



***HARRIS CENTRAL  
APPRAISAL DISTRICT  
HARRIS COUNTY  
HOUSTON, TEXAS***

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2024**

**HARRIS CENTRAL APPRAISAL DISTRICT, TEXAS**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
For the Year Ended December 31, 2024

**Report Issued By:**  
**Budget and Finance Division**

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HARRIS CENTRAL APPRAISAL DISTRICT  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
December 31, 2024

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## **INTRODUCTORY SECTION**



# Harris Central Appraisal District

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Houston TX 77292-0975  
Information Center: (713) 957-7800



## Office of Chief Appraiser

July 31, 2025

Presiding Officers of Harris County Taxing Units  
Members of the Board of Directors,  
Harris Central Appraisal District  
Citizens of Harris County

## Board of Directors

Jim Robinson, Chairman  
Martina Lemond Dixon, Secretary  
Ericka McCutcheon, Assistant Secretary  
Cassandra Auzenne Bandy, Director  
Kathy Blueford-Daniels, Director  
Melissa Noriega, Director  
Annette Ramirez, Director, *Tax Assessor-Collector*  
Kyle Scott, Director  
Mike Sullivan, Director

*Roland Altinger, Chief Appraiser*  
*Jason Cunningham, Deputy Chief Appraiser*  
*Clarette Walker, Deputy Chief Appraiser*  
*Adam Bogard, Deputy Chief Appraiser*  
*Teresa S. Terry, Taxpayer Liaison Officer*

Section 6.063, Texas Tax Code, requires an audit of the financial affairs of an appraisal district by an independent certified public accountant. This report is published to fulfill that requirement for the fiscal year ended December 31, 2024.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Crowe LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the Harris Central Appraisal District's financial statements for the year ended December 31, 2024. The independent auditors' report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

## ***Profile of the District***

The Harris Central Appraisal District is a political subdivision of the State of Texas established in 1980, following the codification of property tax laws by the 66th Texas Legislature in 1979. The 1979 codification established one appraisal district in each of the state's 254 counties for the purpose of discovering and appraising property for ad valorem tax purposes for each taxing unit within the boundaries of that appraisal district. The district, the largest in the state, serves 611 taxing units.

Texas appraisal districts are permitted to contract with their taxing units to perform tax collection functions. The Harris Central Appraisal District has not contracted with any of its taxing units to provide these services through 2024 and does not anticipate any collection contracts in the foreseeable future.

The Harris Central Appraisal District has ten board members. Taxing units select members as follows:

Harris County, the City of Houston, and Houston Independent School District each appoint one representative to the board. The cities other than Houston choose one representative by election. The junior college districts together with the school districts other than Houston ISD, choose one representative by election. The conservation and reclamation districts choose one representative by election. If the county-assessor collector is not appointed to the board, the county assessor-collector serves as a 7th, non-voting member of the board. Three board members are elected by majority vote at the general election for state and county officers by the voters of the county in which the district is established. The chief appraiser administers the selection process in the fall of each odd-numbered year.

The board of directors has general policy-making authority. It appoints the chief appraiser, who is chief administrator of the district. The board appoints the taxpayer liaison officer. Beginning in 2010, the administrative judge of the Harris County Civil District Courts appoints members of the appraisal review board. The board of directors has primary responsibility for fiscal matters, including approval of major contracts and adoption of the annual budget.

The primary purpose and responsibility of the district is to provide to the taxing units and property owners within its boundaries fair and equitable appraisals of property subject to ad valorem taxation.

In Texas, the property tax is the primary source of funding for local governmental units (school districts, cities, counties, junior college districts, and other special districts). Property taxes pay much of the cost of public schools, police and fire protection, courts, health services, streets, water and sewage, parks, and most other local government activities. The Harris Central Appraisal District does not determine how much each of these local governments will spend to provide services, nor does it set their tax rates. Each local government adopts its own budget, then sets a tax rate that will generate the amount of money required to pay for its services. The district provides each local government with a list of its taxable property, together with the January 1 value of each property and appropriate exemptions. The appraisals serve to allocate the tax burden among all property owners on an equitable basis, based upon market value.

The Office of the Chief Appraiser is primarily responsible for the overall planning, organizing, staffing, and controlling district operations as required by the Texas Property Tax Code. The district is organized into two primary departments: Chief Appraiser and Deputy Chief Appraiser. Those divisions reporting directly to the Chief Appraiser are primary responsible for the support services divisions consisting of ARB Operations, Jurisdiction Communications, and Information & Assistance. These divisions coordinate support functions, including records maintenance, exemptions, customer service to property owners, and support for the Appraisal Review Board, and records management. The Information Technology Division maintains the district's data center, local area networks, software applications, and imaging. The Budget & Finance Division is responsible for the business support functions relating to budget, finance, employee benefits, purchasing, capital assets, facilities, and postal services. Information Technology, Budget & Finance, Human Resources, Audit Support Services, Communications Services, Records Information Management and Legal Services also report directly to the Chief Appraiser.

Divisions reporting directly to the Deputy Chief Appraiser are the appraisal divisions consisting of Appraisal Operations Division, Business and Industrial Property Division, Residential Property Division, Commercial Property Division, Agricultural Valuation, and Review Appraisal Division. The Appraisal Divisions are responsible for the valuation of all real and personal property accounts. Security Services also reports directly to the Deputy Chief Appraiser.



*Local Economy*

The district’s activities for the previous twelve months led up to the major event of certification of the appraisal roll. The appraisal roll was certified on August 16, 2024 with less than 4.74 percent of the total value in the district remaining under protest. State law requires that not more than 10 percent of the total value remain in unresolved property owner protests at the time the records are approved and certified as the appraisal roll. The sum of the taxable value for each of the 595 taxing unit appraisal rolls was approximately \$5.56 trillion, resulting in a 2024 ad valorem tax levy of approximately \$14.8 billion, an increase of 2.99 percent from 2023.

The Harris Central Appraisal District encompasses a 1,774-square-mile area, including some of the most complex properties in the world. These include the port facilities of the Houston Ship Channel and Port of Houston, the busiest port in the United States in terms of foreign tonnage and the second busiest in overall tonnage. The properties include two major international airports, more than 350 class A high-rise office properties, hundreds of millions of square feet of warehouse and retail properties, tens of thousands of apartment units, and more than 1.2 million homes. Harris County is one of the world’s major petrochemical centers and includes five refineries, thousands of miles of pipeline and tank storage, and dozens of petrochemical processing facilities. The City of Houston is the fourth largest city in the United States, and Harris County estimates that the unincorporated area of the county would be the fifth largest city. The appraisal district also appraises business and industrial personal property for taxation at full market value.

After two consecutive years of declining sales, the Houston housing market experienced modest growth in 2024. Homebuyers kept the resale and rental markets active despite fluctuating mortgage rates and higher home prices. As 2025 gets underway, steady demand and expanding inventory have set the stage for continued growth.

According to HAR’s December/Full-Year 2024 Housing Market Update, total property sales were statistically flat compared to 2023. Single-family home sales rose 1.3 percent to 85,163. Total dollar volume for full-year 2024 climbed 3.1 percent to \$41.1 billion versus \$39.8 billion the prior year.

For December, single-family home sales saw double digit growth of 16.3 percent year-over-year. Most of the housing segments experienced increases, with the luxury segment - consisting of homes priced \$1M and above – seeing the strongest increase in activity. Sales in this segment climbed 64.6 percent when compared to last December.

Houston’s rental market had a robust performance in 2024 as many prospective homebuyers waited to see if mortgage rates would stabilize. HAR reported on rental trends in the December 2024 Rental Market Update, which was released on Wednesday, January 15.

*Comparison of Appraised Values to Previous Year*

The change in appraised value of taxable property between years 2024 and 2023 is reflected in the table below.

HARRIS CENTRAL APPRAISAL DISTRICT APPRAISED VALUES			
2024		2023	
Number of Accounts	Appraisal Value (in thousands)	Number of Accounts	Appraisal Value (in thousands)
1,763,133	\$879,346,209	1,741,000	\$851,002,565

*Note: Land that is valued using productivity valuation methodology, such as agricultural and timber use is not included in the total appraised values. All other land is included. Since more than one property parcel is included on some accounts, the actual number of parcels appraised by the district is more than the number of accounts listed above.*

## ***Taxable Values***

The following table compares the taxable values (appraised values less exemptions and special valuations) for the government of Harris County. The information presented here has been updated through January 1, 2025. The change in the appraised and taxable values from 2023 to 2024 varied among taxing units, reflecting the mix of property types, exemptions, and market conditions within each unit.

<b>HARRIS COUNTY TAXABLE VALUES (in thousands \$)</b>				
	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>Percent Change</u>
Appraised Value	\$879,346,209	\$851,002,565	\$28,343,644	3.33%
Taxable Value	\$663,448,334	\$653,342,193	\$10,106,141	1.55%

## ***Texas Comptroller of Public Accounts Ratio Study and Governance Review***

Government Code Section 403.302 requires the Comptroller to conduct a study to determine the degree of uniformity and the median level of appraisals by the appraisal district with each major category of property, as required by Section 5.10, Tax Code. This study is required every other year. If the locally appraised value in a school district is within the statistical margin of error of the state value, the Comptroller's Property Tax Assistance Division (PTAD) certifies a school district's local tax roll value to the Commissioner of Education. A 5 percent margin of error is used to establish the upper and lower value limit for each school district. If the local value is outside the acceptable range, then PTAD certifies the state value, unless the school district is eligible for a grace period, which is a period when local value is used even though it is determined to be invalid. A property value study was completed for 2023, and all school districts fell within the margin of error.

Section 5.102, Tax Code requires the Comptroller of Public Accounts to review each appraisal district's governance, taxpayer assistance, operating standards and appraisal standards, procedures and methodology at least once every two years. School districts located in counties that do not receive the Methods and Assistance Program (MAP) reviews in a year will be subject to property value studies in that year. A MAP review was conducted for 2024.

The district's median level of appraisal for 2023 is summarized in the following table:

<b>STATE COMPTROLLER'S STUDY</b>	
<u>Property Category</u>	<u>Median Level of Appraisal 2023</u>
Single Family Residential	<b>1.00</b>
Multi-Family Residential	<b>0.97</b>
Vacant Lots	<b>0.95</b>
Acreage	<b>N/A</b>
Commercial Real Property	<b>0.95</b>
Utilities	<b>0.96</b>
Commercial Personal Property	<b>1.02</b>
Overall Median Level – All Properties	<b>1.00</b>

Since the statistical median reflects the mid-point of a sample, it is generally desirable to maintain median appraisal levels at or slightly below 1.00 to avoid over-appraisal of properties. The International Association of Assessing Officers (IAAO) guidelines state that the overall level of appraisal for all parcels in the jurisdiction should be within 10 percent of the legal level. Based on these criteria, the district's 100 appraisal level is considered to reflect very good appraisal performance.

## *Property Owner Protests*

During 2024, property owners and professional tax consultants filed 516,205 protests, resulting in a decrease of 2.27 percent from the 2023 protest volume of 528,170. Generally, property owners may protest appraised values placed on their property before the time the appraisal rolls are approved and certified. The protest period is conducted from May to August each year. Property owners usually resolve disagreements about their appraised value, exemptions, or other issues in an informal meeting with a district appraiser. If no agreement is reached informally, the property owner is heard before a 3-member panel of the appraisal review board, an independent body. The panel makes the final determination. The 2024 protest activity data has been updated through April 24, 2025. The table below shows the protest activity for the last 10 years.

