

**ERATH COUNTY APPRAISAL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**Erath County Appraisal District  
Annual Financial Report  
For The Year Ended December 31, 2023**

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## **FINANCIAL SECTION**



## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors and  
Chief Appraiser  
Erath County Appraisal District  
Stephenville, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Erath County Appraisal District (the District) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, TCDRS pension schedules and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in black ink that reads "Boucher, Morgan & Young". The signature is written in a cursive, flowing style.

Stephenville, Texas  
May 8, 2024

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **Erath County Appraisal District Management's Discussion and Analysis**

As management of Erath County Appraisal District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2023.

The District is located at 1195 W. South Loop, within the city limits of Stephenville, Texas. The District was created in 1980 as a result of Senate Bill No. 621, 1979 Texas Laws, of the 66<sup>th</sup> Texas Legislature. This Bill enacted the Texas Property Tax Code of which the amended version is the authority under which the District operates today. Districts are defined as political subdivisions of the state and were established in each county in the state of Texas.

The District is responsible for appraising property located within the boundaries of Erath County for ad valorem tax purposes of each taxing unit that imposes ad valorem taxes on property within the district. The area that the district appraises covers approximately 1100 square miles. The District consists of nineteen taxing jurisdictions with two cities, seven full school districts, and six partial school districts, a partial emergency district, one water district and the Erath County General and Road & Bridge accounts. The boundaries of the district are the boundaries of Erath County. The District maintains appraisals on just over 68,000 pieces of property located within the boundaries of Erath County. We have sixteen employees, consisting of eight appraisers, seven support staff, and the chief appraiser.

A board of Directors governs the district. Five directors are appointed by the taxing jurisdictions that participate in the district. Members of the board of directors serve two-year staggered terms beginning on January 1. The board of directors is charged with three main responsibilities, appoint a chief appraiser which is the executive director for the District, set board policy for the District within the scope of the Texas Property Tax Code and adopt an annual budget for the District. The annual budget adopted by the board of directors is funded by the taxing jurisdictions participating in the District. It is allocated among the jurisdictions on a percentage basis of their tax levy to the total tax levy of all the participating jurisdictions.

The District maintains computerized and hardcopy files for each separate parcel of property ownership in its jurisdiction. The computerized mass appraisal software system, which is contracted through Southwest Data Systems, Inc., receives updates annually to allow for legislative changes and system upgrades. The PC based network is continually updated with new equipment and software as failures and obsolescence occur. The District maintains an ArcInfo computerized mapping system offered by ESRI. This map software database along with the appraisal database are linked together to create a geographic information system of the District. The software has been integrated with Pictometry, Inc. driven aerial photography that has proven to be a helpful tool in locating new improvements, checking agricultural properties and aid in property location throughout the county. The entire District is re-photographed every year to stay up to date with changes that may have taken place. Each of these two-year flights is compared with the previous flight through Change Finder software to detect new and changed structures.

### **Overview of the Financial Statements**

This MD&A is intended to serve as an introduction to the District's basic financial statements. The Statement of Net Position and the Statement of Activities included in this report are those of the District as a whole and report its activities in a way that helps answer the question "Is the District as a whole better off or worse off as a result of the year's activities?" These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District has only one type of activity as presented in these statements:

Governmental activities- The District's basic services are reported here including appraisal services to the taxing authorities, and information sources to the residents of the District. The assessments to the taxing authorities and miscellaneous service fees finance these activities.

The major funds financial statements follow the government wide financial statements, and provide additional information. The District's only governmental fund is the General Fund, which uses the following accounting approach:

Governmental funds- The District's basic services are reported in the General fund which focuses on how money flows into and out of the fund and the balances left at year end available for spending. This fund is reported using the modified accrual basis of accounting.

### **District's Financial Analysis**

Certain comparative information between the current year and the prior year is generally required to be presented in the MD&A and is presented in the following tables. The District has only governmental activities. As a result, the governmental activities are representative of the total primary government.

#### **Net Position as of December 31, 2023 and 2022:**

	<u>2023</u>	<u>2022</u>
	<u>Governmental Activities</u>	<u>Governmental Activities</u>
Current and other assets	\$ 1,200,924	\$ 1,049,829
Capital assets	526,446	528,343
Deferred outflows	369,603	297,454
Total assets and deferred outflows	<u>\$ 2,096,973</u>	<u>\$ 1,875,626</u>
Current liabilities	43,726	43,680
Noncurrent liabilities	237,738	69,381
Deferred inflows	494,802	678,523
Total liabilities and deferred inflows	<u>\$ 776,266</u>	<u>\$ 791,584</u>
Net investment in capital assets	518,686	516,875
Unrestricted	802,021	567,167
Total net position	<u>\$ 1,320,707</u>	<u>\$ 1,084,042</u>



**Changes in Net Position for the Years Ended December 31, 2023 and 2022:**

	<u>2023</u>	<u>2022</u>
	<u>Governmental</u>	<u>Governmental</u>
	<u>Activities</u>	<u>Activities</u>
Revenues:		
Program revenues	\$ 2,087,270	\$ 1,830,235
General revenues	26,153	7,536
Gain on sale of asset	14,300	-
Total revenues	<u>\$ 2,127,723</u>	<u>\$ 1,837,771</u>
Program expenses:		
Appraisal services	\$ 1,890,471	\$ 1,774,936
Interest expense	587	803
Total expenses	<u>\$ 1,891,058</u>	<u>\$ 1,775,739.00</u>
 Change in net position	 236,665	 62,032
Net Position-beginning	1,084,042	1,022,010
Net Position-ending	<u><u>\$ 1,320,707</u></u>	<u><u>\$ 1,084,042</u></u>

**Financial Highlights**

The District's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of December 31, 2023 by \$1,320,707, of which \$518,686 was invested in the capital assets net of related debt. The governmental activities comprised the entire balance of net position, and there are no business-type activities of the District.

