

THE STATE OF TEXAS§

THE COUNTY OF MILAM§

MILAM APPRAISAL DISTRICT

The Milam Appraisal District Board of Directors (BOD) convened in a regular meeting Thursday, April 16, 2015, at the Milam Appraisal District Office, 120 North Houston Street, Cameron, Texas.

Attending:

Board Members:

Tim Arledge
Don Culp
Larry Patterson
Travis Yoakum

Staff:

Dyann White, Chief Appraiser
Miranda Drake, Business Manager

Others:

Diane Terrell, Auditor

Absent Board Members:

Kolette Morgan

Item 1. Call To Order

Having a voting quorum present, the meeting was called to order by Board Chair, Tim Arledge at 8:30 a.m. Invocation by Mr. Patterson, moment of silence, pledge of allegiance to U.S. Flag, and pledge of allegiance to the Texas Flag.

Item 2. Citizen's Communication –

None.

Item 3. Consent Items –

All items listed under this section, Consent Items, are considered to be routine by the Board and may be enacted by one motion. If discussion is desired by the Board, any item may be removed from the Consent Items at the request of any Board Member and will be considered separately.

- a. Approve minutes of March 19, 2015 regular meeting
- b. Approve March Budget Report
- c. ARB Quarter Change Report (delivered to Board by April 10th)

Motion by Mr. Patterson to approve consent items as presented, seconded by Mr. Yoakum, approved by unanimous vote.

Item 4. Consider New Business –

- a. Discussion and possible action to approve 2014 Budget Amendment.
This is the third time for the budget amendment to come before you. The first time was for review and the second was for approval, however, we posted that there would be a public hearing at the February meeting and there was not. In light of this, we feel that we need to represent the budget amendment for approval. Now that the audit is complete, the amounts have changed slightly. There was an additional \$2,350.38 to appropriate. In addition, we were made aware of an obligation made by prior management in 2013 to purchase the ESRI

license for our GIS Software. In light of this, we are asking to appropriate the GIS Reserve and an additional \$805.65 from the 2014 variance to fund this purchase. We increased the unfunded liability payment to TCDRS from \$5,000 to \$7,000 with the net amount being applied to the Fund Reserve for Contingency. The total obligation would be \$53,959.84.

The Chief Appraiser reviewed the Budget Amendment to include the variance report and the proposed obligations.

Motion by Mr. Yoakum to approve the 2014 Budget Amendment as presented, Mr. Patterson seconded, approved by unanimous vote.

b. Receive, discuss and possible action to accept the 2014 Audit.

The Chief Appraiser introduced Diane Terrell with Davis Kinard & Co, PC to present the 2014 Audit. Ms. Terrell explained that the budget amendment that was just approved would be included in the 2014 audit. She explained that what she is presenting is a draft that was included in their agenda packets. She will mail the final reports now that the budget amendment has been approved.

Ms. Terrell thanked the Board for allowing them to perform the audit. She stated that they have audited a total of nine (9) appraisal districts and over fifty (50) governmental entities this year. She thanked Dyann and Miranda for their assistance throughout the audit. She stated that the Staff does consult with them on accounting matters during the year which leads to things being done correctly from the start. As a result we post fewer audit adjustments than we use to.

Ms. Terrell stated that they report an unmodified opinion which is a clean opinion on the financial statements of the District. Basically what that says is the financial statements are presented in all material respects in accordance with GAAP, Generally Accepted Accounting Principles. Ms. Terrell referred to page 9, this is a Statement of Net Position and your governmental funds balance sheet. This presents the District's General Fund Balance Sheet along with a reconciling column to the Governmental Wide Statements entitled the Statement of Net Position. This combines the District's General Fund with the Capital Assets and the long-term liability into one column to view the District as a whole. The District had fund balance from the General Fund of \$127,256. Most of which is assigned by the Board for various purposes. This includes the budget amendment you just approved. You had capital assets of \$206,062 and liability for compensated absences of \$10,191. The District had a net position of \$323,127 on the government-wide basis (or full accrual basis).

