsel.

Office space is provided in the district offices and the district also provides clerical support, supplies and training. The Board's policy for ARB compensation is a rate of \$100 per meeting more than 4 hours. Half day meetings are at a rate of \$50 per member.

Changes in the property tax code would require the ARB to have separate legal counsel for consultation and review of policies and procedures. The Comptroller's training for the ARB

placed an emphasis on using their legal counsel and therefore the amount for this line item has been increased in anticipation of additional costs.

Legislative action has required mandatory training of the Appraisal Review Board. Previously, training was required for new members but was optional for existing members. The existing members rarely sought additional training which is now mandatory. Therefore, additional costs are anticipated for the training of new and existing members.

It is recommended that the budget for 2011 be increased to \$14, 500.

Board of Review	2011	2010	2009	Change
Hearings	8,500	9,900	13,000	-1,400
Training	1,800	900	0	900
Legal	4,200	1,500	0	3,000
TOTAL	14,500	12,300	13,000	2,500

3.5 Transportation

3.5.1 Car Reimbursement (\$30,380)

The district requires the use of personal automobiles for travel on business purposes. The district uses the Federal IRS mileage reimbursement rate to compensate the appraisers for the use of their vehicles.

Also the district requires that each appraiser be in contact with the appraisal district while in the field or outside of the office. Most appraisal districts provide appraisers with an allowance for providing their own cell phone. Since it is not practicable to provide each appraiser with a cell phone due to monitoring, most districts provide an allowance within the travel budget.

Therefore, it is recommended that each registered appraiser be provide an allowance of \$30 each.

Due to the use of different mass appraisal techniques, aerial photography and the adopted two year plan the district expects to reduce the cost of travel. The new approach will make field inspections more efficient and should result in a savings to the district.

The 2011 budget amount for transportation is \$30,380.

Transportation	2011	2010	2009	Change
Appraisal Mileage Reimbursement	21,000	25,000	45,000	-4,000
Training Mileage Reimbursement	5,500	4,000	0	1,500
Cell Phone Requirement	2,880	0	0	2,880
Other Mileage Reimbursement	1,000	1,000	0	0
TOTAL	30,380	30,000	45,000	380

3.6 Office

This category has a wide range of line items that are detailed below.

Office	2011	2010	2009	Change
Office Expense	4,100	3,990	3,800	110
Computer Supplies	4,200	3,800	4,500	400
Postage	7,500	7,100	7,000	400
Equipment Repair	700	700	650	0
Document Forms	1,100	1,100	1,250	0
Yard Maintenance	3,150	3,150	3,000	0
Janitorial Expense	4,500	4,500	4,500	0
Appraisal Notices	22,000	21,000	21,200	1,000
Dues & Membership	3,500	3,100	2,800	400
Books & Subscriptions	4,200	3,800	3,400	400
Telephone Expense	4,800	11,000	8,000	-6,200
Office Equipment- Rent	11,505	11,505	11,700	0
Utilities	19,215	19,215	21,200	0
Repairs & Maintenance	2,500	2,500	35,000	0
Freight	700	700	600	0
Mapping Supplies	1,800	1,500	1,500	300
PC & System Upgrades	1,500	1,500	0	0
TOTAL	96,970	100,160	130,100	-3,190

3.6.1 Office Supply Expense (\$4,100)

Office supply expenses are composed of supplies for daily activities, representing pens, copy paper, binders, ink, staples, batteries, toilet paper, paper towels, etc. The costs and use of these materials have increased and therefore the budget is recommended to be increased to \$4,100 or a little over 2%.

3.6.2 Computer supplies (\$4,200)

Computer supplies are composed primarily of printer ink. The district maintains various models of printers. These costs have increased and a budget amount of \$4,200 is recommended.

3.6.3 Postage (\$7,500)

Postage is .44 cents and the budget for direct postage is anticipated to increase. The primary expenditure is correspondence with the taxpayer. The district is utilizing an "inquiry" system to help track and respond to taxpayer inquires and this will increase the costs of our mail. It is recommended that this category be increased by five percent or \$7,500.