Assessment revenues increased \$257,035 or 14% from 2022 to 2023. Change in net position increased from \$62,032 in 2022 to an increase of \$236,665 in 2023.

**Budgetary Highlights**

The District's general governmental activities operated with a final appropriations budget total of \$2,063,700. The total actual expenditures of the general fund were \$94,573 less than the final budgeted totals. Actual revenues were \$28,977 more than the final budgeted revenues.

### **Capital Asset and Debt Administration**

Over many years, the District has invested \$1,270,997 in capital assets, including a building, appraisal and office equipment, furniture and vehicles. This included the current year purchase of a vehicle in the amount of \$40,637. Accumulated depreciation on the total capital assets as of December 31, 2023 was \$744,551.

The District's only debt is related to a copier obtained in a prior year as a financed purchase. The unpaid principal related to this copier was \$7,760 at December 31, 2023.

### **Contacting the District's Financial Management**

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Chief Appraiser, 1195 W. South Loop, Stephenville, TX 76401, or by telephone 254-965-5434.

## **BASIC FINANCIAL STATEMENTS**

**ERATH COUNTY APPRAISAL DISTRICT**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

**EXHIBIT A-1**

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<b>ASSETS:</b>	
<i>Cash and cash equivalents</i>	\$ 1,169,008
<i>Prepaid items</i>	31,916
Capital Assets ( net of accumulated depreciation):	
<i>Buildings and improvements</i>	421,278
<i>Furniture and equipment</i>	21,914
<i>Vehicles</i>	83,254
Total Assets	<u>1,727,370</u>
<b>DEFERRED OUTFLOWS:</b>	
<i>Deferred retirement contributions</i>	186,631
<i>Deferred assumption/input changes</i>	60,562
<i>Deferred actual experience vs. assumption</i>	32,864
<i>Deferred investment experience</i>	89,546
Total Deferred Outflows	<u>369,603</u>
Total Assets and Deferred Outflows	<u><u>2,096,973</u></u>
<b>LIABILITIES:</b>	
<i>Accounts payable</i>	11,173
<i>Accrued liabilities</i>	32,553
Noncurrent Liabilities-	
<i>Long-Term debt-due within one year</i>	7,119
<i>Long-Term Debt-due in more than one year</i>	27,024
<i>Net pension liability</i>	203,595
Total Liabilities	<u>281,464</u>
<b>DEFERRED INFLOWS:</b>	
<i>Assessments</i>	494,802
Total Deferred Inflows	<u>494,802</u>
<b>NET POSITION</b>	
<i>Net investment in capital assets</i>	518,686
<i>Unrestricted</i>	802,021
Total Net Position	<u><u>\$ 1,320,707</u></u>

The accompanying notes are an integral part of the financial statements

**ERATH COUNTY APPRAISAL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**EXHIBIT A-2**

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Governmental Activities	Total
<b>PRIMARY GOVERNMENT:</b>				
Governmental Activities:				
<i>Appraisal services</i>	\$1,890,471	\$ 2,087,270	\$ 196,799	\$ 196,799
<i>Debt service - interest</i>	587	-	(587)	(587)
Total Governmental Activities	1,891,058	2,087,270	196,212	196,212
Total Primary Government	\$1,891,058	\$ 2,087,270	196,212	196,212
General Revenues:				
<i>Investment earnings</i>			26,153	26,153
<i>Gain on sale of asset</i>			14,300	14,300
Total General Revenues			40,453	40,453
Change in Net Position			236,665	236,665
Net Position - Beginning			1,084,042	1,084,042
Net Position - Ending			\$ 1,320,707	\$ 1,320,707

The accompanying notes are an integral part of the financial statements.

**ERATH COUNTY APPRAISAL DISTRICT    EXHIBIT A-3**  
**BALANCE SHEET - GOVERNMENTAL FUND**  
**DECEMBER 31, 2023**

	General Fund
ASSETS	
<i>Cash and cash equivalents</i>	\$ 1,169,008
<i>Prepaid items</i>	31,916
Total Assets and Other Debits	<u>\$ 1,200,924</u>
LIABILITIES	
Current	
<i>Accounts payable</i>	\$ 11,173
<i>Accrued wages payable</i>	32,553
<i>Accrued compensated absences</i>	3,181
Total Liabilities	<u>46,907</u>
DEFERRED INFLOWS OF RESOURCES	
<i>Assessments</i>	494,802
Total Deferred Inflows	<u>494,802</u>
FUND BALANCES	
<i>Nonspendable</i>	
<i>Prepaid items</i>	31,916
<i>Assigned for:</i>	
<i>Legal defense of property value protests</i>	20,000
<i>Unassigned</i>	607,299
Total Fund Balance	<u>659,215</u>
Total Liabilities, Deferred Inflows of resources and Fund Balance	<u>\$ 1,200,924</u>

The accompanying notes are an integral part of the financial statements.