<b>PROTEST ACTIVITY (Dollars in millions)</b>				
<u>Year</u>	<u>Reappraisal Year</u>	<u>Accounts Protested</u>	<u>Value of Accounts</u>	<u>Avg Percent Reduction</u>
2015	Yes	369,355	\$281,500	6.29%
2016	Yes	378,142	\$305,620	7.29%
2017	Yes	388,318	\$318,704	10.35%
2018	Yes	372,647	\$319,656	9.95%
2019	Yes	421,763	\$363,786	10.28%
2020	Yes	447,128	\$389,017	9.76%
2021	Yes	452,834	\$394,269	7.19%
2022	Yes	494,161	\$454,937	6.60%
2023	Yes	528,170	\$522,564	8.03%
2024	Yes	516,205	\$516,460	6.98%

Property owners who are dissatisfied with their protest hearing result may appeal the appraisal review board decision by filing suit in state district court, filing an application for binding arbitration, or filing an application for a hearing with the State Office of Administrative Hearings.

The volume of litigation for the last 10 years is summarized in the table below:

<b>LITIGATION VOLUME</b>					
<u>Year</u>	<u>Total Lawsuits</u>	<u>Number of Accounts</u>	<u>Value of Accounts</u>	<u>Number Resolved</u>	<u>Value Loss %</u>
2015	4,133	10,124	\$ 64,584,698,576	10,100	11.36%
2016	4,212	12,018	\$ 90,788,838,462	11,999	11.88%
2017	4,661	11,918	\$ 81,113,534,434	11,910	11.27%
2018	7,183	16,024	\$ 87,914,852,919	15,951	10.23%
2019	6,374	15,054	\$106,544,983,826	14,978	11.71%
2020	6,584	16,175	\$129,866,823,187	15,303	11.31%
2021	6,949	15,759	\$115,084,993,520	14,955	10.48%
2022	7,997	18,332	\$151,735,082,573	16,921	12.13%
2023	9,645	23,043	\$168,503,290,218	16,840	12.86%
2024	9,865	26,637	\$159,202,024,304	1,519	-8.16%

Rather than filing a suit in state district court, property owners may appeal the appraisal review board decision through binding arbitration. Arbitration is available for non-homesteaded properties valued at \$5,000,000 or less. Homesteaded properties have no value limit.

Arbitration volume for the last 10 years is summarized in the table below:

ARBITRATION VOLUME				
<u>Year</u>	<u>Number of Accounts</u>	<u>Determined</u>	<u>Dismissed/ Withdrawn</u>	<u>Pending</u>
2015	1,239	1,239	495	0
2016	7,780	7,780	4,715	0
2017	7,375	7,375	3,702	0
2018	2,276	2,276	1,332	0
2019	3,548	3,548	2,189	0
2020	5,119	5,119	4,148	0
2021	5,647	5,645	5,239	0
2022	8,457	8,457	7,841	0
2023	12,401	12,377	11,234	24
2024	10,558	10,132	9,479	426

### ***iFile and iSettle Programs***

The Harris Central Appraisal District continues its online iFile program that allows property owners and agents to protest their noticed values through the district's website. During 2024, 89,381 agent protests and 75,818 property owner protests were received through iFile. Both programs have reduced the number of property owners needing to appear in person at the district's office. Additionally, much of the paper handling, data entry, scanning, and filing tasks were eliminated due to the increased use of iFile and iSettle. The iFile program also allows personal property renditions to be submitted on-line.

The iSettle program was developed to provide a way for property owners to resolve protests on-line through the district's website rather than appear in person to meet with a district appraiser. Residential property owners not represented by agents, who participate in iFile, may use iSettle. Participation requires the property owner to give an opinion of value and a reason for the change requested. A district appraiser reviews the information and decides whether to offer the property owner relief. Acceptance of the appraiser's offer binds the property owner for the tax year. If the appraiser determines that an offer is not warranted, the protest is scheduled for an informal meeting with an appraiser. Rejection of the appraiser's offer or failure to respond, automatically schedules the property owner to appear for a formal hearing.

In 2017, a new feature was added to the iFile/iSettle program that allows property owners participating in iSettle to upload their hearing evidence via the Owners website. This uploaded evidence is taken under consideration by HCAD before making an iSettle offer to the property owner. A total of 12,811 property owners utilized this feature in 2024, and they uploaded a total of 118,104 files. The addition of this new feature plays a significant role in the quality of iSettle offers made by the district. iFile and iSettle volume is summarized in the table below:

### iFILE / iSETTLE VOLUME

<u>Year</u>	<u>iFile Participants</u>	<u>iFile Renditions Processed</u>	<u>iFile Rendition Extension Requested</u>	<u>iSettle Offers Accepted</u>	<u>Owners Website Accounts Enrolled</u>	<u>Owners Website Accounts Serviced</u>
2013	72,879	24,803	20,803	7,473	55,000	2,361
2014	97,000	31,258	21,202	13,920	90,000	8,061
2015	109,300	29,669	20,928	13,140	152,000	12,000
2016	119,547	30,452	21,075	13,679	180,000	16,000
2017	118,381	31,154	22,090	19,284	213,000	21,000
2018	118,798	32,098	20,546	9,749	233,000	25,000
2019	146,543	31,019	21,892	23,550	261,000	33,000
2020	172,407	32,931	12,598	32,603	287,000	41,000
2021	168,239	32,725	20,691	38,563	295,000	43,000
2022	287,387	34,369	20,007	36,756	353,102	34,574
2023	287,007	33,645	21,174	35,926	352,183	38,517
2024	305,257	33,781	21,584	33,835	305,257	41,454

### *Financial Information*

The general fund's total fund balance was \$34,488,148 with an unassigned balance of \$7,715,377 at year-end, which is 73.72% below the district's financial policy recommendation for budgetary and planning purposes. Other assignments include \$1,117,395 for special projects, \$7,278,628 for future major repairs and rehabilitations of facilities, and \$17,081,687 to operating reserve fund. The district maintains a limited risk management program for health benefits through a separate fund to account for the district's self-insurance activities and the accumulation of resources to satisfy potential claims of subsequent periods.

The district uses a detailed line-item budget developed in a modified zero-based budgeting system. The emphasis of the budget process is to identify the activities requiring resources and to rank those administratively according to the needs of the department. Division directors submit their budget recommendations to the chief appraiser in early April during internal workshops. Section 6.06 of the Texas Property Tax Code requires the chief appraiser to formulate his proposed budget and submit it to the board of directors and presiding officers of the taxing units before June 15. The statute also provides that the board of directors must conduct a public hearing after giving notice in a quarter page advertisement, and finally adopt a budget before September 15. Texas law also provides that each of the 611 taxing units entitled to vote on the appointment of board members is required to maintain a copy of the proposed budget for public inspection at its principal administrative office.

The taxing units participating in the appraisal district fund the district. The annual allocation to the taxing units is based upon the proportion that each taxing unit's property tax levy bears to the sum of the tax levies of all participating taxing units. Taxing units pay their share quarterly with the first quarter due on December 31 of the year before the budget takes effect. The taxing units pay approximately 0.73 percent of their property tax levy for appraisal district services.

The appropriated budget is prepared by fund and by divisions (unit of a department). An annual budget is legally adopted for the General Fund only. The chief appraiser may transfer budgeted amounts among divisions or line items; however, transfers which increase or decrease the district's totals for the object line items (legal level of budgetary control) by more than \$25,000 must be approved by the board of directors. In addition, supplemental appropriations require the approval of the board of directors.

The board of directors adopted a 2024 expenditure budget of \$117,413,324 on August 16, 2023. This amount included \$14,000,000 due to mandated SB2 – the cost of three elected county citizens to each CAD board of directors in non-partisan positions, represented a \$16,907,033 increase over the 2023 budget. Taxing unit funding increased from \$99,006,291 in 2023 to \$ 115,913,324 for 2024, an increase of \$16,907,033.

### *Major Initiatives*

1. Requirements gathering and configuration are underway on Cascade, the solution being built to replace HCAD's document and workflow management software, VisiFlow, which is at end-of-life. Portions of the system will go into production in 2025 with additional development to continue into the following year.
2. Final stages of wrapping up implementation of Workday as its new unified Human Capital Management (HCM) / finance / payroll system with total completion in Q1 2025.
3. Completed a refactoring of HCAD's appointment of agent Robotic Process Automation (RPA) bot to increase its efficiency, accuracy, and efficacy.
4. Completed development of a new Robotic Process Automation (RPA) bot to process electronically submitted protest forms.
5. Started testing Monarch as a potential replacement for HCAD's current rolls QC procedure, which is handled by our QUAG team. Unlike the current process, which depends on the QUAG team to manually spot-check samples, Monarch will automate the validation of the entire dataset. It will scan complete sets of roll data, PDFs reports, and validate that information against the CAMA database. This shift is expected to provide faster, more thorough, and more accurate results.
6. HCAD has normalized many of its various portals by leveraging ServiceDesk, including those used by HCAD's PIA group, Communication division, and Taxpayer Liaison Officer.
7. Development is underway on a mobile GIS application designed to improve the efficiency and overall workflow of the BIP division with completion scheduled for Q3 2025.
8. User testing is underway with HCAD's exemption staff and our vendor partner TrueRoll on a system designed to streamline the granting of routine homestead / over-65 exemptions.
9. Information Security Program
  - a. The IT division continues to maintain a comprehensive network and applications matrix that is now used as a basis for the district's cybersecurity focus, as well as aiding in identifying records for document retention and backup purposes.
  - b. Increased the number of employees participating in the Cybersecurity Champion Program to over 27 percent of all employees, up from 21 percent; the program recognizes employees who have gone above and beyond to stay abreast of current cybersecurity issues by completing training in a thoughtful and timely manner.
  - c. Failover capabilities have been enhanced with new network and software upgrades at the district's colocation facility allowing for improved time of recovery and performance.
  - d. As part of its continuing effort to implement district-wide multifactor authentication for all users, a concerted education campaign and sign-up sessions were conducted. The district has also maintained percent employee enrollment in multifactor authentication (MFA).