On page 11, we have the Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balance. This reconciles the District's operating activity from the modified accrual basis of accounting to the full accrual basis. In the column, Statement of Activities on the right, this will include depreciation on your capital assets and exclude capital outlay expenditures. The General Fund has a fund balance of \$5,433 but that is after and including expenditures that were paid for out of the reserves. On the full accrual basis the District had an increase of \$64,491. The far right column, Statement of Activities, is something required by the GAAP but not something that is used by the District because we do work on a budgetary basis.

On page 13, we have the budget to actual schedule. You can see your original budget you adopted as well as the final budget which includes the budget amendment you just approved. The budget surplus is calculated to be \$38,865. This is the amount you assigned for various purposes. It was broken down in the budget amendment as well as reported on page 9 of the audit report. The fourth column are GAAP expenditures that are included in the financial statement we just went over. They are expenditures for our purpose but they were paid for out of prior year reserves.

We did include a new footnote this year about terminating the Defined Contribution Retirement Plan that you had and the fact that you are now participating in TCDRS. You will now have a longer disclosure there especially going forward next year. We have also issued a separate letter that we handed out today for certain communications that are required to be

made for governments. This is a pretty standard letter of communications that describes our responsibility under auditing standards. It states we had no disagreements with management on accounting issues or regarding estimates made on financial statements. And we had no difficulties in performing and completing our audit. We are also required to share with you the nature of our audit adjustments. For the audit purposes, we just reclassified the \$33,432 from fund balance to expenditures for the GAAP basis reporting. And those adjustments are normally made through the audit process for reporting in the financials. And we had no internal control matters to report. That is my summary to you today. Again, we want to thank you for opportunity to serve your District. I would be happy to answer any questions.

Motion by Mr. Patterson to approve the 2014 Audit as presented, Mr. Yoakum seconded, approved by unanimous vote.

- c. Discussion and possible action to appoint vacant Board Member position from the nominations received from the voting entities.

Mr. Patterson nominated Jay Beckhusen, there was no second, motion did not carry.

Mr. Culp nominated Stephanie Churchman, there was no second, motion did not carry.

Mr. Yoakum nominated John Pruett, there was no second, motion did not carry.

The Board discussed their obligations to their appointing entities. They also discussed the nominees.

Mr. Patterson nominated Jay Beckhusen, there was no second, motion did not carry.

Mr. Culp nominated Lisa Gerthe, Tim Arledge seconded, motion did not carry with only two votes (2 yes, 2 abstained).

Board discussed all the areas represented with the current Board.

Mr. Yoakum nominated Lisa Gerthe, Mr. Culp seconded, approved by 3-1 vote.

- d. Discussion and possible action to approve 1st Quarter Investment Report.
The Chief Appraiser reviewed the item as presented. Total interest earned was \$314.44.

Motion by Mr. Patterson to approve the 1st Quarter Investment Report as presented, Mr. Yoakum seconded, approved by unanimous vote.

- e. Discussion and possible action to approve resolution appointing Appraisal Review Board member for two-year term, appoint a temporary member to a term of one year, and appoint the members to serve as Chairman, Vice-Chairman and Secretary.

The Chief Appraiser reviewed the item as presented. The laws have changed over the past couple of years that now require the candidates to attend training prior to being appointed. They have all attended training. This will require three separate motions to approve three separate resolutions.

Motion by Mr. Patterson to approve the resolution appointing Don Schuerman to the ARB for a two-year term, Mr. Arledge seconded, approved by unanimous vote.

Chief Appraiser explained the requirement for an ARB Temporary member. Ms. Sulak is interested in serving as a regular ARB member in the future. Mr. Lagrone is in his last term.

Motion by Mr. Patterson to approve the resolution appointing Julie Sulak as the temporary ARB member for 2015, Mr. Yoakum seconded, approved by unanimous vote.

Chief Appraiser explained that the last step is to organize the Board. She listed their current positions.