**ERATH COUNTY APPRAISAL DISTRICT****EXHIBIT A-4**

*RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2023*

Total fund balance - governmental fund balance sheet		\$ 659,215
Amounts reported for governmental activities in the statement of net position ("SNP") are different because:		
Capital assets used in governmental activities are not reported in the funds		526,446
Financed purchases are not reported in the governmental funds as liability		(7,760)
Noncurrent accrued compensated absences are not reported at the fund level		(23,202)
The statement of net position includes the District's proportionate share of TCDRS net pension liability as well as certain pension related transactions accounted for as Deferred Inflows and Outflows of resources. The net effect of including the balances of the District's proportionate share of TCDRS net pension liability as well as current year adjustments are as follows.		
Net pension liability	(203,595)	
Deferred retirement contributions	186,631	
Deferred investment experience	89,546	
Deferred assumption/input changes	60,562	
Deferred actual experience vs. assumption	32,864	166,008
Net position of governmental activities - statement of net position		<u>\$ 1,320,707</u>

The accompanying notes are an integral part of the financial statements.

**ERATH COUNTY APPRAISAL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**EXHIBIT A-5**

	General Fund
Revenue:	
<i>Assessments to taxing authorities</i>	\$2,035,950
<i>Intergovernmental</i>	5,095
<i>Charges for services</i>	1,225
<i>Investment earnings</i>	26,153
<i>911 district contract payment</i>	45,000
Total Revenues	<u>2,113,423</u>
Expenditures:	
Current:	
<i>Personnel-appraisal</i>	1,477,652
<i>Personnel-911</i>	19,451
<i>Data-appraisal</i>	52,763
<i>Data processing-911</i>	1,000
<i>Building occupancy-appraisal</i>	40,013
<i>Building occupancy-911</i>	209
<i>Appraisal licenses and travel expenditure</i>	54,126
<i>Appraisal licenses and travel expenditure-911</i>	1,778
<i>Appraisal review board</i>	15,181
<i>Office expenses</i>	59,766
<i>Mapping expenses</i>	129,141
<i>Insurance and bond</i>	6,209
<i>Professional legal fees</i>	9,131
<i>Professional fees other</i>	47,670
Debt Service:	
<i>Financed purchase principal</i>	3,709
<i>Financed purchase interest</i>	587
Capital Outlay:	
<i>General government</i>	50,741
Total Expenditures	<u>1,969,127</u>
Excess of revenues over expenditures	<u>144,296</u>
OTHER FINANCING SOURCES:	
<i>Proceeds from sale of capital assets</i>	14,300
Total Other Financing Sources	<u>14,300</u>
Net Change in Fund Balances	158,596
Fund Balances - Beginning	<u>500,619</u>
Fund Balances - Ending	<u>\$ 659,215</u>

The accompanying notes are an integral part of the financial statements



**ERATH COUNTY APPRAISAL DISTRICT****EXHIBIT A-6**

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023*

Net change in fund balances - total governmental funds	\$ 158,596
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	40,637
The depreciation of capital assets used in governmental activities is not reported in the funds	(42,534)
Repayment of principal on the financed purchase is reported as an expenditure at the fund level	3,709
Net pension liability as well as the related deferred inflows and outflows of resources generated from those liabilities are not payable from current resources and therefore, are not reported in governmental funds. These balances increased by this amount	71,162
Other reconciling items-change in compensated absences reported differently for the SOA.	<u>5,095</u>
Change in net position of governmental activities - statement of activities	<u>\$ 236,665</u>

The accompanying notes are an integral part of the financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

**ERATH COUNTY APPRAISAL DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**

**1. Summary of Significant Accounting Policies**

The Erath County Appraisal District was created in 1980 as a result of Senate Bill No. 621, 1979 Texas Laws, of the 66<sup>th</sup> Texas Legislature to provide property tax appraisal services for the taxing authorities located within Erath County. There were eighteen taxing authorities (nineteen taxing jurisdictions) during the year. The District's five-member board of directors is composed of individuals nominated by the various taxing authorities.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as specified by the Governmental Accounting Standards Board (GASB), the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant policies:

**A. The Reporting Entity**

The District's financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements as a component unit. The District has no oversight responsibility for any other governmental entities since no other entities are considered to be controlled by or dependent on the District.

The criteria for including organizations as component units within the District's reporting entity include:

- the organization is legally separate
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

Based on these criteria, the Erath County Appraisal District has no component units. The Erath County Appraisal District is not a component unit of any other reporting entity as defined by the GASB Statement.

The individual taxing authorities for which the District provides appraisal services provide support for the District, but are not considered to be component units of the District.

**B. Basis of Presentation**

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. These statements distinguish between the governmental and business-type activities of Governments. The District has only governmental activities that are generally financed through intergovernmental revenues, and other nonexchange transactions. The District has no business-type activities financed in whole or in part by fees charged to external parties.

**ERATH COUNTY APPRAISAL DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**

**1. Summary of Significant Accounting Policies (continued)**

**B. Basis of Presentation (continued)**

The statement of activities for governmental entities presents a comparison between direct expenses and program revenues for the business-type activities of a government and for each function of a government's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all assessments, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. There were no other funds to be aggregated and reported as nonmajor funds.