10. The district expanded its implementation of Power BI for auditing, trending, and reporting, presenting data in ways that simplify complex concepts and increase productivity for end users. Additional dashboards were implemented to provide visualization of operational key performance indicators.
  11. HCAD's Information Technology staff continued to convene a series of educational sessions to address the needs of users throughout the district growing the average attendance to over 120 participants. These sessions allowed users to get their questions answered about the new technologies being used to connect to the district network, the new phone system, and any other topics that arose. The ongoing monthly sessions are geared towards topics selected based on user feedback.
  12. Deployed Livechat, a chat platform used by HCAD staff to interface with the public across all pages of HCAD.org.
  13. The newly developed property search was streamlined to make the application faster and more responsive. Multiple bug fixes were implemented and new features such as the ability to do the same-street search, faster property searching, and a clickable map to view values were added.
  14. A central email archive system has been developed that stores all emails that are sent to property owners. This assists in tracing emails to confirm they were sent.
  15. Developed a new user request system via Launchpad that allows faster processing of new employees' IT credentials and access to systems.
  16. Developed multiple workday reports to assist Budget and Finance and Human Resources with reporting from the Workday system across multiple modules.
  17. Worked with Information & Assistance Division's new vendor, Just Appraised, to implement updates to the electronic name change process, including automation.
  18. Made programming updates to the public website to better handle weather alerts, closures, and other notifications.
  19. Deployed multiple health checks across SQL databases, email delivery, and text services for better notification of any potential issues.
  20. Electronic signage was implemented through a series of strategically placed flat panel monitors. The electronic signage conveys relevant information as to where a particular training event is being conducted. It also displays important meetings and upcoming events. Prior to having this system in place, the information was manually conveyed by means of magnetic letter boards or paper signs.
  21. The conference room hybrid conversion was completed. All conference rooms now can conduct hybrid meetings, allowing attendees to be both in-person and remote.
  22. Additional hunt groups were added to the phone system to alleviate call volume on the contact center. The hunt groups also allow for more specialized customer assistance by a designated group of individuals.
  23. Upgraded most departmental high speed large volume production scanners.
  24. Upgraded all legacy printers lacking network connectivity. This allows for proactive monitoring of supply levels and other metrics.
-

25. Hardware and software deployed for the GIS users throughout the district using Virtual Desktop Infrastructure (VDI) technology to migration from ArcMap to the new Pro desktop GIS. This moves the group away from GIS products being installed on individual local workstations to reduce the ongoing maintenance cost, reduce support needs, and it will eliminate the current dependency on the workstations to be powered on and accessible for business continuity in case of any event. Additionally, this will allow the district to further expand its replication to the colocation to include the GIS environment, and subsequently include the whole GIS environment in a failover to the colocation when needed.
26. Batch PDF conversion of homestead exemption applications from Visiflow for TrueRoll to automate processing.
27. Updated FW rules for automatic failover between our main campus internet providers for better business continuity.
28. Implemented district-wide email retention policy.
29. Review Appraisal Division (RAD) CompMap – an ArcGIS Pro add-in application to replace outdated ArcMap add-in application. Created to help testifying appraisers map the cases that they are working on. It allows them to create maps, of subject property and comparable accounts, with and without FEMA flood layers.
30. Asset Inventory System - requirements gathering and vendor reviews underway for the replacement of current barcode inventory system with RFID system. RFID system to go into production in 2025.
31. Jurisdiction Value Viewer- expanding the MUD Value Change Viewer to include all the jurisdictions; cities, school districts, and the county. Allows the Board of Directors to determine value changes to parcels within jurisdictions over time.
32. On Demand Street Level Imagery- application allowing appraisers to extract newer images on-demand from Cyclomedia Street Level Imagery Library and add them to property accounts in CAMA. These images provide significant improvements in resolution over the previous photos, providing the Residential and Commercial Property Divisions with an outstanding tool to use in their appraisal and analysis work. Testing in 2024 and going into production in 2025.

The Harris Central Appraisal District's outreach program educates property owners on assessment and taxation issues. The district conducted a total of 57 virtual and in-person property tax workshops, exemption workshops and presentations in 2024. Many of these workshops were done with the Harris County Tax Assessor-Collector's office to present a complete picture of the assessment and collection process. The district also conducted workshops with community partners to reach the elderly and inner-city neighborhoods. The goal was to go to the property owners with helpful information rather than make them come to the appraisal district with questions. The district researched and identified communities in the county that underutilized the exemption and protest resources available and then scheduled presentations in those areas. The workshops promoted district resources available and provided individualized and immediate answers to property owner account questions.

### *Awards and Acknowledgements*

For the eighth year in a row, Harris Central Appraisal District has landed on the Houston Chronicle's list of Top Workplaces 2024. Each year, the Houston Chronicle recognizes a select number of organizations with high employee engagement as Top Workplaces in Houston. These organizations are recognized based solely on their employees' survey responses. The Top Workplaces shared a common philosophy: recognizing their workers as their most important assets and the key to their success.



The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Harris Central Appraisal District for its annual comprehensive financial report (ACFR) for the fiscal year ended December 31, 2023. This was the thirty-seventh consecutive year that the district has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been accomplished without the efficient and dedicated service of the entire staff of the budget and finance division. The budget and finance division also received invaluable assistance and support from the districts' other departments: Appraisal, Operations, Communications, and Information Technology. Credit must also be given to the board of directors for their unflinching support for maintaining the highest standards of professionalism in the management of the district's finances.

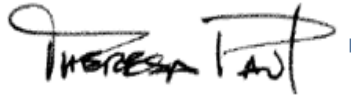
Respectfully submitted,



Roland Altinger  
Chief Appraiser



Jason Cunningham  
Deputy Chief Appraiser



Theresa Paul  
Chief Financial Officer



Tracey Dang  
Controller

HARRIS CENTRAL APPRAISAL DISTRICT  
APPRAISAL PROCESS  
December 31, 2024

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**RECORDS MAINTENANCE**

Maintain the accuracy of the appraisal records concerning: **REAL PROPERTY:** 1) Update ownership based on property transfers; 2) Update legal descriptions as a result of a replat or combinations of property; 3) Maintain proper taxing jurisdiction listed on each account. **PERSONAL PROPERTY:** 1) Update ownership records; 2) Add and delete accounts based on existence of business.

**DATA COLLECTION**

**REAL PROPERTY:** 1) Capture and list the construction of all new improvements built each year; 2) Periodically review and update existing property characteristics. **PERSONAL PROPERTY:** 1) Assign Standard Industrial Codes; 2) Properly classify all property characteristics such as quality and quantity of inventory.

**DATA ENTRY**

Enter all property characteristics to the appraisal database after data collection.

**MARKET ANALYSIS**

Collect and analyze market information such as: 1) Sales of residential and commercial property and vacant land; 2) Occupancy and rental rates associated with commercial properties; and 3) Current construction costs associated with residential and commercial properties. Update cost schedules and market and income models associated with the mass appraisal model of all property.

**APPRAISE ALL REAL AND PERSONAL PROPERTY**

Determine appraisals for all properties using schedules and models tailored to specific property in defined neighborhoods.

**REVIEW AND MAKE A FINAL APPRAISAL**

Review all computer-generated values using automated and manual techniques, and select the most appropriate value for each property.

**REVIEW REQUESTS FOR SPECIAL  
VALUATION AND DETERMINE VALUES**

**PROCESS EXEMPTION APPLICATIONS  
AND APPLICATIONS FOR DEFERRAL  
AND TAX ABATEMENTS**

**NOTIFY PROPERTY OWNERS**

Submit appraisal records to the Appraisal Review Board  
by May 15 or as soon thereafter as practical

**PROCESS HEARINGS ASSOCIATED WITH PROPERTY OWNER PROTESTS**

May - August

**PRODUCE AND DELIVER CERTIFIED ROLLS TO TAXING UNITS**

By July 20 or when 95 percent of the total appraisal roll value is ready to be certified

**PROCESS CHANGES TO CERTIFIED ACCOUNTS AND ADDITION OF NEW ACCOUNTS**

1) Failure of notice 2) Late protests 3) Correction motions 4) Litigation 5) Omitted property

**PERIODICALLY PRODUCE CORRECTION AND SUPPLEMENT APPRAISAL ROLLS FOR EACH YEAR**



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Harris Central Appraisal District  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2023

