



Angelina County Appraisal District

2012 BUDGET

Introduction and Organizational Policies

Revenues

Expenses

Budget Summary

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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:

- Kent Walker, Chairman
- John Edmons, Secretary
- David Box, Vice Chairman
- Doug Ashburn
- Rufus Duncan, Jr.
- Daniel Lopez
- Robert Loggins
- David Perkins
- Tommy Sanders
- Midget Sherman, Tax Assessor /Collector, Nonvoting member

1.3 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		

1.4 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.

1.5 Budget Calendar

- May 12, 2011 Budget Committee Workshop
- June 9, 2011 BOD Approval Preliminary Budget (Statutory date June 15th)
- July 14, 2011 Public Hearing & BOD Approval Final Budget (Statutory Sep 15th)
- August 15, 2011 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 will change as per the chart listed below. The overall budget increase is 6%.

The following chart is based on the percentage of levy for 2010 which is the last known levy. The actual allocations will be based on the 2011 levy when that amount is known.

Jurisdictions	2012	2011	2010	Change
Angelina County	243,193	246,340	260,455	-3,147
Angelina College	92,587	93,785	82,851	-1,198
City of Diboll	15,677	15,885	18,032	-208
City of Hudson	5,582	5,655	5,421	-73
City of Huntington	3,919	3,975	3,653	-56
City of Lufkin	155,777	157,795	177,840	-2,018
City of Zavalla	956	970	1,061	-14
Central ISD	49,525	50,166	45,963	-641
Diboll ISD	53,712	54,406	50,441	-694
Hudson ISD	70,663	71,557	64,701	-894
Huntington ISD	43,687	44,252	43,134	-565
Lufkin ISD	400,985	406,169	409,539	-5,184
Zavalla ISD	18,348	18,585	14,260	-237
Wells ISD	788	795	589	-7
Colmesneil ISD	108	110	118	-2.00
Angelina Co. FWD	464	470	354	-6.00
Angelina Co. WC #3	263	270	118	-7.00
TOTAL	1,156,234	1,171,185	1,178,530	-14,951

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	2010 Interest Est.	2011 Interest Est.	2012 Interest Est.
Money Market	#200008656	0.25%	575,610	1,090	1,000	1,420
Payroll	#200002121	0.10%	28,450	0	20	50
Operating	#200002139	0.10%	44,990	0	15	30
TOTAL				2,618	1,335	1,500

Interest income from the 2010 audit was \$2,618. The total for 2012 is estimated at \$1500.00 from the anticipated reduction in funds and lower interest rates.

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 is projected to be \$2,000 for 2012. Pictometry may increase the request for aerial photos. The internet makes most records available to the public.

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.

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	2012	2011	2010	Change
Administration	117,420	117,230	111,500	190
Appraisal	227,079	204,490	207,700	22,589
Operations	256,718	247,115	265,041	9,603
Incentive Allowance	0	0	23,370	0
TOTAL	601,217	568,835	607,611	32,382

3.1.1 Administrative Personnel (\$117,420)

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. When combined with the districts contracted services this staffing level is sufficient and no additional changes are required.

3.1.2 Appraisal Personnel (\$227,079)

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 required to meet the standards of PTAD.

3.1.3 Operations Personnel (\$256,718)

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.

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 2013. This requirement will be part of the contract with True Automation and will be part of the 2013 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.

3.2 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	2012	2011	2010	Change
Health Insurance	88,536	92,301	88,300	-3,765
Retirement	58,619	66,628	52,900	-8,009
Medicare	8,716	8,104	7,800	612
Death Benefits	2,948	2,609	2,400	339
Texas Emp. Comm.	6,400	6,400	6,400	0
TOTAL	165,219	176,042	157,800	-10,823

3.2.1 Health Insurance (\$88,536)

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. There is no increase in the health care budget for the year of 2012.

$$6,324 \times 14 = \$88,536$$

3.2.2 Retirement (\$58,619)

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 12.08 % of salaries to 9.75% in 2012.

$$\$ 601,217 \times .975 = \$58,619 \quad \text{TCDRS}$$

3.2.3 Medicare (\$8,716)

Medicare is required by all employees . The rate for Medicare is 1.45% of all employee's salaries.

There is no change anticipated for 2012.

$$\$601,217 \times 0.0145 = \$8,716$$

3.2.4 Death Benefits (\$2,948)

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. 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.

$$\$601,217 \times .0049 = \$2,948$$

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.