The District reports one major governmental fund, the General Fund. The General Fund is the District's primary operating fund. It accounts for all financial resources of the District.

**C. Measurement Focus, Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

**ERATH COUNTY APPRAISAL DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**

**1. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting (continued)**

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter (sixty days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

**D. Cash and Cash Equivalents**

Cash includes amounts in demand deposits as well as short term investments with a maturity date within three months of the date acquired by the government. Restricted cash assets would not be included as cash equivalents.

**E. Capital Assets**

Capital assets purchased or constructed are reported at cost or estimated historical cost in the statement of net position. Capital assets are not reported in the individual fund financial statements. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Buildings and improvements	15 to 40 years
Furniture and equipment	5-10 years
Vehicles	5 years

**ERATH COUNTY APPRAISAL DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**

**1. Summary of Significant Accounting Policies (continued)**

**F. Budgets and Budgetary Accounting**

The District follows the procedures presented below in establishing the budgetary data reflected in the financial statements.

1. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Annual appropriated budgets are adopted for the general fund and special revenue fund. All annual appropriations lapse at fiscal year end. The original expenditures budgets adopted for the general fund for the year ended December 31, 2023 totaled \$1,755,550.
2. The Board of Directors may approve budget amendments during the year.
3. Formal budgetary integration is employed as a management control device during the year for all governmental fund types.

**G. Compensated Absences**

The District accrues earned vacation pay in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Earned, unused medical leave time is not paid upon termination of employment for any reason. An employee becomes ineligible for medical leave benefits upon giving notice of resignation. Due to this policy, no accrued liability for medical leave has been recorded.

**H. Net Position and Fund Balance**

In government-wide financial statements net position represents the difference between assets and liabilities. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws and/or regulations of other governments.

**ERATH COUNTY APPRAISAL DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**

**1. Summary of Significant Accounting Policies (continued)**

**H. Net Position and Fund Balance (Continued)**

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be extended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

**Fund Balance Classification** - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

**Nonspendable** - Resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

**Restricted** - Resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

**Committed** - Resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

**Assigned** - Resources neither restricted nor committed for which a government has a stated intended use as established by the Board of Directors or an official to which the Board of Directors has delegated the authority to assign amounts for specific purposes.

**Unassigned** – Resources which cannot be properly classified in one of the other four categories. The General fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

**ERATH COUNTY APPRAISAL DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**

**1. Summary of Significant Accounting Policies (continued)**

**I. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**J. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future periods(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**K. Implementation of New Accounting Standard**

For the year ended December 31, 2023, the District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). This statements established requirements for accounting for applicable subscription-based information technology arrangements (SBITAs) based on the principle that a subscription asset derives from contracts that convey control of the right to use another entity's information technology software, alone or in combination with tangible capital assets, for a specified period. In accordance with this statement, a government is required to recognize an intangible right-to-use subscription asset and a corresponding subscription liability. This statement was adopted by the District as of January 1, 2023, and had no effect on fiscal year 2023.



**ERATH COUNTY APPRAISAL DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**

**2. Assessments to Taxing Authorities**

Assessments to each taxing authority for its proportionate share of the District's budget are based on a ratio calculation made by the District prior to January 1 of each new calendar year. This ratio reflects the total tax levy of each taxing unit as a fraction of the total taxes levied within the entire District the previous year. These ratios are then applied to the approved budget of the District and billed to the taxing authorities on a quarterly basis.

The Board of Directors of Erath County Appraisal District has adopted a policy that permits the fund balance to accumulate to a balance of thirty percent of the current year operating budget. Unassigned amounts in the General Fund's fund balance account in excess of thirty percent of the year's operating budget are required to be reimbursed to the taxing entities. As of December 31, 2023 there is no refund.

A summary of the assessments for the year ended December 31, 2023 follows:

			2023
<u>Taxing Authority</u>	<u>2022 Tax Levy</u>	<u>Percentage</u>	<u>Assessment</u>
Bluff Dale ISD	\$ 2,599,833	3.3%	\$ 66,372
City of Dublin	1,464,459	1.8%	37,461
City of Stephenville	7,384,954	9.3%	188,529
Deleon ISD	140,211	0.2%	3,665
Dublin ISD	5,880,172	7.4%	150,050
Erath County	20,784,649	26.1%	530,976
Gordon ISD	372,530	0.5%	9,569
Hico Emergency	114,429	0.1%	2,850
Hico ISD	1,335,207	1.7%	34,204
Huckabay ISD	2,791,784	3.5%	71,258
Iredell ISD	635,805	0.8%	16,288
Lingleville ISD	1,664,095	2.1%	42,551
Lipan ISD	457,363	0.6%	11,605
Middle Trinity Groundwater Conservation District	374,302	0.5%	9,569
Morgan Mill ISD	1,298,182	1.6%	33,186
Santo ISD	357,945	0.5%	9,162
Stephenville ISD	31,395,865	39.4%	801,757
Three-Way ISD	658,358	0.8%	16,898
	<u>\$ 79,710,143</u>	<u>100%</u>	<u>\$ 2,035,950</u>

**ERATH COUNTY APPRAISAL DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**

**3. Long-Term Debt**

The following is a summary of all long-term debt transactions for the year ended December 31, 2023:

Description	Beginning Balance 12/31/2022	Increases	Decreases	Ending Balance 12/31/2023	Due within one year
Governmental activities:					
Finance purchases payable	\$ 11,469	\$ -	\$ 3,709	\$ 7,760	\$ 3,938
Compensated absences	31,479	-	5,096	26,383	3,181
Net pension liability (asset)	29,615	173,980	-	203,595	-
Governmental activities long-term liabilities	<u>\$ 72,563</u>	<u>\$ 173,980</u>	<u>\$ 8,805</u>	<u>\$ 237,738</u>	<u>\$ 7,119</u>

The District reports one finance purchase outstanding for governmental activities used to acquire a copy machine. The District entered into the finance purchase agreement in 2021 for \$18,343 at an imputed interest rate of 6% with monthly principal and interest payments of \$358 starting on January 15, 2021 and ending November 15, 2025. The carrying value of the assets acquired through the finance purchase at December 31, 2023 was \$11,923.

The following is a schedule of future minimum payments of the finance purchase as of September 30, 2022:

Fiscal Year Ending	Principal	Interest	Total
December 31,			
2024	3,938	358	4,296
2025	3,822	116	3,937
	<u>7,760</u>	<u>474</u>	<u>8,233</u>

**ERATH COUNTY APPRAISAL DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**

**4. Changes in Capital Assets**

A summary of changes in capital assets is as follows:

	<u>2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>2023</u>
Governmental activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 504,273	\$ -	\$ -	\$ 504,273
Furniture and equipment	546,552	-	-	546,552
Vehicles	202,313	40,637	22,778	220,172
Total capital assets being depreciated	<u>1,253,138</u>	<u>40,637</u>	<u>22,778</u>	<u>1,270,997</u>
Less accumulated depreciation for:				
Buildings and improvements	70,389	12,606	-	82,995
Furniture and equipment	517,707	6,931	-	524,638
Vehicles	136,699	22,997	22,778	136,918
Total accumulated depreciation	<u>724,795</u>	<u>42,534</u>	<u>22,778</u>	<u>744,551</u>
Total capital assets being depreciated net of depreciation	<u>528,343</u>	<u>(1,897)</u>	<u>-</u>	<u>526,446</u>
Governmental activities capital assets net of depreciation	<u>\$ 528,343</u>	<u>\$ (1,897)</u>	<u>\$ -</u>	<u>\$ 526,446</u>

Depreciation was charged to general governmental appraisal services in the amount of \$42,534 for the year ended December 31, 2023. Depreciation is not reported in the general fund financial statements but in government-wide financial statements, only.

**5. Deferred Assessments**

Deferred assessments in the amount of \$494,097 were recorded as of December 31, 2023, for the unearned portion of payments received from various taxing entities for services provided by the District. Assessments are billed to the taxing authorities in advance of each calendar quarter. A portion of the first assessments for the 2024 budgetary year were received in December 2023 from all but two taxing authorities.

**ERATH COUNTY APPRAISAL DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**

**6. Accrued Compensated Absences**

In accordance with generally accepted accounting principles, the District recognizes liabilities for future employee vacations for which payments are probable and can be estimated reasonably. The vested or accumulated vacation that is to be liquidated immediately from available financial resources is reported as a current expenditure and a fund liability of the District. Other amounts are presented only as government-wide liabilities.

The District's board approved policy allows employees to carry over from year to year any portion of vacation unused during the District's fiscal year not to exceed twenty days, subject to the discretion of the chief administrator. Accrued vacation is payable to employees upon termination. The accrued vacation payable as of December 31, 2023 amounted to \$26,383, of which \$23,202 was considered non-current and only reported as government-wide liabilities.

**7. Cash Deposits and Investments**

*Custodial credit risk-deposits.* This is the risk that in the event of bank failure, the District's deposits may not be returned. The District was not exposed to custodial credit risk since its deposits at year-end and during the year ended December 31, 2023 were covered by depository insurance or by pledged collateral by the District's agent bank in the District's name.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement and publicize an investment policy. That policy must address the following areas; (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act.

*Interest rate risk.* The District is not significantly exposed to interest rate risk.

*Credit risk-investments.* State law limits investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. The District did not have any such investments as of December 31, 2023.

**ERATH COUNTY APPRAISAL DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**

**8. Participation in Public Entity Risk Pools**

The District is a member of the Texas Municipal League public entity risk pool. This risk pool was created to formulate, develop and administer programs of property/casualty insurance for the participating memberships. As a result, the District has obtained lower costs for property/casualty insurance and developed a comprehensive loss control program. The District paid an annual premium to the Municipal League for its property/casualty insurance, liability insurance, and workers compensation coverage. The District's agreement with the Municipal League provides that the self-insured pool will be self-sustaining through member premiums and will provide, through commercial company's reinsurance contracts, individual stop loss coverage for member districts. The District does not retain the risk of loss exceeding premiums and deductibles. The District has had no significant reductions in insurance coverage from the previous year and claims have not exceeded coverage in the last three years.

**9. Contractual Agreements**

Erath County Appraisal District entered into a contract with an independent appraisal firm during 2018. Under the terms of the contract, the independent appraisal firm provided the District with expertise and skill in appraising and valuing properties located in Erath County producing oil and gas and other fuel minerals. The District compensated the independent appraisal firm in the amount of \$35,670 during the year ended December 31, 2023.