*Christopher P. Morill*

Executive Director/CEO

MARTINA LEMON DIXON  
Chairman

JIM ROBINSON  
Secretary

JONATHAN COWEN  
Assistant Secretary

ANN HARRIS-BENNETT  
Tax Assessor-Collector  
Ex-Officio Director  
Member

MIKE SULLIVAN  
Member

CASSANDRA AUZENNE BANDY  
Member

GRACE RODRIGUEZ  
Member

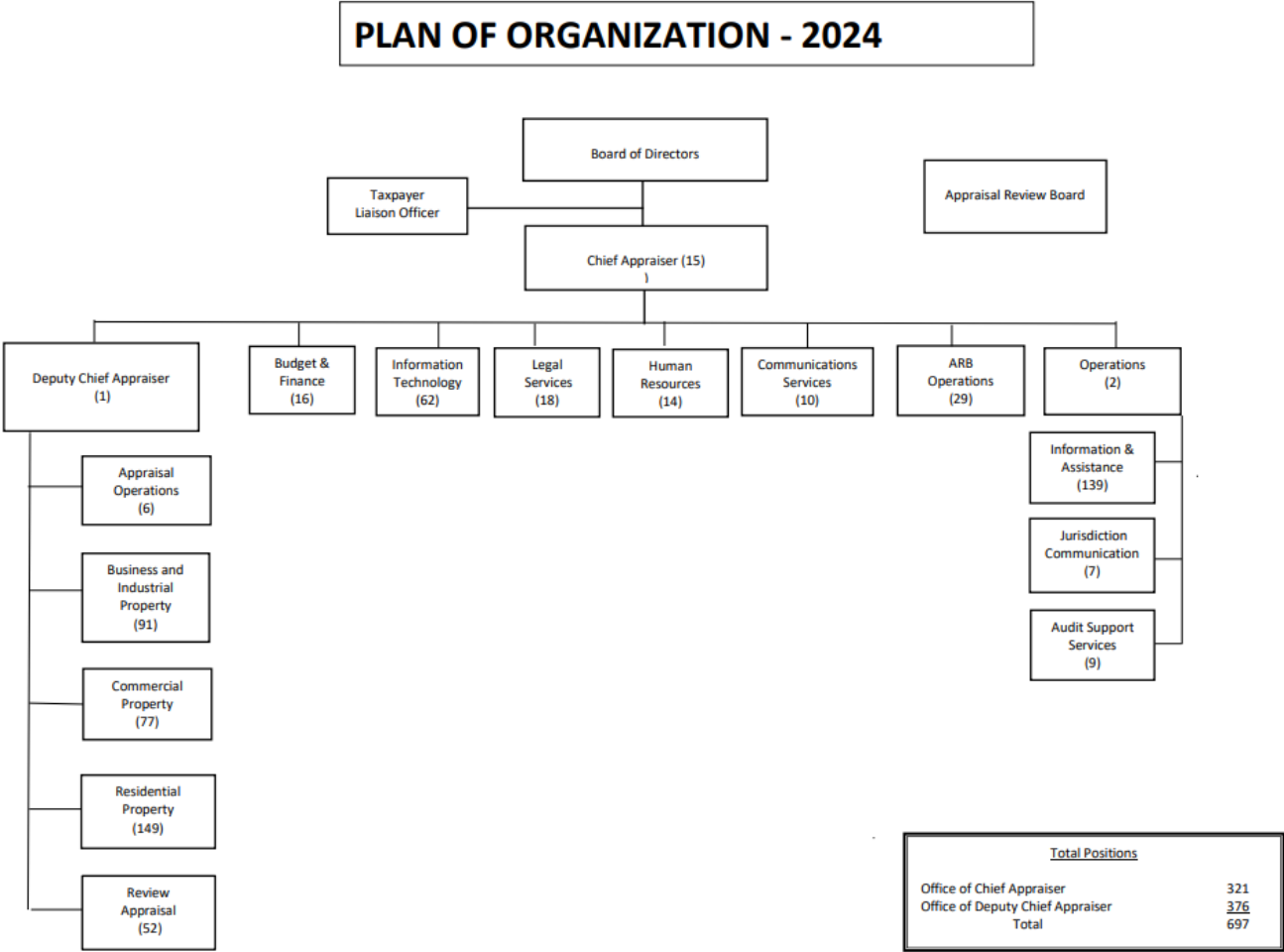
KATHY BLUEFORD-DANIELS  
Member

KYLE SCOTT  
Member

ERICKA McCRUTCHEON  
Member

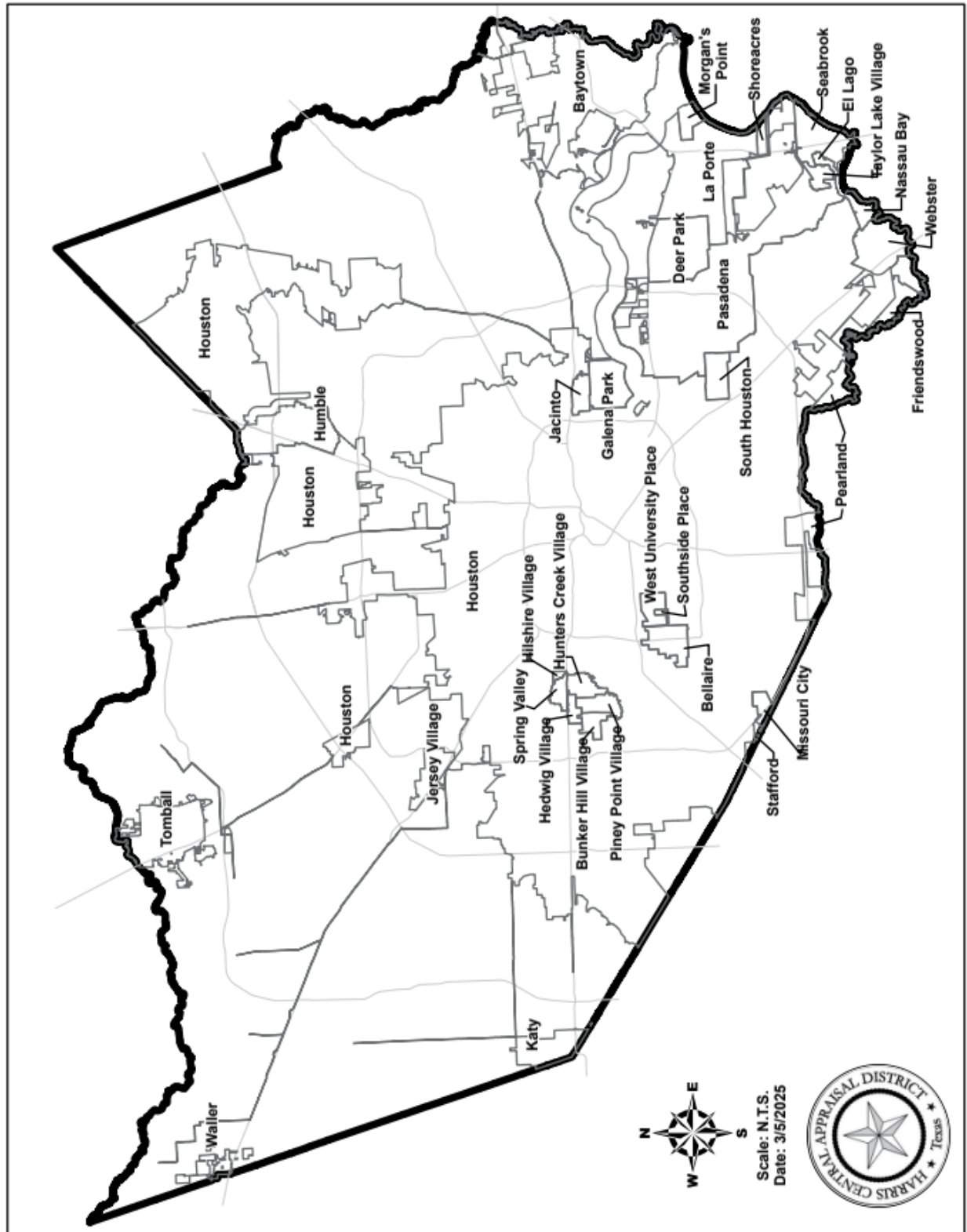
ROLAND ALTINGER  
Chief Appraiser

HARRIS CENTRAL APPRAISAL DISTRICT  
PLAN OF ORGANIZATION  
December 31, 2024



[illegible]

HARRIS CENTRAL APPRAISAL DISTRICT  
HARRIS COUNTY CITIES  
December 31, 2024





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## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

To the Audit Committee and  
Board of Directors of the  
Harris Central Appraisal District

**Opinions**

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Harris Central Appraisal District (the "district"), as of and for the year ended December 31, 2024, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the district as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows 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 (GAAS). 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.

**Emphasis of Matter**

As described in Note 4 to the financial statements, in 2024 the district adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, as of January 1, 2024. Our opinion is not modified with respect to this matter.

**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.

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(Continued)

## ***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 GAAS 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 GAAS, 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 and Required Supplementary Information, as listed on the table of contents, 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.

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(Continued)

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the district's basic financial statements. The schedule as identified in the table of contents as Supplementary Information, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

  
Crowe LLP

Houston, Texas  
July 31, 2025

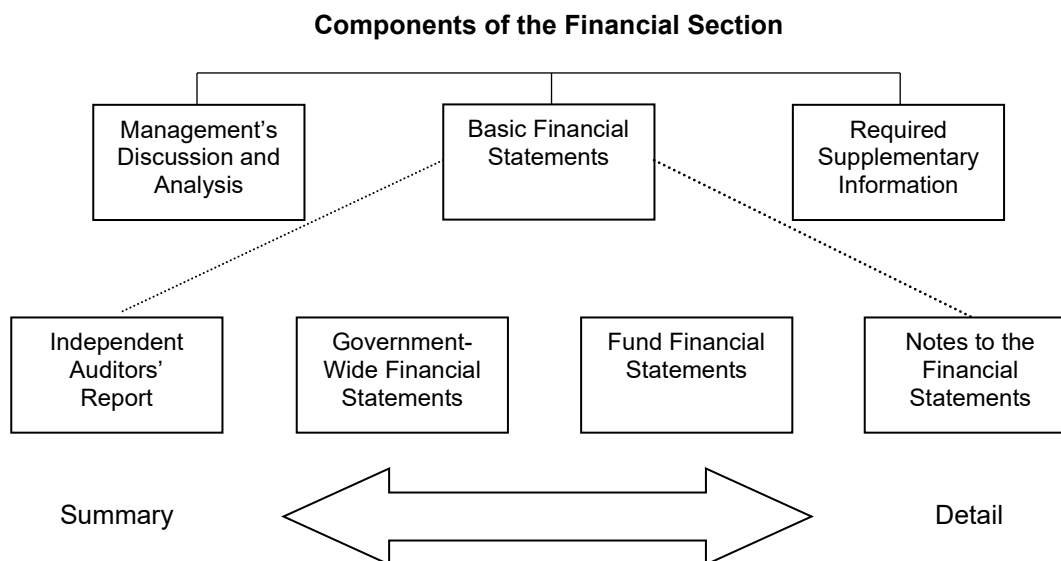
**MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)**

HARRIS CENTRAL APPRAISAL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
For the year ended December 31, 2024

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The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the Harris Central Appraisal District (the "district") for the year ended December 31, 2024. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the district's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the district's financial statements, which follow this section.

## THE STRUCTURE OF OUR ANNUAL REPORT



The district's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

### **Governmental-Wide Statements**

The government-wide statements report information for the district as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the district as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the district's financial statements, report information on the district's activities that enable the reader to understand the financial condition of the district. These statements are prepared 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 even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the district's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating. Other nonfinancial factors, such as the district's assessment tax base and the condition of the district's capital assets, need to be considered in order to assess the overall health of the district.

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(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
For the year ended December 31, 2024

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The Statement of Activities presents information showing how the district's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The government-wide financial statements should distinguish functions of the district that are principally supported by the district's taxing units and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). All of the district's activities are governmental. The district is the *primary government* and has no component units.

The government-wide financial statements can be found after the MD&A.

## **FUND FINANCIAL STATEMENTS**

Funds may be considered as operating companies of the parent corporation, which is the district. They are usually segregated for specific activities or objectives. The district uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The two categories of district funds are governmental and proprietary. The district maintains an internal service fund, which is used for a governmental function and is included within governmental activities in the government-wide financial statements.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the district's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the district's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between the *governmental fund* and *governmental activities*.

The district maintains one governmental fund, the general fund. This fund is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. The general fund is always considered to be a major fund for reporting purposes.

The district adopts an annual appropriated budget for the general fund. Budgetary comparison schedules have been provided for the general fund to demonstrate compliance with this budget.

### **Proprietary Funds**

The district maintains one type of proprietary fund, an internal service fund. An internal service fund is an accounting device used to accumulate revenue and allocate costs. The district's internal service fund is used in the administration of the district's employee benefits self-insurance program. Since this fund benefits governmental activities rather than a business-type function, it has been included with governmental activities in the government-wide financial statements.

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(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
For the year ended December 31, 2024

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**Notes to Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

**Other Information**

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund, schedules of changes in net pension and total other postemployment benefits (OPEB) liability and related ratios and schedule of contributions for the Texas County and District Retirement System, and schedule of total OPEB liability for a retiree healthcare plan. RSI can be found after the notes to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the district's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$57,261,761 as of year-end. This compares with \$52,048,859, as restated, from the prior year. A portion of the district's net position, 44 percent, reflects its investments in capital assets (e.g., the geographical information system, land, building, furniture, equipment, vehicles, and computers and peripherals), less any debt used to acquire those assets that is still outstanding. The district uses these capital assets to provide services to the taxing units and the citizens and property owners of Harris County; consequently, these assets are not available for future spending. Although the district's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.



HARRIS CENTRAL APPRAISAL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
For the year ended December 31, 2024

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Percentage Change
	<u>2024</u>	<u>2023</u>	
<b>ASSETS</b>			
Current and other assets	\$ 80,927,462	\$ 75,947,300	7%
Capital assets, net	<u>28,524,336</u>	<u>28,470,477</u>	<u>0%</u>
Total assets	<u>109,451,798</u>	<u>104,417,777</u>	<u>5%</u>
<b>DEFERRED OUTFLOWS ON RESOURCES</b>			
Deferred outflows - pensions	16,376,795	22,041,468	-26%
Deferred outflows - OPEB	<u>6,092,647</u>	<u>4,902,179</u>	<u>24%</u>
Total deferred outflows on resources	<u>22,469,442</u>	<u>26,943,647</u>	<u>-17%</u>
<b>LIABILITIES</b>			
Current liabilities	13,288,416	33,283,620	-60%
Noncurrent liabilities	<u>27,708,928</u>	<u>10,755,251</u>	<u>158%</u>
Total liabilities	<u>40,997,344</u>	<u>44,038,871</u>	<u>-7%</u>
<b>DEFERRED INFLOWS ON RESOURCES</b>			
Deferred revenue - assessments	27,592,883	28,978,584	-5%
Deferred inflows - pensions	56,177	299,738	-81%
Deferred inflows - OPEB	<u>6,013,075</u>	<u>5,995,372</u>	<u>0%</u>
Total deferred inflows on resources	<u>33,662,135</u>	<u>35,273,694</u>	<u>-5%</u>
<b>NET POSITION</b>			
Net investment in capital assets	25,095,751	25,758,200	-3%
Restricted	3,505,193		
Unrestricted	<u>28,660,817</u>	<u>26,290,659</u>	<u>9%</u>
Total net position, as restated	<u>\$ 57,261,761</u>	<u>\$ 52,048,859</u>	<u>10%</u>

The district's restricted net position of \$3,505,193, or 6 percent is restricted for the pension plan. The district's unrestricted net position of \$28,660,817, or 50 percent, may be used to meet the district's ongoing obligation to taxing units, citizens, and creditors.