3.6.4 Equipment Repairs (\$700)

This category is for unscheduled equipment repair. Since the equipment has been upgraded it is not anticipated that the amount for repairs will need to be increased and no change is recommended.

3.6.5 Envelopes & Document Forms (\$1,100)

Line items for envelopes, forms, and rendition forms have been combined since they are small. The district has regular requirements for forms. Most forms can be produced electronically at little cost. Primary expense is for envelopes and no change is recommended.

3.6.6 Yard Maintenance (\$3,150)

The district currently uses the services of a company named "Mr. Honey Do" to maintain the grounds. The grounds include the office location and the adjacent lot behind the office. The service fee is appropriate for the market and no change is anticipated.

3.6.7 Janitorial Expense (\$4,500)

Janitorial services are provided by "Pebworth Janitorial Service". The service provided has been satisfactory for many years and is reliable. The amount for this service was increased for 2009 and no change is anticipated for 2011. The monthly fee is \$350 for twice a week service.

3.6.8 Appraisal Notices (\$22,000)

The appraisal district has had a procedure of mailing “notices” to all property owners every year. The most efficient process for mailing notices is to use a vendor. While vendors are competitive in bidding for this service the overall costs have increased.

Therefore, it is recommended that this budget item be increased to \$22,000.

This includes postage, printing, inserting, and mailing over 22,000 legally required notices.

3.6.9 Dues and Memberships (\$3,500)

The district has commitments for dues and membership to several organizations. The largest membership cost is to the Texas Association of Appraisal Districts (TAAD) (\$1,200). This organization provides a number of training and education functions at a reduced cost.

Memberships and dues are also payable to the regional chapter of TAAD, the Texas Department of Licensing and Regulation (TDLR), and International Association of Assessing Officers (IAAO).

3.6.10 Books & Subscriptions (\$4,200)

As part of the education and valuation tools for the appraisers the district purchases text books and various subscriptions for valuing property. These costs are anticipated to increase to \$4,200 for 2011.

Subscriptions are the primary expense and are listed as follows:

- Marshall & Swift Commercial Valuation Service – Commercial, Industrial costs
- Marshall & Swift Residential Valuation Service – Residential costs
- Lufkin Multiple Listing Service – Listing, sales and market information
- Infonation – Vehicle registration
- VREF Publishing – Aircraft valuation
- NADA – Vehicle costs
- NADA – Mobile Home costs

3.6.11 Telephone Expense (\$4,800)

The Board authorized the change from Consolidated Communication to Sudden Link. The resulting savings will allow a reduction in the budgeted amount to \$4,800 for 2011. This expense category includes main line phone service, long distance and internet.

3.6.12 Office Equipment – Rent (\$11,505)

The primary expense for this category is the lease of copy machines. The district has two high capacity copy machines from Xerox.

3.6.13 Utilities (\$19,215)

The City of Lufkin provides water and garbage for the district and electrical is provided by Reliant Energy under a contracted cost and represents approximately \$17,000 of this expense.

3.6.14 Repairs & Maintenance (\$2,500)

Due to the age of the building the district has various maintenance items and repairs required. Some systemic problems are in the plumbing. The 2009 budget provided for a number of upgrades, therefore, the budgeted amount of \$2,500 should be sufficient.

3.6.15 Freight (\$700)

Occasionally the district has shipping and freight requirements to send documents to the Comptroller or to legal counsel. Increasingly these documents are transferable in electronic forms. However, this is an unforeseen requirement and the budget should remain.

3.6.16 Mapping Supplies (\$1,800)

The district maintains a large format plotter capable of producing maps for the district and jurisdictions. This plotter requires ink and special rolls of paper. The appraisal tools provided by the True Automation data base make mapping sales and other market data more usable and more maps are required for this analysis. Additionally, the district has provided election maps to jurisdictions requesting such maps. Therefore, it is recommended that this line item be increase to \$1,800.