Digital aerial photographs of properties in Erath County and software that assists in the use of the images were obtained through a six-year contract with an independent imaging firm. The remaining contract requires annual payments through 2026 as follows.

2024	\$ 125,659
2025	\$ 125,659
2026	\$ 125,659

**10. Contingencies**

The District and Appraisal Review Board are defendants in a number of property owner appeals pursuant to Chapter 42 of the State Tax Code. Such legal proceedings allege that the appraised values placed on taxpayers' properties are excessive. The potential liability to the District in each of these appeals is for recovery of attorney's fees and court costs. The District believes that any ultimate liability on these appeals will not materially affect its financial position. No provision for any liability that might result from these appeals has been recorded in the basic financial statements.

**ERATH COUNTY APPRAISAL DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**

**11. Retirement Plan**

*Plan Description*

The District provides retirement benefits for all of its full-time employees through a nontraditional defined benefit plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for administration of the statewide agent multiple-employer public employee retirement system consisting of 830 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, TX 78768-2034.

*Benefits Provided*

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at age 60 and above with 10 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 10 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can expect to be adequately financed by the employer's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. There are no automatic post-employment benefit changes, including automatic COLAs.

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	4
Active employees	16
	<hr/>
	24
	<hr/>

*Contributions*

The employer has elected the annually determined contribution rate (Variable Rate) plan provision of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

**ERATH COUNTY APPRAISAL DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**

**11. Retirement Plan (continued)**

The employer contributed using the actuarially determined rate of 15.66% for the calendar year ending in 2023. The deposit rate payable by the employee members for calendar year 2023 is the rate of 7% as adopted by the governing body of the employer. The employee and employer deposit rates may be changed by the governing body of the employer within the options available in the TCDRS Act.

*Net Pension Liability*

The employer's Net Pension Liability (NPL) for the year ended December 31, 2023, was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions:**

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	4.7% per year
Investment Rate of Return	7.5%, net of pension plan investment expense, including inflation

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee.

Mortality rates for depositing members were based on 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employee Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. Service retirees, beneficiaries and non-depositing members were based on 135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% PUB-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. Disabled retirees were based on 160% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2023 information for a 10-year time horizon. Note that the valuation assumption for the long-term expected return is re-assessed in detail at a minimum of every four years, and is set based on a long-term time horizon.

**ERATH COUNTY APPRAISAL DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**

**11. Retirement Plan (continued)**

The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected minus inflation)
US Equities	Dow Jones U.S. Total Stock Market Index	11.5%	4.95%
Global Equities	MSCI World (net) Index	2.5%	4.95%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	5.0%	4.95%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.0%	4.95%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.0%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.0%	3.39%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.0%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.0%	7.60%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.0%	4.15%
Master Limited Partnerships	Alerian MLP Index	2.0%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.0%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	25.0%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.0%	2.90%
Cash Equivalent	90-Day U.S. Treasury	2.0%	0.20%
Total		100.0%	

**Discount Rate:**

The discount rate used to measure the Total Pension Liability was 7.60%. Using the alternative method, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments based on the funding requirements under the District's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the unfunded actuarial accrued liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the District is legally required to make the contribution specified in the funding policy.
3. The District assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the District is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable



**ERATH COUNTY APPRAISAL DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**

**11. Retirement Plan (continued)**

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and the net pension liability of the District is equal to the long-term assumed rate of return on investments.

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
Balance at 12/31/2022	\$ 1,890,457	\$ 1,860,841	\$ 29,615
Changes for the year:			-
Service cost	167,499	-	167,499
Interest on total pension liability	155,866	-	155,866
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(33,791)	-	(33,791)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	-	-	-
Benefit payments	(14,442)	(14,442)	-
Administrative expenses	-	(1,150)	1,150
Member contributions	-	64,283	(64,283)
Net investment income	-	(126,038)	126,038
Employer contributions	-	148,955	(148,955)
Other	-	29,544	(29,544)
<b>Balance at 12/31/2023</b>	<b>\$ 2,165,588</b>	<b>\$ 1,961,992</b>	<b>\$ 203,595</b>

**Sensitivity of the net pension liability to changes in the discount rate:**

The following presents the net pension liability of the District, calculated using the discount rate of 7.6%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.6%) or 1-percentage point higher (8.6%) than the current rate:

	<b>1% Decrease in Discount Rate (6.6%)</b>	<b>Discount Rate (7.6%)</b>	<b>1% Increase in Discount Rate (8.6%)</b>
Total pension liability	\$ 2,457,494	\$ 2,165,588	\$ 1,919,947
Fiduciary net position	1,961,992	1,961,992	1,961,992
Net pension liability (asset)	\$ 495,502	\$ 203,595	\$ (42,045)

**ERATH COUNTY APPRAISAL DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2023**

**11. Retirement Plan (continued)**

**Pension Plan Fiduciary Net Position:**

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained on the internet at [www.tcdrs.org](http://www.tcdrs.org).

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:**

For the year ended December 31, 2023, the District recognized pension expense of \$115,470.