The district's total net position increased by \$5,212,902 during the current fiscal year. This increase was mainly due to increases in assessment revenue.

Assets increased \$5,034,021 due to the district reporting a net pension liability of \$9,245,263 during the prior fiscal year versus a net pension asset of \$3,505,193 in the current fiscal year. Total liabilities decreased \$3,041,527 primarily due to the decrease in net pension liability and leases payable, offset by a increase in total OPEB liability and subscription liability.

(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
For the year ended December 31, 2024

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Deferred outflows decreased by \$4,474,205 and deferred inflows decreased by \$1,611,559 compared to the prior year as a result of changes in expected and actual economic experience, assumptions, and projected and actual investment earnings related to the district's pension and OPEB plans.

**Statement of Activities**

The following table provides a summary of the district's changes in net position:

	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 1,086,194	\$ 976,453
General revenues:		
Assessments	109,363,655	99,006,329
Investment income	<u>2,756,106</u>	<u>2,553,653</u>
Total revenues	<u>113,205,955</u>	<u>102,536,435</u>
 <b>Expenses</b>		
Appraisal services	107,911,562	97,060,239
Interest on long-term debt	<u>81,491</u>	<u>337,531</u>
Total expenses	<u>107,993,053</u>	<u>97,397,770</u>
 <b>Change in net position</b>	5,212,902	5,138,665
 Net position-beginning of year, as restated	<u>52,048,859</u>	<u>46,910,194</u>
 <b>Net position-end of year</b>	<u>\$ 57,261,761</u>	<u>\$ 52,048,859</u>

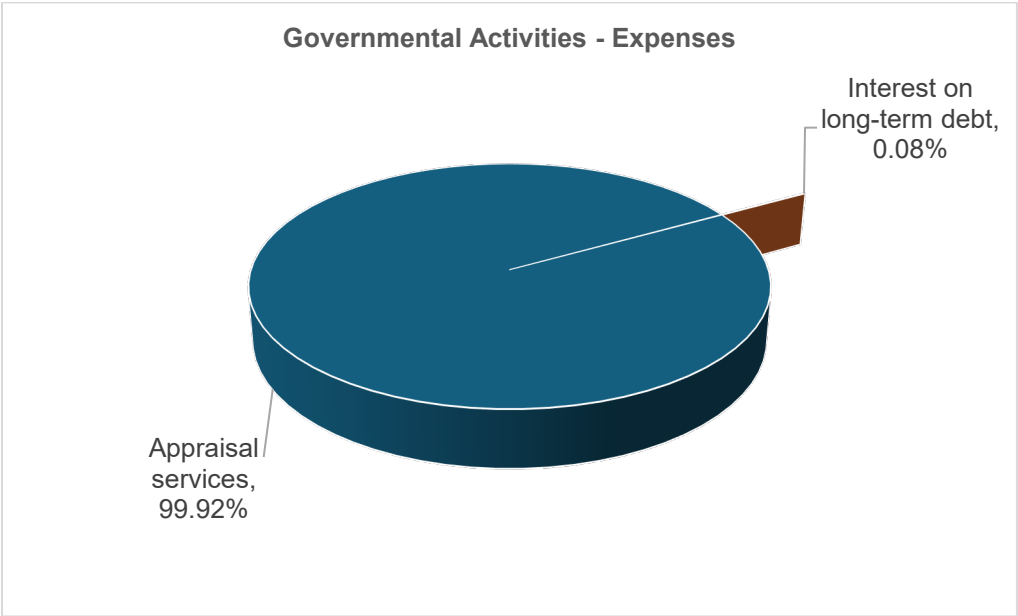
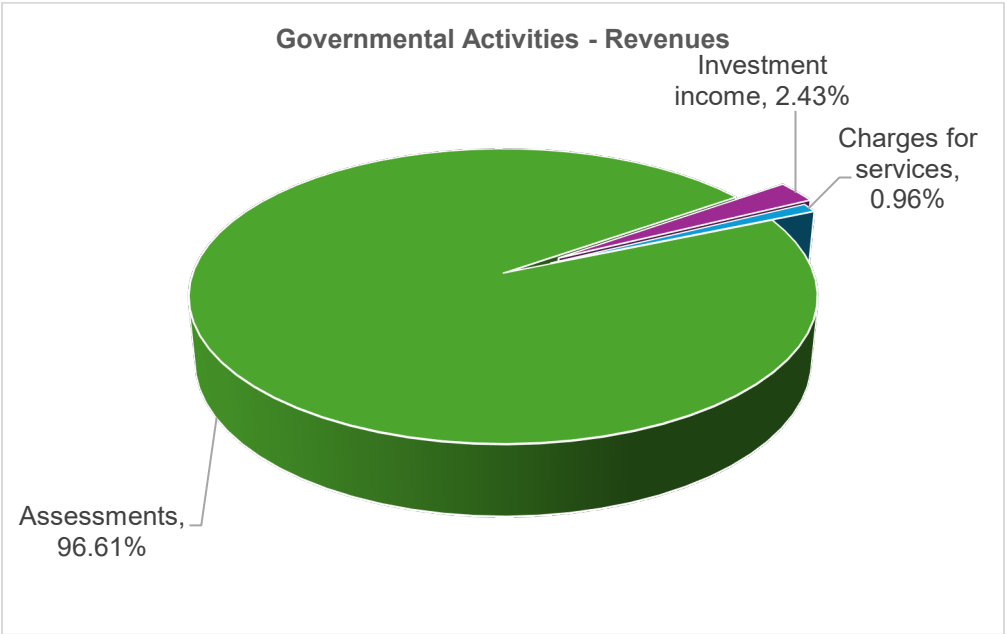
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HARRIS CENTRAL APPRAISAL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
For the year ended December 31, 2024

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Graphic presentations of selected data from the summary tables follow to assist in the analysis of the district's activities.



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(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
For the year ended December 31, 2024

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For the year ended December 31, 2024, revenues from governmental activities totaled \$113,205,955, which was a net increase of \$10,669,520 or 10 percent from the prior year. This increase is primarily due to an increase in assessment revenue due to an increase in the district's budget.

Total expenses for the district increased in comparison to 2023 by \$10,595,283 or 11 percent. This was primarily due to an increase in personnel expenses, and depreciation.

#### **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

**Governmental Funds** – The focus of the district's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the district's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of the district's net resources available for spending at the end of the year.

The general fund is the district's primary operating fund. At the end of the year, total fund balance was \$34,488,148. Of this, \$1,295,061 is nonspendable, \$1,117,395 is assigned for special projects, \$7,278,628 is assigned for major repairs and rehabilitations, \$17,081,687 is assigned for the operating reserve, and \$7,715,377 is unassigned. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance plus assigned for operating reserve as well as total fund balance to total fund expenditures. Unassigned and assigned for an operating reserve fund balances represent 22 percent, while total fund balance represents 30 percent of that same amount.

There was an increase in fund balance for the general fund of \$1,583,146. Revenues increased by \$10,597,159 mainly due to increases in assessment revenue as a result of an increase in the district's budget. Expenditures increased \$8,123,200 largely due to increases in personnel costs.

**Proprietary Funds** – The district's internal service fund is used in the administration of the district's employee benefits self-insurance program. This fund is presented as a governmental activity rather than a business-type function. Net position decreased by \$510,102 primarily as a result of a increase in insurance claims.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual general fund revenues were below final budgeted revenues by \$3,896,967 during the year. This negative variance is due to the district issuing a refund related to expenditures being under assessments to the taxing jurisdictions. This was offset by the district not budgeting revenues for investment income, other revenue, and rendition penalty fees. General fund expenditures were less than the final budget by \$6,882,199 as a result of the district's effort to keep expenditures at or below budget and due to the original adopted budget including costs for an additional three elected members to the Board. The actual costs were approximately \$6,549,733 under assessment and this amount will be refunded to the taxing jurisdictions in 2025 as a credit to their first quarter billing for the 2025 fiscal year.

Total budgeted expenditures were the same between original and final, however, there were decreases of \$1,300,600 in appraisal review board, \$1,088,209 in appraisal support, and \$224,091 for administration services due to less personnel costs than anticipated. These funds were then allocated to other divisions based on anticipated needs. There were increases of \$8,000 in Board of Directors, \$148,200 in the office of the chief appraiser, and \$1,381,290 in appraisal due to more personnel costs than anticipated. Additionally, there were increases of \$556,086 in information systems, \$106,100 in legal services, and \$300,410 in administration due to more professional services than anticipated.

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(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
For the year ended December 31, 2024

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## **CAPITAL ASSETS**

At the end of the year, the district's governmental activities funds had invested \$28,524,336 (net of accumulated depreciation) in a variety of capital assets. During the year, the district added capital assets in computers and peripherals and subscription assets.

Additional information on the district's capital assets can be found in Note 3 to the financial statements.

## **LONG-TERM LIABILITIES**

At the end of the current year, the district had total long-term liabilities of \$36,230,428, including accrued compensated absences of \$8,483,261, lease liability of \$443,436, subscription liability of \$2,859,290, and a total combined OPEB liability of \$24,444,441.

More detailed information about the district's long-term debt can be found in Note 3 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The district's Board of Directors approved a \$111.4 million budget for the 2025 fiscal year. This was a decrease of \$6 million or 5 percent from the 2024 fiscal year.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the district's finances. Questions concerning this report or requests for additional financial information should be directed to Theresa Paul, Chief Financial Officer, Harris Central Appraisal District, 13013 Northwest Freeway, Houston, Texas, 77040-6305. For information about services, property values, the appraisal process, exemptions, and other appraisal information, visit the district's website at [www.hcad.org](http://www.hcad.org).

## **BASIC FINANCIAL STATEMENTS**

HARRIS CENTRAL APPRAISAL DISTRICT  
STATEMENT OF NET POSITION  
December 31, 2024

	Primary Government Governmental Activities
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 73,579,814
Receivables, net	2,547,394
Prepaid items	1,295,061
Total current assets	<u>77,422,269</u>
Noncurrent assets	
Capital assets - nondepreciable/amortizable	11,363,666
Capital assets - depreciable, net of accumulated depreciation/amortization	17,160,670
Net pension asset	3,505,193
Total noncurrent assets	<u>32,029,529</u>
Total assets	<u>109,451,798</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows - pensions	16,376,795
Deferred outflows - OPEB GTLF	338,538
Deferred outflows - OPEB retiree health	5,754,109
Total deferred outflows of resources	<u>22,469,442</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued liabilities	3,776,221
Unearned revenue	990,695
Due within one year	8,521,500
Total current liabilities	<u>13,288,416</u>
Noncurrent liabilities	
Due in more than one year	27,708,928
Total liabilities	<u>40,997,344</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred revenue - assessments	27,592,883
Deferred inflows - pensions	56,177
Deferred inflows - OPEB GTLF	380,386
Deferred inflows - OPEB retiree health	5,632,689
Total deferred inflows of resources	<u>33,662,135</u>
<b>NET POSITION</b>	
Net investment in capital assets	25,095,751
Restricted for:	
Pension	3,505,193
Unrestricted	28,660,817
Total net position	<u>\$ 57,261,761</u>

See notes to financial statements.