Motion by Mr. Patterson to approve the resolution appointing Don Shuerman to serve as Chairman of the ARB, Robert Paulsen to serve as Vice-Chairman and Barkley Lagrone to serve as Secretary, seconded by Mr. Arledge, approved by unanimous vote.

Item 5. Chief Appraiser's Report –

a. 2015 Reappraisal Plan Report #8

Chief Appraiser stated that as you are all aware, notices of appraised value have gone out. There has been some pretty significant changes across the board. We have sent out a news release. We are open to the public between 9:00 a.m. and 4:00 p.m. We use the hour in the morning and in the afternoon to return phone calls because we have been so busy. That time is being well spent by the Staff. We do have some people here after that time for informal reviews. We do also use that time to finish working those that are still here. This helps to avoid accruing a bunch of overtime.

We will mail notices on commercial and personal property on May 1st. The mineral and industrial will go out as soon thereafter as possible. The Chief Appraiser pointed out that one thing that works against us with minerals and industrial values is that they are required to render but we are required to give them up until May 15th to file their rendition. It is real sketchy to notice before they have actually filed their rendition. If they show good cause, the Chief Appraiser is required to extend as far out as May 30th. So some of our largest taxpayers we just don't have the numbers until the end of May.

As she mentioned, the values increased in most areas. We are going to do an analysis toward the end of April in the form of a news release. That is subject to change if we still don't have any industrial information she'll probably hold off until she gets them.

She has to estimate what she thinks the certified values are going to be at the end of April. It's not a real solid number because we don't have values on our largest valued properties. It makes it hard to run the numbers. The history is that at the end of April we run the numbers out of our system and give them to the entities. The entities base their budgets on these estimates. We don't give them values again until we certify in July. So last year Rockdale ISD lost \$50 million in value on Luminant below what she estimated in April. This is not okay.

She has met with Rockdale ISD and Luminant. Luminant is not telling them anything other than energy prices have come down 30% since last year. What we are going to do this year is provide the preliminary values and then continue to give the entities updated numbers every month to six weeks until we certify the values in July. This way the entities are not blindsided. Discussed Luminant.

There is another issue that is likely going to face school districts. There has been a bill proposed that has passed in the House and is now in the Ways and Means committee. It is a proposal to increase the mandatory homestead exemption from \$15,000 to \$45,000. The average taxpayer will save an estimated \$375 a year. It's good for the taxpayers but when she estimated it for Rockdale ISD, they could lose an estimated \$750,000 in tax levy. This is in addition to the issues with Luminant. Now, the State should pick up the difference but the question is, where will they get the money from. This is why she is going to the mid-legislative session update. She will speak with the school district after she attends the update.

b. Litigation report – None

- c. Board Calendar Review –
Chief Appraiser reviewed upcoming meeting items as shown below.

Reminded Board of Budget Workshop next Wednesday at 9:00 a.m. This is a board meeting requiring a quorum.

May meeting –

- i. Swear in New Board Member
- ii. Budget Workshop
- iii. Set public hearing of budget for June
- iv. Approve resolution acknowledging prior year retirement plan contribution amount

June meeting –

- i. Budget Public Hearing & Adoption

July meeting – *Propose cancelling*

NOTE: Written reports of any above listed items provided to all BOD members are considered part of the BOD's minutes as reports.

Item 11. Adjournment

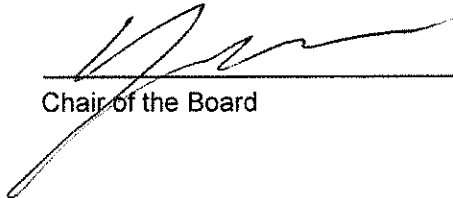
Having no further business to consider, on a motion by Mr. Patterson and seconded by Mr. Arledge, approved by unanimous vote, the meeting adjourned at 9:16 a.m.

NOTE: Recording of the foregoing meeting on file for 90 days in the Milam Appraisal District Office, 120 North Houston Street, Cameron, Texas. The above and foregoing minutes examined and approved in open meeting this the 21st day of May, 2015.

Attest:



(Member)



Chair of the Board