As of December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 28,964	\$ 61,828
Changes of assumptions	2,547	63,109
Net difference between projected and actual earnings	-	89,546
Contributions subsequent to the measurement date	N/A	186,631
Total	\$ 31,511	\$ 401,114

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date which will be recognized in the next year, will be recognized in pension expense as follows:

Valuation year ended December 31:	
2023	\$ 27,450
2024	35,075
2025	35,660
2026	72,880
2027	16,736
Thereafter	\$ (4,829)

**REQUIRED SUPPLEMENTARY INFORMATION**

**ERATH COUNTY APPRAISAL DISTRICT**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**EXHIBIT B-1**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<i>Revenues:</i>				
<i>Assessments to Taxing Authorities</i>	\$ 2,035,950	\$ 2,035,950	\$ 2,035,950	\$ -
<i>Intergovernmental Revenue</i>	2,500	2,500	5,095	2,595
<i>Charges for Services</i>	750	750	1,225	475
<i>Investment Earnings</i>	1,000	1,000	26,153	25,153
<i>911 District Contract Payment</i>	45,000	45,000	45,000	-
<i>Total Revenues</i>	<u>2,085,200</u>	<u>2,085,200</u>	<u>2,113,423</u>	<u>28,223</u>
<i>Expenditures:</i>				
<i>Current:</i>				
<i>Personnel-Appraisal</i>	1,437,500	1,437,500	1,477,652	(40,152)
<i>Personnel-911</i>	29,700	29,700	19,451	10,249
<i>Data Processing-Appraisal</i>	63,500	63,500	52,763	10,737
<i>Data Processing-911</i>	10,800	10,800	1,000	9,800
<i>Building Occupancy-Appraisal</i>	65,500	65,500	40,013	25,487
<i>Building Occupancy-911</i>	1,000	1,000	209	791
<i>Appraisal Licenses and Travel-Appraisal</i>	78,000	78,000	54,126	23,874
<i>Appraisal licenses and travel expenditure-911</i>	2,500	2,500	1,778	722
<i>Appraisal Review Board</i>	19,000	19,000	15,181	3,819
<i>Office Expenses-Appraisal</i>	80,000	80,000	59,766	20,234
<i>Office Expenses-911</i>	1,000	1,000	-	1,000
<i>Mapping Expenses-Appraisal</i>	130,500	130,500	129,141	1,359
<i>Insurance and Bond</i>	5,200	5,200	6,209	(1,009)
<i>Professional Legal Fees</i>	35,000	35,000	9,131	25,869
<i>Professional Services-Other</i>	76,000	76,000	47,670	28,330
<i>Debt Service:</i>				
<i>Financed purchase principal</i>	-	-	3,709	(3,709)
<i>Financed purchase interest</i>	-	-	587	(587)
<i>Capital Outlay:</i>				
<i>General Government</i>	28,500	28,500	50,741	(22,241)
<i>Total Expenditures</i>	<u>2,063,700</u>	<u>2,063,700</u>	<u>1,969,127</u>	<u>94,573</u>
<i>Excess of revenues over expenditures</i>	<u>21,500</u>	<u>21,500</u>	<u>144,296</u>	<u>122,796</u>
<b>OTHER FINANCING SOURCES:</b>				
<i>Proceeds from sale of capital assets</i>	-	-	14,300	14,300
<i>Net Change in Fund Balances</i>	21,500	21,500	158,596	137,096
<i>Fund Balances - Beginning</i>	363,660	363,660	500,619	136,959
<i>Fund Balances - Ending</i>	<u>\$ 385,160</u>	<u>\$ 385,160</u>	<u>\$ 659,215</u>	<u>\$ 274,055</u>

**ERATH COUNTY APPRAISAL DISTRICT**  
**SCHEDULE OF CHANGES IN NET PENSION**  
**LIABILITY AND RELATED RATIOS**

**EXHIBIT B-2**

Last 10 Measurement Years (will ultimately be displayed)

<b>Total Pension Liability</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Service Cost	\$ 167,499	\$ 156,196	\$ 149,252
Interest on total pension liability	155,866	124,312	89,125
Effect of plan changes	-	105,155	189,822
Effect of assumption changes or inputs	-	(3,567)	100,116
Effect of economic/demographic (gains) or losses	(33,791)	36,174	11,069
Benefit payments/refunds of contributions	(14,442)	(14,334)	(7,692)
<b>Net Change in Total Pension Liability</b>	<b>275,131</b>	<b>403,936</b>	<b>531,692</b>
<b>Total Pension Liability, beginning</b>	<b>1,890,457</b>	<b>1,486,521</b>	<b>954,828</b>
<b>Total Pension Liability, ending (a)</b>	<b>\$ 2,165,588</b>	<b>\$ 1,890,458</b>	<b>\$ 1,486,521</b>
<b>Fiduciary Net Position</b>			
Employer contributions	\$ 148,955	\$ 218,732	\$ 332,502
Member contributions	64,283	59,367	58,751
Investment income net of investment expenses	(126,038)	311,252	83,572
Benefit payments/refunds of contributions	(14,442)	(14,334)	(7,692)
Administrative expenses	(1,150)	(1,007)	(936)
Other	29,544	7,825	11,429
<b>Net Change in Fiduciary Net Position</b>	<b>101,151</b>	<b>581,836</b>	<b>477,627</b>
<b>Fiduciary Net Position, beginning</b>	<b>1,860,841</b>	<b>1,279,007</b>	<b>801,380</b>
<b>Fiduciary Net Position, ending (b)</b>	<b>\$ 1,961,992</b>	<b>\$ 1,860,843</b>	<b>\$ 1,279,007</b>
<b>Net Pension Liability (Asset), ending = (a) - (b)</b>	<b>\$ 203,595</b>	<b>\$ 29,615</b>	<b>\$ 207,514</b>
<b>Fiduciary net position as</b>			
<b>a % of total pension liability</b>	<b>90.60%</b>	<b>98.43%</b>	<b>86.04%</b>
<b>Pensionable covered payroll</b>	<b>\$918,332</b>	<b>\$848,095</b>	<b>\$839,301</b>
<b>Net pension liability as a % of covered payroll</b>	<b>22.17%</b>	<b>3.49%</b>	<b>24.72%</b>