HARRIS CENTRAL APPRAISAL DISTRICT  
STATEMENT OF ACTIVITIES  
For the year ended December 31, 2024

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for Services</u>	Net (Expense) Revenue and Change in <u>Net Position</u>  <u>Primary Governmental Activities</u>
Governmental activities			
Appraisal services	\$ 107,911,562	\$ 1,086,194	\$ (106,825,368)
Interest on long-term debt	<u>81,491</u>	<u>-</u>	<u>(81,491)</u>
Total governmental activities	<u>107,993,053</u>	<u>1,086,194</u>	<u>(106,906,859)</u>
 Total primary government	 <u>\$ 107,993,053</u>	 <u>\$ 1,086,194</u>	 <u>(106,906,859)</u>
General revenues			
Assessments			109,363,655
Investment income			<u>2,756,106</u>
Total general revenues			<u>112,119,761</u>
Change in net position			5,212,902
Beginning net position, as restated			<u>52,048,859</u>
Ending net position			<u>\$ 57,261,761</u>

See notes to financial statements.



HARRIS CENTRAL APPRAISAL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUND  
December 31, 2024

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	<u>General</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 66,694,663
Receivables, net	2,181,133
Prepaid items	<u>1,295,061</u>
Total assets	<u><u>\$ 70,170,857</u></u>
 <b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 2,770,658
Unearned revenue	990,695
Due to other funds	<u>3,298,744</u>
Total liabilities	<u><u>7,060,097</u></u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - assessments	27,592,883
Unavailable revenue - rendition penalty	<u>1,029,729</u>
Total deferred inflows of resources	<u><u>28,622,612</u></u>
 <b>FUND BALANCES</b>	
Nonspendable:	
Prepaid items	1,295,061
Assigned for:	
Special projects	1,117,395
Major repairs and rehabilitations	7,278,628
Operating reserve	17,081,687
Unassigned	<u>7,715,377</u>
Total fund balances	<u><u>34,488,148</u></u>
 Total liabilities, deferred inflows, and fund balances	<u><u>\$ 70,170,857</u></u>

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See notes to financial statements.

HARRIS CENTRAL APPRAISAL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
December 31, 2024

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Total fund balance for the governmental fund	\$ 34,488,148
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Other assets are not available to pay for current period expenditures and, therefore are deferred in the fund.

Rendition penalty	1,029,729
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund.

Capital assets - nondepreciable/amortizable	11,363,666
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Capital assets - depreciable, net of accumulated depreciation/amortization	17,160,670
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Long-term assets, deferred outflows and deferred inflows related to pension and other postemployment benefits (OPEB) activity are not current financial resources and, therefore, not reported in the governmental fund.

Net pension asset	3,505,193
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Deferred outflows - pensions	16,376,795
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Deferred inflows - pensions	(56,177)
-----------------------------	----------

Deferred outflows - OPEB GTLF	338,538
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Deferred inflows - OPEB GTLF	(380,386)
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Deferred outflows - OPEB retiree health	5,754,109
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Deferred inflows - OPEB retiree health	(5,632,689)
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An internal service fund is used by management to charge the costs of certain activities such as insurance. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.

	9,544,593
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Some liabilities are not reported as liabilities in the governmental funds

Noncurrent liabilities due within one year	(8,521,500)
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Noncurrent liabilities due in more than one year	(27,708,928)
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Net position of governmental activities	<u>\$ 57,261,761</u>
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See notes to financial statements.

HARRIS CENTRAL APPRAISAL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
For the year ended December 31, 2024

	<u>General</u>
<b>Revenues</b>	
Assessments	\$ 109,363,655
Investment income, net	2,432,577
Other revenue	536,096
Rendition penalty fee	479,167
Total revenues	<u>112,811,495</u>
<b>Expenditures</b>	
Current	
Board of Directors	18,594
Office of Chief Appraiser	1,464,179
Appraisal review board	2,074,836
Appraisal support	14,170,294
Appraisal	39,961,802
Information technology	15,318,084
Administration	10,323,031
Administration/building services	4,904,612
Legal	19,318,104
Security	1,138,185
Nondepartmental	111,794
Capital outlay	3,059,651
Debt service	
Principal	2,317,545
Interest and fiscal charges	81,491
Total expenditures	<u>114,262,202</u>
(Deficiency) of revenues (under) expenditures	<u>(1,450,707)</u>
<b>Other financing sources (uses)</b>	
Subscriptions issued	<u>3,033,853</u>
Total other financing sources (uses)	<u>3,033,853</u>
Net change in fund balance	1,583,146
Beginning fund balance	<u>32,905,002</u>
Ending fund balance	<u><u>\$ 34,488,148</u></u>

See notes to financial statements.

HARRIS CENTRAL APPRAISAL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2024

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Net change in fund balance - governmental fund	\$	1,583,146
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Amounts reported for governmental activities in the Statement of Activities are different because:

The governmental fund reports capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay		3,059,651
Depreciation/amortization expense		(3,005,792)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.

Change in rendition penalty receivable		70,931
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Changes in pension and other postemployment benefits (OPEB) activity do not affect the fund balance on the statement of revenues, expenditures, and changes in fund balance for the governmental fund. These changes in pension and OPEB activity that affect the district's net position are as follows:

Change in net pension asset/liability		12,750,456
Change in total OPEB liability		(2,629,107)
Change in deferred outflows - pensions		(5,664,673)
Change in deferred inflows - pensions		243,561
Change in deferred outflows - OPEB GTLF		9,229
Change in deferred inflows - OPEB GTLF		106,888
Change in deferred outflows - OPEB retiree health		1,181,239
Change in deferred inflows - OPEB retiree health		(124,591)

The issuance of long-term debt (e.g., notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental fund. Neither transaction, however, has any effect on net position. Also, the governmental fund reports the effect of premiums, discounts, and similar items when they are first issued, whereas, these amounts are deferred and amortized in the Statement of Activities.

Principal paid		2,317,545
Subscriptions issued		(3,033,853)
Change in accrued compensated absences		(1,141,626)

The internal service fund is used by management to charge the costs of certain activities, such as employee health and dental benefits, to individual funds. The net revenue of the internal service fund is reported with governmental activities.

		(510,102)
Change in net position of governmental activities	\$	<u>5,212,902</u>

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See notes to financial statements.

HARRIS CENTRAL APPRAISAL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
December 31, 2024

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	Governmental <u>Activities</u> Internal <u>Service</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 6,885,151
Accounts receivable	366,261
Due from other funds	<u>3,298,744</u>
Total assets	<u>10,550,156</u>
 <b>LIABILITIES</b>	
Current liabilities	
Estimated claims payable	<u>1,005,563</u>
Total liabilities	<u>1,005,563</u>
 <b>NET POSITION</b>	
Unrestricted	<u>9,544,593</u>
 Total net position	 <u><u>\$ 9,544,593</u></u>

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See notes to financial statements.

HARRIS CENTRAL APPRAISAL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
For the Year Ended December 31, 2024

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	Governmental <u>Activities</u> Internal <u>Service</u>
<b>Operating revenues</b>	
Charges for services	\$ 9,292,891
Claim refunds and other	<u>3,979,379</u>
Total operating revenues	<u>13,272,270</u>
<b>Operating expenses</b>	
Insurance claims	9,966,513
Prescription claims	3,651,195
Dental claims	<u>488,193</u>
Total operating expenses	<u>14,105,901</u>
Operating (loss)	<u>(833,631)</u>
<b>Nonoperating revenues</b>	
Investment income	<u>323,529</u>
Change in net position	(510,102)
Beginning net position	<u>10,054,695</u>
Ending net position	<u>\$ 9,544,593</u>

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See notes to financial statements.

HARRIS CENTRAL APPRAISAL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For the Year Ended December 31, 2024

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	Governmental Activities Internal Service
<b>Cash flows from operating activities</b>	
Proceeds from charges for services	\$ 9,607,265
Claims paid	<u>(14,066,870)</u>
Net cash (used) by operating activities	<u>(4,459,605)</u>
 <b>Cash flows from noncapital financing activities</b>	
Interest income	<u>323,529</u>
Net cash provided by noncapital financing activities	<u>323,529</u>
 Net (decrease) in cash and cash equivalents	 (4,136,076)
 Beginning cash and cash equivalents	 <u>11,021,227</u>
 Ending cash and cash equivalents	 <u>\$ 6,885,151</u>
 Reconciliation of operating income (loss) to net cash (used) by operating activities	
Operating (loss)	\$ (833,631)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
(Increase)/Decrease in accounts receivable	(366,261)
(Increase)/Decrease in due from other funds	(3,298,744)
Increase/(Decrease) in estimated claims payable	<u>39,031</u>
 Net cash (used) by operating activities	 <u>\$ (4,459,605)</u>

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See notes to financial statements.

HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

District Formation and Reporting Entity: The Harris Central Appraisal District (the “district”) was created upon the enactment of the Texas Property Tax Code by the 66<sup>th</sup> Texas State Legislature in 1979. The district’s first year of full operations was 1984. The district was created to provide various taxing jurisdictions with appraisals of property subject to *ad valorem* taxation in Harris County, Texas. The district’s Board of Directors (the “Board”) is comprised of six members appointed by the taxing jurisdictions within its boundaries, three members publicly elected accordance with the Texas State Legislature, and the county assessor-collector.

The district is an independent political subdivision of the State of Texas (the “State”). As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the district’s financial reporting entity. No other entities have been included in the district’s reporting entity. Additionally, as the district is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the district’s financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the district is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the district’s financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

In August 2022, the Board approved changing the district’s name from Harris County Appraisal District to Harris Central Appraisal District.

Government-Wide Financial Statements: The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information about the district as a whole. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. The district only has governmental activities.

Basis of Presentation – Government-Wide Financial Statements: While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental fund and internal service fund. Separate financial statements are provided for the governmental fund and proprietary fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation – Fund Financial Statements: The fund financial statements provide information about the district’s fund. Separate statements for each fund category – governmental and proprietary– are presented. The emphasis of fund financial statements is on the major governmental fund.

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(Continued)



HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The district reports the following governmental fund:

The *general fund* is used to account for and report all financial resources not accounted for and reported in other funds. The principal source of revenue is assessment fees from the taxing entities located in Harris County and expenditures include related appraisal activities and support. The general fund is always considered a major fund for reporting purposes.

Additionally, the district reports the following fund type:

*Internal service funds* account for services provided to other departments or agencies of the primary government, or to other governments, on a cost reimbursement basis. Goods and services provided by the district's internal service fund include employee health and dental benefits. The internal service fund is included in governmental activities for government-wide reporting purposes.

During the course of operations, the district has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting: The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement* focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the district considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under notes payable are reported as other financing sources.

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(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the district.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance:

Cash and Cash Equivalents: The district's cash and cash equivalents are considered to be cash on hand, demand deposits, balances in a statewide investment pool, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

Investments: Investments, except for certain investment pools, are reported at fair value. The investment pool operates in accordance with appropriate state laws and regulations and is reported at amortized cost.