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

3.2.6 Detail Chart of Salaries & Benefits (\$760,036)

EMPLOYEE	SALARIES	RET	INS	MED.	SUP. DEA	TOTALS
CHIEF APPRAISER	77,250	7532	6324	1120	379	92,605
ADMIN. ASST.	40,170	3917	6324	582	196	51,189
TOTAL	117,420	11449	12648	1702	575	143,794
DIRECTOR OF OPERATIONS	60,008	5850	6324	870	294	73,346
DATA TECHNICIAN	37,338	3640	6324	542	184	48,028
SALES & MARKET DATA MANAGER	35,020	3415	6324	509	172	45,440
CUSTOMER SERVICE MANAGER	30,530	2976	6324	442	150	40,422
CUSTOMER SERVICE TECH	35,020	3415	6234	509	172	45,440
OWNERSHIP & DEED TECH	36,802	3588	6324	534	180	47,428
CUSTOMER SERVICE REP	22,000	2145	6324	320	108	30,897
TOTAL	256,718	25029	44268	3726	1260	331,001
DIRECTOR OF APPRAISAL	54,636	5328	6324	788	268	67,344
Appraiser, RPA	50,903	4963	6324	738	249	63,177
Appraiser, RPA	41,200	4017	6324	597	202	52,340
Appraiser, PP	39,140	3816	6324	568	192	50,040
Appraiser, RPA	41,200	4017	6324	597	202	52,340
TOTAL	227,079	22141	31620	3288	1113	285,241
GRAND TOTALS	601,217	58,619	88,536	8,716	2,948	760,036

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 little change for 2012 is anticipated.

Contracted Services	2012	2011	2010	Change
Appraisal Consultants	40,800	39,780	38,625	1020
Accounting & Audit	3,600	3,600	3,400	0
Legal Services	20,000	16,000	16,000	4000
Security Monitoring	670	670	670	0
Service Contracts	13,780	13,000	9,900	780
Deed Information	1,300	1,300	1,050	0
Data Base Maintenance	36,000	36,595	72,600	-595
GIS Maintenance	30,000	30,000	0	0
TOTAL	146,150	140,945	142,245	5,205

3.3.1 Appraisal Engineers & Consultants (\$40,800)

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 2012 appraisal year is estimated to be \$40,800.

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 2010 audit paid in the 2011 budget was \$3,500. The fee for 2012 is projected not to exceed \$3,600.

3.3.3 Legal Services (\$20,000)

The district uses one law firm for legal services. 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 may occur. The amount for 2012 is estimated to be \$20,000.

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.

3.3.4 Service Contracts (13,780)

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).
- 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.
-

3.3.5 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.

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

3.3.7 GIS Maintenance (30,000)

In 2011 the district budgeted \$30,000 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 item under contract services is created for that expenditure. The district now believes that the amount required will be \$30,000 per year and it is recommended for 2012.

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 2012 be \$14, 500.

Board of Review	2012	2011	2010	Change
Hearings	8,500	8,500	9,900	0
Training	1,800	1,800	900	0
Legal	4,200	4,200	1,500	0
TOTAL	14,500	14,500	12,300	0

3.5 Transportation

3.5.1 Car Reimbursement (\$36,000)

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 provided an allowance of \$30 each.

Due to the mandates of the State of Texas to physically inspect all properties in a 3 year period, field inspections will be necessary, and therefore vehicle expenses will see an increase in mileage, over the budgeted amount for 2011.

The 2012 budget amount for transportation is \$36,000.

Transportation	2012	2011	2010	Change
Appraisal Mileage Reimbursement	26,620	21,000	25,000	5,620
Training Mileage Reimbursement	5,500	5,500	4,000	0
Cell Phone Requirement	2,880	2,880	0	0
Other Mileage Reimbursement	1,000	1,000	1,000	0
TOTAL	36,000	30,380	30,000	5,620

3.6 Office

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

Office	2012	2011	2010	Change
Office Expense	4,100	4,100	3,990	0
Computer Supplies	4,200	4,200	3,800	0
Postage	7,500	7,500	7,100	0
Equipment Repair	700	700	700	0
Document Forms	1,100	1,100	1,100	0
Yard Maintenance	3,150	3,150	3,150	0
Janitorial Expense	4,800	4,500	4,500	300
Appraisal Notices	26,000	22,000	21,000	4,000
Dues & Membership	3,500	3,500	3,100	0
Books & Subscriptions	4,200	4,200	3,800	0
Telephone Expense	13,450	4,800	11,000	8,650
Office Equipment- Rent	11,505	11,505	11,505	0
Utilities	19,215	19,215	19,215	0
Repairs & Maintenance	7,000	2,500	2,500	4500
Freight	700	700	700	0
Mapping Supplies	1,800	1,800	1,500	0
PC & System Upgrades	2,500	1,500	1,500	1000
New PC's & Monitors	0	12,500	12,500	-12,500
Furniture & Fixtures	0	1,500	1,500	-1,500
TOTAL	115,420	110,970	112,660	\$4,450

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 budget is recommended to remain the same as 2011.

3.6.2 Computer supplies (\$4,200)

Computer supplies are composed primarily of printer ink. The district maintains various models of printers. The budget amount of \$4,200 is recommended to remain the same as 2011.

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 remain the same as 2011.

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 Cherokee Mental Retardation Services 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 (\$4,800)

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 has not increased for 2011 and a change is anticipated for 2012. The monthly fee will increase to \$400 for twice a week service.

3.6.8 Appraisal Notices (\$26,000)

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 \$26,000. 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 remain at \$4,200 for 2012.

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 (\$13,450)

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. The District is proposing a new phone system and the quote to upgrade the phone system is \$8,650. Therefore, the amount requested for 2012 is \$13,450.