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

## EXHIBIT B-2

2019	2018	2017	2016
\$ 139,262	\$ 137,743	\$ 129,821	\$ 249,466
69,652	47,471	31,425	9,907
-	82,085	-	-
-	-	1,606	-
27,076	8,545	30,546	215
(3,526)	(3,526)	(2,938)	-
232,464	272,318	190,460	259,588
722,365	450,048	259,588	-
<u>\$ 954,829</u>	<u>\$ 722,366</u>	<u>\$ 450,048</u>	<u>\$ 259,588</u>
\$ 112,120	\$ 199,976	\$ 99,180	\$ 80,411
57,008	51,877	48,976	39,751
88,806	(2,612)	20,141	-
(3,526)	(3,526)	(2,938)	-
(611)	(435)	(192)	-
5,781	7,427	1,944	1,820
259,579	252,707	167,111	121,982
541,800	289,093	121,982	-
<u>\$ 801,380</u>	<u>\$ 541,800</u>	<u>\$ 289,093</u>	<u>\$ 137,606</u>
\$ 153,449	\$ 180,566	\$ 160,955	\$ 121,982
83.93%	75.00%	64.24%	53.01%
\$ 814,398	\$ 741,105	\$ 699,660	\$ 567,877
18.84%	24.36%	23.00%	21.48%

**Erath County Appraisal District**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
 Last 10 Years (will ultimately be displayed)

**EXHIBIT B-3**

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2023	186,631	164,131	22,500	1,040,864	15.8%
2022	148,955	148,955	-	918,332	16.2%
2021	115,680	218,732	(103,052)	848,095	25.8%
2020	117,250	332,502	(215,252)	839,301	39.6%
2019	112,120	112,120	-	814,398	13.8%
2018	99,976	199,976	(100,000)	741,105	27.0%
2017	99,072	99,180	(180)	699,660	14.2%
2016	80,411	80,411	-	567,877	14.2%

## **Notes to Required Supplementary Information**

### **December 31, 2023**

#### **Budgetary Data**

The Board adopts an appropriated budget on a modified accrual basis consistent with the fund financial statements. At minimum, the District is required to present the original and final amended budgets for revenues and expenditures compared to actual revenues and expenditures for the general fund. The District uses the following procedures in establishing the budget reflected in the basic financial statements:

1. During May the Board of Directors is presented with a proposed budget for the fiscal year beginning on the following January 1. The budget includes proposed expenditures and the means of financing them. The budget also serves as a basis for determining the annual assessments due from the taxing jurisdictions.
2. Public hearings are conducted to obtain citizen's comments.
3. An annual budget is legally adopted for the General Fund. The budget is adopted on a modified accrual basis consistent with accounting principles generally accepted in the United States of America.
4. The Chief Appraiser is authorized to transfer amounts between departments within the General Fund; however, revisions that alter total General Fund expenditures must be approved by the Board of Directors and the taxing jurisdictions. The fund level is the legal level of budgetary control. Appropriations lapse at year-end.
5. Budgeted amounts presented in the budgetary comparison schedule are as originally adopted by the Board of Directors June of 2022.



## Notes to Required Supplementary Information December 31, 2023

### RETIREMENT SCHEDULES

#### *Valuation Date*

Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

#### *Methods and Assumptions Used to Determine Contribution Rates*

<b>Actuarial Cost Method</b>	Entry Age (level percentage of pay)
<b>Amortization Method</b>	Level percentage of payroll, closed
<b>Remaining Amortization Period</b>	17.8 years (based on contribution rate calculated in 12/31/2022 valuation)
<b>Asset Valuation Method</b>	5-year smoothed market
<b>Inflation</b>	2.50%
<b>Salary Increases</b>	Varies by age and service. 4.7% average over career including inflation
<b>Investment Rate of Return</b>	7.50%, net of administrative and investment expenses, including inflation
<b>Retirement Age</b>	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
<b>Mortality</b>	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
<b>Changes in Assumptions and Methods Reflected in the schedule of Employer Contributions</b>	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
<b>Changes in Plan Provisions Reflected in the Schedule of Employer Contributions</b>	2015: No changes in plan provisions were reflected in the Schedule 2016: No changes in plan provisions were reflected in the Schedule 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017  2018: No changes in plan provisions were reflected in the Schedule 2019: No changes in plan provisions were reflected in the Schedule  2020: No changes in plan provisions were reflected in the Schedule 2021: Employer contributions reflect that the prior service matching rate was increased to 25% 2022: Employer contributions reflect that the prior service matching rate was increased to 30%