3.6.17 PC and System Upgrades (\$1,500)

This account provides for miscellaneous upgrades such a memory or video cards. The amount of \$1,500 is adequate and no changes are recommended.

3.7 Capital Outlay

Capital outlay is reserved for assets that are long "lived" or a substantial purchase by the district. The primary items in this category are computer equipment and furniture.

3.7.1 New PC's & Monitors (\$12,500)

The district maintains computer hardware for individual users (desktops) connected to a server that stores the database and its operating system. The server and operating system was updated in December 2008. The addition of Pictometry makes reliance and use of the server critical to the districts operations. True Automation recommends that the server be upgraded every three to five years. The three year requirement would be in 2011 and it is recommended that the budget support an upgrade of the server at a cost of approximately \$7,500.

The district replaced most of the old desktop computers in 2009. However, the monitors were not upgraded at the same time and it is recommended that the 2011 budget provide for the replacement of the monitors at an estimated cost of \$3,500.

An additional amount of \$1,500 would be for miscellaneous computer expense of \$1,500.

Therefore, it is recommended that this category be increased to \$12,500.

3.7.2 Furniture and fixtures (\$1,500)

The furnishings of the district are adequate. The district has some chairs that may need replacing and the current budget is adequate for that requirement.

Recommend capital outlay for furniture and fixtures in the amount of \$1,500

3.8 Other

Other Expenses	2011	2010	2009	Change
Workers Comp	2,100	2,100	2,400	0
Building Contents & Liability Insurance	3,300	3,500	6,500	-200
Public Officials Errors & Omissions Insurance	4,000	3,200	6,190	800
Meeting Supplies	1,200	1,200	1,000	0
Education & Training	20,000	18,000	9,000	2,000
Advertising	3,000	3,000	2,400	0
Aerial Photos	20,000	20,000	9,000	0
GIS Software	3,400	3,400	8,000	0
TOTAL	57,000	54,400	44,490	2,600

3.8.1 Workman’s Compensation (\$2,100)

Deep East Texas Self Insurance Fund provides coverage for workers compensation. A review of other providers has shown that the coverage is fairly priced. These costs are anticipated to increase and it is recommended to add an additional \$400 for a total of \$2,500.

3.8.2 Building Contents & Liability Insurance (\$ 3,300)

Insurance policies have been reviewed and adjusted to meet the needs of the current building contents and liability insurance. Our current provider is Morgan Insurance Company. It is recommended that this amount be reduced to \$3,300 which is slightly higher than our actual cost in 2010.

3.8.3 Public Officials Errors & Omissions Insurance (\$4,000)

Morgan Insurance Company provides coverage for the Board of Directors errors and omissions insurance. This cost is anticipated to increase and it is recommended that the budget provide for an expense of \$4,000.

3.8.4 Insurance (\$ - 0 -)

This line item was a miscellaneous insurance that is no longer required and has been deleted.

3.8.5 Meeting Supplies (\$1,200)

The district provides modest refreshments to the Board of Directors, Appraisal Review Board, and various meetings hosted by the district. The district meets with taxing jurisdictions, tax assessor's office, legal counsel, regional appraisal district meetings, vendors and others.

No change is recommended.

3.8.6 Education & Training (\$20,000)

The key to success in the appraisal district business is a well educated and trained staff. Changes are constant from the appraisal profession and new legislative requirements. It is recommended that the district increase the education and training budget to \$20,000.

3.8.7 Advertising (\$3,000)

Most of the advertising for the district is mandated by the property tax code or required to attract applications for open positions.

No change is recommended.

3.8.8 Aerial photos (\$20,000)

Aerial photos have been approved and will be implemented in April 2010. The previously approved amount per year is \$20,000 and no change is recommended for 2011.