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 (\$7,000)

Due to the age of the building the district has various maintenance items and repairs required. Some systemic problems are in the plumbing. The District's 2012 budget is requesting an increase in this category to \$7,000.

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 remain the same as 2011 at \$1800.

3.6.17 PC and System Upgrades (\$2,500)

This account provides for miscellaneous upgrades such a memory or video cards. The amount of \$2,500 is recommended for 2012 which is an increase of \$1000 from the 2011 budget.

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.

3.6.18 New PC's & Monitors (\$0)

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 district replaced most of the old desktop computers in 2009, and the monitors were upgraded in 2011.

Therefore, it is recommended that this category be decreased from \$12,500 to \$0.

3.6.19 Furniture and fixtures (\$0)

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.

3.7 Other

Other Expenses	2012	2011	2010	Change
Workers Comp	2,100	2,100	2,100	0
Building Contents & Liability Insurance	3,300	3,300	3,500	0
Public Officials Errors & Omissions Insurance	4,000	4,000	3,200	0
Meeting Supplies	1,200	1,200	1,200	0
Education & Training	20,000	20,000	18,000	0
Advertising	3,000	3,000	3,000	0
Aerial Photos	20,000	20,000	20,000	0
GIS Software	6,000	3,400	3,400	2,600
TOTAL	59,600	57,000	54,400	2,600

3.7.1 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 remain the same and it is recommended that the amount remain at \$2,100.

3.7.2 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 remain the same at \$3,300.

3.7.3 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.

3.7.4 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.

3.7.5 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 amount remain the same for 2012.

3.7.6 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.

3.7.7 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 2012.

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.

3.7.8 GIS Software (\$6,000)

The district's Geographical Information System (GIS) is operated using proprietary software. The cost of that software is estimated to be \$6,000 which is an increase from the 2011 budgeted amount of \$3,400.

3.8 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.

3.8.1 Capital Lease Payments (\$18,128)

The contractual payment is \$18,128 annually for 2012.

Capital Lease	2012	2011	2010	Change
Government Capital Inc. Lease	18,128	72,514	72514	-54,386
TOTAL	18,128	72,514	72514	-54,386

4 2012 Budget**4.1 Line Item Totals**

Budget Line Item Accounts	2012	2011	2010	Change
Salaries	601,217	568,835	607,611	32,382
Health Insurance	88,536	92,300	88,300	-3,764
Retirement	58,619	66,628	52,900	-8,009
Medicare	8,716	8,104	7,800	612
Death Benefit	2,948	2,609	2,400	339
Workers Compensation	2,100	2,100	2,100	0
Texas Employment Commission	6,400	6,400	6,400	0
Appraisal Consultants	40,800	39,780	38,625	1,020
Accounting & Audit	3,600	3,600	3,400	0
Legal Services	20,000	16,000	16,000	4,000
Security Monitoring	670	670	670	0
Service Contracts	13,780	13,000	9,900	780
Deed Information	1,300	1,300	1,050	0
Data Base Maintenance	36,000	36,595	72,600	-595
GIS Maintenance	30,000	30,000	0	0
Board of Review	14,500	14,500	12,300	0
Transportation	36,000	30,380	30,000	5,620
Office Expense	4,100	4,100	3,990	0
Computer Supplies	4,200	4,200	3,800	0
Postage	7,500	7,500	7,100	0
Equipment Repairs	700	700	700	0
Document Forms	1,100	1,100	1,100	0
Yard Maintenance	3,150	3,150	3,150	0
Janitorial Expense	4,800	4,500	4,500	300
Appraisal Notices	26,000	22,000	21,000	4000
Dues & Memberships	3,500	3,500	3,100	0
Books & Subscriptions	4,200	4,200	3,800	0
Telephone Expense	13,450	4,800	11,000	8,650
Office Equipment Rental	11,505	11,505	11,505	0
Utilities	19,215	19,215	19,215	0
Repairs & Maintenance	7,000	2,500	2,500	4,500
Freight	700	700	700	0
Mapping Supplies	1,800	1,800	1,500	0
PC & System Upgrades	2,500	1,500	1,500	1,000
Furniture & Fixtures & PC's	0	14,000	14,500	14,000
Contents & Lia. Insurance	3,300	3,300	3,500	0
Public E&O Insurance	4,000	4,000	3,200	0
Meeting Supplies	1,200	1,200	1,200	0
Education & Training	20,000	20,000	18,000	0
Advertising	3,000	3,000	3,000	0
Aerial Photos	20,000	20,000	20,000	0
GIS Software	6,000	3,400	3,400	2,600
Capital Lease Payment	18,128	72,514	72,514	-54,386
TOTAL	1,156,234	1,171,185	1,178,530	-14,951

5 Summary

The 2012 budget is based on a review to find ways to reduce costs and improve efficiency. The primary difference is some adjustments to the salary schedule with a 3% salary increase requested for all employees and moving a part time employee to full time. Also, the district is requesting a new phone system at a cost of \$8,650. The present phone system is at least ten years old and needs replacing.

Overall this budget is \$14,951 less than the 2011 budget, or a 1.2% decrease.