



Bee County Appraisal District

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October 21, 2021

Superintendent Mr. Travis Fanning
201 N. St Marys
Beeville, TX 78102

RE: Bee County Appraisal District proposed budget amendment

The purpose of this letter is to notify all voting taxing units which participate in the Bee County Appraisal District (CAD) that the board of directors of the District has proposed to amend the District's 2021 budget by retaining \$102,931 in existing surplus revenue which was budgeted for District operations in 2019, but which has not been spent. The entire proposed amendment is as follows:

"NOW, THEREFORE, BE IT RESOLVED, that the board of directors of the Bee CAD hereby notifies all constituent taxing units which participate in the District that it proposes to amend the 2021 Bee CAD budget by retaining a \$102,931 surplus generated as a result of 2019 operations and committing that amount to the litigation reserve account for 2021 and subsequent years."

EXPLANATION FOR WHY THE AMENDMENT IS NECESSARY

This amendment requests the taxing units to allow the Bee CAD to retain surplus funds. THIS IS NOT A REQUEST FOR ANY ADDITIONAL FUNDS. I have been asked by the Board of Directors to explain to you why unspent revenue in the total amount of \$102,931 is proposed to be retained through the proposed budget amendment (instead of being distributed back to the taxing units).

How the surplus was generated. For numerous reasons, some hopefully involving careful stewardship and others probably resulting from simple good luck, the District was blessed with a sizable surplus for the year 2019. Most of the savings accrued from lower-than-budgeted personnel costs. The District was without a Chief Appraiser and a Deputy Chief Appraiser for some of the year and other positions were not immediately filled when employees left the District. The District also mercifully avoided any unforeseen major costs.

Why BCAD is asking to retain the surplus. The budget surplus would be committed to the District's reserve fund for lawsuit defense; several pending lawsuits may have to be tried in the relatively near future. In addition, in the current legal climate throughout Texas, many large industrial and commercial property owners have become more and more virulently aggressive in contesting their valuations. The board of directors is concerned that future litigation could have the potential to reduce industrial and commercial tax assessments based on fair market values at the expense of local residential and small-business

property owners, who will have to make up the difference. Without a significant increase in litigation reserves, the District will not be well-placed to defend such litigation. By retaining these funds, the District may be able to avoid amending future budgets for legal costs.

RIGHTS OF THE TAXING UNITS

As all of you know, Bee County Appraisal District operations are funded by the constituent taxing entities in the County. Pursuant to Chapter 6 of the Texas Property Tax Code, each entity has the right to adopt resolutions disapproving the Appraisal District's budget. If a majority of the taxing units have not adopted resolutions disapproving the amendment within 30 days after the secretary of the Board of Directors delivers a written copy of the proposed amendments to each presiding officer of the governing body of each taxing unit, the Appraisal District board of directors may thereafter formally adopt the proposed amendment to the 2021 budget.

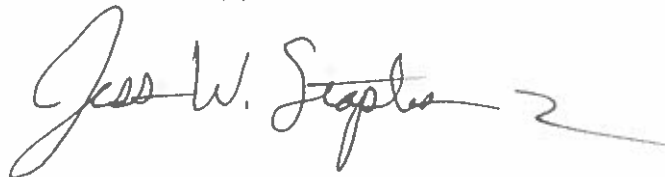
In other words, the taxing units may approve or disapprove the proposed amendments, but no action is necessary unless a taxing unit wishes to disapprove the proposed amendment. If a majority of taxing units have not affirmatively adopted resolutions disapproving the amendment within 30 days of receiving the required notice, the proposed budget amendment is considered adopted.

CONCLUSION

I would like to personally request each entity's support for this proposed amendment by again emphasizing that it does not require any additional contributions from the taxing entities. No additional unbudgeted revenue is being requested from any taxing unit.

Should you have any questions, please feel free to call me.

Sincerely yours,

A handwritten signature in black ink that reads "Jess W. Staples" followed by a stylized flourish.

Jess Staples

Chairman

Enclosures: (2) - 2019 & 2020 Bee County Appraisal District Financial Audits