For district investments, both the statutes of the State and policies mandated by the district's Board, where more restrictive, authorize the district to invest only in (1) certificates of deposit issued by federally insured banks or savings and loan associations in Harris County, Texas; (2) obligations of the United States or its agencies and instrumentalities; (3) repurchase agreements; and (4) TexPool, which is a public funds investment pool.

Receivables and Payables: The district's primary revenue source is from assessments to taxing jurisdictions for services provided by the district. Assessments are imposed annually based on the amount approved by the Board in the annual budget. As required by law, the assessment is allocated in four equal payments due on the last day of each quarter, with the first quarterly payment due before January 1 of the year in which the budget takes effect. Such assessments become delinquent if unpaid on the due date. Assessments that are applicable to the district's subsequent fiscal year are recorded as deferred inflows of resources.

Inventories and Prepaid Items: Supplies inventories are recognized as an expenditure as soon as the corresponding liability is incurred, i.e., the purchase method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items, except for photo imaging, which would result in inconsistencies in amounts reported. The district obtains photographic images county-wide using a combination of direct overhead aerials, oblique aerials (from an overhead angle), as well as street-level imagery. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. In certain instances, the district is licensed to use the images for a period greater than one year, but the district does not recognize these licenses as a prepaid item to keep the recording of these expenditures consistent with other photographic services hired directly by the district.

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(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets: Capital assets, which include land, buildings and improvements, equipment, and vehicles, are reported in the governmental activities column in the government-wide financial statements. The district defines capital assets as assets with an initial, individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the district are depreciated using the straight-line method over the following estimated useful years.

<u>Assets Depreciation</u>	<u>Estimated Useful Life</u>
Computers and peripherals	5 years
Vehicles	5 years
Furniture and equipment	5 years
Buildings and improvements	50 years
Right-to-Use Assets	Shorter of the leased/subscription asset's useful life or the lease/subscription term

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 assets 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 assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the district's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- Deferred inflows of resources are recognized for the portion of assessments that was collected for use in the subsequent period.

At the fund level, the district has one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental fund balance sheet. The governmental fund reports unavailable revenues from assessments and rendition penalties. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

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(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Compensated Employee Absences: All full-time employees are granted vacation and sick leave benefits in varying amounts. Exempt employees earn compensatory time for overtime worked. In the event of voluntary termination, an employee is entitled to receive accumulated vacation pay and 50 percent of compensatory benefits up to 80 hours in a lump sum cash payment. In the event of discharge, an employee receives no compensatory time payment. A liability for sick leave is recognized only for amounts expected to be used for paid time off. In the event of an employee's termination, these benefits are lost. The district uses a first-in, first-out flow assumption for estimating its compensated absences liability. Management estimates the probability of use based on historical usage patterns and eligibility criteria. All vested or accumulated vacation and compensatory time is accrued when incurred in the government-wide financial statements. Vested or accumulated compensatory time that is expected to be liquidated with expendable, available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it when it has matured. Amounts of vested or accumulated leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

Long-Term Obligations: In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, if material. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Assets acquired under the terms of a note payable are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum note payable payments at inception of the note. In the year of acquisition, note payable transactions are recorded as other financing sources and as capital outlay expenditures in the applicable fund. Note payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

Leases: The district is a lessee for noncancellable leases of a building. The district recognizes a lease liability and an intangible, right-to-use lease asset (the "lease asset") in the government-wide financial statements. The district recognizes lease liabilities and lease assets with an initial, individual value of at least \$10,000 or more.

At the commencement of a lease, the district initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the term of the lease.

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(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Key estimates and judgments related to leases include how the district determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The district uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the district generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the renewal option that the district is reasonably certain to exercise.

The district monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Subscription-Based Information Technology Arrangements: The district has noncancellable subscription-based information technology arrangements (SBITAs) to finance the use of information technology software. The district recognizes a liability (the “subscription liability”) and an intangible, right-to-use subscription asset (the “subscription asset”) in the governmentwide financial statements. The district recognizes a subscription liability with an initial, individual value of at least \$50,000 or more. At the commencement of the SBITAs, the district initially measures the subscription liability at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using either the implicit rate or the district’s incremental borrowing rate if the interest rate is not readily determinable. The subscription liability is reduced by the principal portion of the subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, plus payments made before the commencement of the subscription term and capitalizable implementation costs. The subscription asset is reduced for any vendor incentives received. The subscription asset is amortized on a straight-line basis over the subscription term. Key estimates and judgments related to the SBITAs include how the district determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) term of the SBITAs, and (3) subscription payments. The district uses the interest rate charged on the SBITAs as the discount rate. When the interest rate charged on the SBITAs is not provided, the district uses its estimated incremental borrowing rate as the discount rate. The term includes the noncancellable period of the SBITAs plus option periods, in which one party may exercise, that the district is reasonably certain will be exercised. The subscription payments included in the measurement of the subscription liability are composed of fixed or fixed in substance payments and other payments associated with the SBITAs that the district is reasonably certain to make based on an assessment of all relevant factors. The district monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription liability and asset if certain changes occur that are expected to significantly affect the amount of the subscription liability. The subscription liabilities are reported with long-term debt and the subscription assets are reported with other capital assets on the Statement of Net Position.

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(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net Position Flow Assumption: Sometimes the district will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the district's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions: Sometimes the district will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the district's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies: Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The district itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors or laws or regulations of other governments, or imposed by law through constitutional provisions are classified as restricted.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the district's highest level of decision-making authority. The Board is the highest level of decision-making authority for the district that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the district for specific purposes but do not meet the criteria to be classified as committed. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

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(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Pensions: For the purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCDRS's fiduciary net position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits: The district participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by TCDRS known as the Group Term Life Fund (GTLF). This is a voluntary program in which participating member counties may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The funding policy for the GTLF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Benefit payments and refunds are due and payable in accordance with the benefit terms. Information about the district's total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by TCDRS from reports prepared by their consulting actuary.

The district administers an additional single-employer defined benefit OPEB plan, known as the Harris Central Appraisal District Retiree Health Care Plan (the "Plan"), that pays a portion of the premium for continuation of the medical and dental insurance coverage of certain retirees. The district's Board has the authority to establish and amend benefits. The Plan provides medical benefits to eligible retired district employees and their beneficiaries. Coverage is offered to those employees who are under 64 years of age. A portion of the retiree cost for health insurance will be covered until the retiree reaches the age of 65 or has participated for five years, whichever is earliest. At age 65, the retiree would then be eligible for the Medicare Part B coverage at their own expense. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. Information about the district's total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by the district's consulting actuary.

Revenues and Expenditures/Expenses:

Program Revenues: Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment.

Proprietary Funds Operating and Nonoperating Revenues and Expenses: Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to customers for services and insurance claim refunds. Operating expenses for the internal service fund include insurance, prescription, and dental claims. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

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**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Budgetary Information: The district uses the following procedures in establishing the budget reflected in the financial statements:

Prior to June 15, the Board and taxing units are 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.

Public hearings are conducted to obtain citizens' comments.

The budget must be approved before September 15. The budget for the fiscal year ended December 31, 2024 was legally enacted through passage of Board resolution 2023-02 on August 16, 2023.

The budget is considered a management control and planning tool and, as such, is incorporated into the accounting system of the district. Appropriations lapse at fiscal year end, except that portion related to encumbered amounts. An annual budget is legally adopted for the general fund only.

The budget is appropriated and adopted at the sub-object level (legal level of budgetary control). A supplementary budgetary comparison schedule is presented under supplementary information to demonstrate compliance at the legal level of budgetary control. The chief appraiser is authorized to transfer budgeted amounts between budget accounts. However, the Board must approve transfers of more than \$25,000. Supplemental appropriations in excess of the total budget require budget amendments in the manner provided by law. No supplemental appropriations were made during 2024.

Encumbrance accounting is employed in the general fund. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in the accounting system in order to reserve the applicable portion of appropriations. Open encumbrances are reported as an assignment of fund balance since the related appropriations do not lapse at year end. Encumbrances do not constitute expenditures or liabilities.

Budget/Generally Accepted Accounting Principles Reconciliation: The district prepares its annual budget on a basis which differs from generally accepted accounting principles (GAAP). Therefore, the actual column presented in the budget to actual comparison has been adjusted to the district's budget basis of accounting to provide a meaningful comparison of actual results with the budget. The district's budget basis of accounting differs from GAAP basis because of timing and perspective differences. Timing differences result from the recognition of encumbrances (i.e., purchase orders outstanding at year end) as expenditures that have not been recognized as expenditures for GAAP purposes. Perspective differences result from the district's use of sub-funds that are combined for GAAP reporting purposes with the district's general fund, but budgets are not adopted for these sub-funds. Sub-funds are used by the district to account for expenditures paid from the capital reserve, which are not budgeted but are approved by the Board. Adjustments necessary to convert results of operations for the general fund for the year ended December 31, 2024 from the budget basis to GAAP basis are presented in the notes to RSI and the notes to supplementary information.

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(Continued)



HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

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**NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

Deposits and Investments: The district's bank balances include bank deposits held at the district's depository bank. The bank balance was \$16,187,097 at year end. The district's bank balances were collateralized by pledged securities of the depository bank for amounts in excess of the federal deposit insurance corporation (FDIC) insurance limits. As of December 31, 2024, the carrying amount of the district's bank deposits was \$14,932,471. The district's bank deposits were reported with cash and cash equivalents.

As of December 31, 2024, the district had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
Statewide investment pool (TexPool)	\$ 58,647,343	0.10
Total value	<u>\$ 58,647,343</u>	
Portfolio weighted average maturity		0.10

Fair Value Measurements: The district categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value establishing a three-level fair value hierarchy that describes the inputs used to measure assets and liabilities:

Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 inputs are inputs other than quoted prices within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Fair value is measured in a manner consistent with one of the three approaches: market approach, cost approach, and the income approach. The valuation methodology used is based upon whichever technique is the most appropriate and provides the best representation of fair value for that particular asset or liability. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or groups of assets and liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts, such as cash flows, to a single current (discounted) amount.

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(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

**NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

*Credit risk.* The district's investment policy limits investments in local government investment pools rated no lower than "AAA" or "AAAm" or at an equivalent rating by at least one nationally recognized rating service. Investments under section 2256.009 of the local government code must be rated by a nationally recognized investment rating firm not less than "A" or its equivalent. As of December 31, 2024, the district's investment in TexPool was rated "AAAm" by Standard & Poor's.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the district's deposits may not be returned to it. The district's investment policy requires funds on deposit at the depository bank to be collateralized by securities with a collective fair value of at least 100 percent. As of December 31, 2024, fair values of pledged securities and FDIC insurance exceeded bank balances.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district's investment policy requires that all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the district's safekeeping account prior to the release of funds.