The district will continue its efforts to receive funds to offset this expense from the Deep East Texas Council of Governments (DETCOG), since they have funds for 911 and can use our photos for their system. Angelina County is the largest contributor of 911 funds to DETCOG.

3.8.9 GIS Software (\$3,400)

The district's Geographical Information System (GIS) is operated using proprietary software. The cost of that software is estimated to be \$3,400 and no change is recommended.

3.9 Capital Lease Payments

The district used Government Capital Inc. to finance the purchase, installation, and conversion of data to the True Automation software system. The system was installed in December 2008 and was fully functional in January 2009. The lease expires in 2012 with only one quarterly payment in that year.

3.9.1 Capital Lease Payments (\$72,514)

The contractual payment is \$72,514 annually for 2011.

Capital Lease	2011	2010	2009	Change
Government Capital Inc. Lease	72,514	72,514	90,000	0
TOTAL	72,514	72,514	90,000	0

4 2010 Preliminary Budget**4.1 Line Item Totals**

Budget Line Item Accounts	2011	2010	2009	Change
Salaries	568,835	607,611	628,200	-38,776
Health Insurance	92,300	88,300	108,375	4,000
Retirement	66,628	52,900	43,974	13,728
Medicare	8,104	7,800	7,711	304
Death Benefit	2,609	2,400	2,450	209
Workers Compensation	2,100	2,100	2,400	0
Texas Employment Commission	6,400	6,400	6,500	0
Appraisal Consultants	39,780	38,625	37,500	1,155
Accounting & Audit	3,600	3,400	3,100	200
Legal Services	16,000	16,000	15,000	0
Security Monitoring	670	670	650	0
Service Contracts	13,000	9,900	17,000	3,100
Deed Information	1,300	1,050	1,000	250
Data Base Maintenance	36,595	72,600	38,500	-36,005
GIS Maintenance	30,000	0	0	30,000
Board of Review	14,500	12,300	13,000	2,200
Transportation	30,380	30,000	45,000	380
Office Expense	4,100	3,990	3,800	110
Computer Supplies	4,200	3,800	4,500	400
Postage	7,500	7,100	7,000	400
Equipment Repairs	700	700	650	0
Document Forms	1,100	1,100	1,250	0
Yard Maintenance	3,150	3,150	3,000	0
Janitorial Expense	4,500	4,500	4,500	0
Appraisal Notices	22,000	21,000	21,200	1,000
Dues & Memberships	3,500	3,100	2,800	400
Books & Subscriptions	4,200	3,800	3,400	400
Telephone Expense	4,800	11,000	8,000	-6,200
Office Equipment Rental	11,505	11,505	11,700	0
Utilities	19,215	19,215	18,300	0
Repairs & Maintenance	2,500	2,500	35,000	0
Freight	700	700	600	0
Mapping Supplies	1,800	1,500	1,500	300
PC & System Upgrades	1,500	1,500	3,800	0
Furniture & Fixtures & PC's	14,000	1,500	500	12,500
Contents & Lia. Insurance	3,300	3,500	6,500	-200
Public E&O Insurance	4,000	3,200	6,190	800
Meeting Supplies	1,200	1,200	1,000	0
Education & Training	20,000	18,000	9,000	2,000
Advertising	3,000	3,000	2,400	0
Aerial Photos	20,000	20,000	9,000	0
GIS Software	3,400	3,400	8,000	0
Capital Lease Payment	72,514	72,514	90,000	0
TOTAL	1,171,185	1,178,530	1,233,950	-7,345

5 Summary

The 2011 preliminary budget is based on a review to find ways to reduce costs and improve efficiency. Few changes are implemented from the 2010 budget. The primary difference is some adjustments to the salary schedule and the addition of a base allowance for the requirement that licensed employee's have a cell phone. Insurance costs are unpredictable and have been increased 15%. Education was increased by \$2,000 and minor adjustments for inflation in most other categories.

Overall this budget is only \$7,345 lower than the 2010 budget which was less than the 2009 budget.