**TexPool** - TexPool was established as a trust company with the Treasurer of the State as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool "AAAm". As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

**Receivables:** Amounts are aggregated into a single accounts receivable line (net of allowance for uncollectibles) for the governmental and proprietary fund. Below is the detail of receivables:

	<u>General Fund</u>	Internal <u>Service Fund</u>
Jurisdiction assessments	\$ 1,119,614	\$ -
Rendition penalty	3,331,378	-
Other accounts receivable	31,790	366,261
Less: allowance	<u>(2,301,649)</u>	<u>-</u>
	<u>\$ 2,181,133</u>	<u>\$ 366,261</u>

(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

**NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Capital Assets: A summary of changes in capital assets for the year end is as follows:

	Primary Government			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Reclassifications</u>	<u>Ending Balance</u>
<u>Governmental activities</u>				
Capital assets, not being depreciated/amortized:				
Land	\$ 2,335,000	\$ -	\$ -	\$ 2,335,000
Intangibles	7,770,075	-	-	7,770,075
Construction in progress	1,258,591	-	-	1,258,591
Total capital assets, not being depreciated/amortized	<u>11,363,666</u>	<u>-</u>	<u>-</u>	<u>11,363,666</u>
Capital assets being depreciated/ amortized:				
Building	20,121,135	-	-	20,121,135
Furniture and equipment	446,687	-	(2,403)	444,284
Computers and peripherals	6,531,446	25,798	-	6,557,244
Vehicles and other	172,514	-	-	172,514
Right-to-use lease asset - building	508,266	-	-	508,266
Right-to-use subscription asset	<u>3,181,146</u>	<u>3,033,853</u>	<u>(456,528)</u>	<u>5,758,471</u>
Total capital assets being depreciated/amortized	<u>30,961,194</u>	<u>3,059,651</u>	<u>(458,931)</u>	<u>33,561,914</u>
Less accumulated depreciation/ amortization:				
Building	(6,914,181)	(426,031)	-	(7,340,212)
Furniture and equipment	(395,020)	(2,199)	2,403	(394,816)
Computers and peripherals	(5,380,351)	(481,716)	-	(5,862,067)
Vehicles and other	(150,263)	(9,799)	-	(160,062)
Right-to-use lease asset - building	(26,472)	(63,533)	-	(90,005)
Right-to-use subscription asset	<u>(988,096)</u>	<u>(2,022,514)</u>	<u>456,528</u>	<u>(2,554,082)</u>
Total accumulated depreciation/ amortization	<u>(13,854,383)</u>	<u>(3,005,792)</u>	<u>458,931</u>	<u>(16,401,244)</u>
Total capital assets being depreciated/amortized, net	<u>17,106,811</u>	<u>53,859</u>	<u>-</u>	<u>17,160,670</u>
Governmental activities capital assets, net	<u>\$ 28,470,477</u>	<u>\$ 53,859</u>	<u>\$ -</u>	<u>28,524,336</u>
		Less: associated debt		(3,302,726)
		Less: retainage payable		<u>(125,859)</u>
		Net investment in capital assets		<u>\$ 25,095,751</u>

(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

**NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Depreciation/amortization expense was charged to functions/programs of the district as follows:

Governmental activities	
Office of Chief Appraiser	\$ 6,096
Appraisal support	19,862
Appraisal	34,710
Information systems	2,563,317
Administration	197,541
Administration/ building services	184,266
Governmental activities depreciation/amortization expense	<u>\$ 3,005,792</u>

Remaining commitments under related construction contracts for general government construction projects at December 31, 2024 are as follows:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures*</u>	<u>Contract Remaining</u>
Elevator project	\$ 1,258,591	\$ 1,258,591	\$ -

\*Contract expenditures includes outstanding retainage

Long-Term Debt: The following is a summary of changes in the district's total long-term liabilities for the year end. In general, the district uses the general fund to liquidate governmental long-term liabilities.

Long-term liabilities applicable to the district's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental fund. The governmental activities compensated absences are generally liquidated by the general fund. Interest on long-term debt is not accrued in the governmental fund, but rather is recognized as an expenditure when due.

	<u>Beginning Balance, as restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<u>Governmental activities</u>					
Other liabilities					
Net pension liability	\$ 9,245,263	\$ -	\$ (9,245,263)	\$ -	\$ -
Total OPEB liability - GTLF	1,363,621	173,738	-	1,537,359	19,543
Total OPEB liability - Retiree health	20,451,713	2,455,369	-	22,907,082	389,986
Lease liability	490,287	-	(46,851)	443,436 *	54,130
Subscription liability	2,096,131	3,033,853	(2,270,694)	2,859,290 *	1,271,232
Compensated absences and accrued employee benefits**	7,341,635	3,910,866	(2,769,240)	8,483,261	6,786,609
Total governmental activities	<u>\$ 40,988,650</u>	<u>\$ 9,573,826</u>	<u>\$ (14,332,048)</u>	<u>\$ 36,230,428</u>	<u>\$ 8,521,500</u>
Long-term debt due in more than one year				<u>\$ 27,708,928</u>	

\*Debt associated with capital assets \$ 3,302,726

\*\*Beginning balance has been restated in accordance with GASB 101 *Compensated Absences*

(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

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**NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Leases: The district has entered into a lease agreement as lessee for the use of a building. As of December 31, 2024, the value of the lease liability was \$443,436. The district is required to make monthly fixed payments of \$6,210 the first year, \$6,555 the second year, and \$6,900 thereafter. The lease interest rate is based on the district's incremental borrowing rate of 6%. In addition, the district's right-to-use lease asset will be amortized using a straight-line basis over the term of the lease. The value of the right-to-use assets as of the end of the current fiscal year was \$508,266 with accumulated amortization of \$90,005.

The future principal and interest payments as of December 31, 2024 for governmental activities were as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 54,130	\$ 26,255
2026	60,135	22,665
2027	64,010	18,790
2028	68,134	14,666
2029	<u>197,027</u>	<u>16,873</u>
Total	<u>\$ 443,436</u>	<u>\$ 99,249</u>

Subscription Based Information Technology Arrangements: As of December 31, 2024, the district had nine active subscriptions. The subscriptions have terms that range from 16 to 60 months, payments that range from \$14,669 to \$779,579, and interest rates that range from 2.4500% to 3.2200%. As of December 31, 2024, the total combined value of the subscription liability is \$2,859,290. The combined value of the right to use asset, as of December 31, 2024 is \$5,758,471 with accumulated amortization of \$2,554,082. The subscriptions did not have variable payments or other payments, not included in the subscription liability, within the fiscal year.

Future combined minimum subscription liability payments as of December 31, 2024 are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,271,232	\$ 76,648
2026	1,006,507	63,519
2027	535,436	14,261
2028	<u>46,115</u>	<u>1,136</u>
Total	<u>\$ 2,859,290</u>	<u>\$ 155,564</u>

Commitments: At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year was as follows:

General fund	<u>\$ 1,117,395</u>
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(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

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**NOTE 4 – OTHER INFORMATION**

Risk Management: The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation claims for which the district participates in the Texas Municipal League's General Liability and Workers' Compensation Funds (the "Funds"). Insurance provided by the Funds is similar to commercial insurance and the district has no additional responsibilities as a result of its participation.

The Texas Municipal League – Intergovernmental Risk Pool Workers' Compensation Self-Insurance Fund (the "Fund") provides medical and indemnity payments as required by law for on-the-job related injuries. Premiums are paid to the Fund based on a percentage of payroll, which are determined by considering such items as employee job descriptions, employer's experience, and the Fund's performance.

The district established a limited risk management program for health benefits claims in 1993. During 1994, a separate fund was established to account for the district's self-insurance activities and the accumulation of resources to satisfy potential claims of subsequent periods. The district's exposure is limited due to stop-loss protection and re-insurance. The maximum medical claims for each participant applying to the aggregate stop-loss is \$150,000. The district is limited to the total aggregate stop-loss coverage of approximately \$8,175,279.

Changes in the balance of claim liabilities during the past two years are as follows:

	<u>2024</u>	<u>2023</u>
Beginning claims payable	\$ 966,532	\$ 1,206,012
Claims incurred	14,105,901	10,124,472
Claims paid	<u>(14,066,870)</u>	<u>(10,363,952)</u>
Ending claims payable	<u>\$ 1,005,563</u>	<u>\$ 966,532</u>

Claims payable for year end are estimated based upon prior year actual claims and claims activity at year end. A detailed analysis is not performed.

Contingent Liabilities: The district and the appraisal review board are defendants in numerous property owner appeals taken to the District Court pursuant to Chapter 42 of the Texas 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 attorneys' fees, provided such fees may not exceed the greater of \$15,000 or 20 percent of the total amount of taxes in dispute, provided that such fees may not exceed the amount of taxes saved as a result of the appeal, and further provided that the fees may not exceed \$100,000 for each tax year appealed. Neither the district's management nor legal counsel is able to predict the outcome of these legal proceedings. Accordingly, no provision for any liability that might result therefrom has been recorded in the financial statements.

As a result of a legislative change, the number of cases in which the district will be a defendant is expected to increase.

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(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

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**NOTE 4 – OTHER INFORMATION (Continued)**

Section 6.06 of the Texas Property Tax Code provides certain restrictions concerning an appraisal district's assessment to taxing jurisdictions within its district. Generally, this amendment requires any charges assessed to a taxing jurisdiction during a fiscal year over the expenditures made or obligated to be made by the appraisal district during such year be credited against the taxing jurisdiction assessments in the following year or refunded to the taxing jurisdiction in certain circumstances. During 2024, the district's expenditures were approximately \$6,549,733 under assessments to the taxing jurisdictions. This credit will be applied to the 2025 budgeted assessments.

Pension Plan:

**Texas County and District Retirement System**

Plan Description: TCDRS is a statewide, agent multiple-employer, public employee retirement system. TCDRS serves over 800 actively participating counties and districts throughout Texas. Each employer maintains its own customized plan of benefits. Plan provisions are adopted by the Board of each employer, within the options available in the TCDRS Act. Because of that, the district has the flexibility and local control to select benefits and pay for those benefits based on its needs and budgets.

Each employer has a defined benefit plan that functions similarly to a cash balance plan. The assets of the plans are pooled for investment purposes, but each employer's plan assets may be used only for the payment of benefits to the members of that employer's plan. In accordance with Texas law, it is intended that the pension plan be construed and administered in a manner that the retirement system will be considered qualified under Section 401(a) of the Internal Revenue Code. All employees (except temporary staff) of a participating employer must be enrolled in TCDRS.

Benefits Provided: TCDRS provides retirement, disability, and death benefits. The benefit provisions are adopted by the Board within the options available in Texas state statutes governing TCDRS. Members can retire at age 60 and above with eight 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 75 or more. Members are vested after eight years of service, but must leave their accumulated contributions in the plan to receive any district financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the district.

Benefit amounts are determined by the sum of the employee's contribution to TCDRS, with interest, and district-financed monetary credits. The level of these monetary credits adopted by the Board within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the district'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 district-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

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(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

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**NOTE 4 – OTHER INFORMATION (Continued)**

Employees Covered by Benefit Terms: At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	356
Inactive employees entitled to but not yet receiving benefits	397
Active employees	<u>607</u>
 Total	 <u><u>1,360</u></u>

Contributions: A combination of three elements funds each employer's plan: employee deposits, employer contributions, and investment income.

- The deposit rate for employees is four percent, five percent, six percent, or seven percent of compensation, as adopted by the employer's governing body.
- Participating employers are required, by law, to contribute at actuarially determined rates, which are determined annually by the actuary using the Entry Age Normal (EAN) actuarial cost method.
- Investment income funds a large part of the benefits employees earn.

Employers have the option of paying more than the required contribution rate each year. Extra contributions can help employers "prefund" benefit increases, such as cost-of-living adjustments to retirees, and they can be used to help offset or mitigate future increases in the required rate due to negative plan experience.

There are two approaches for making extra contributions:

- a. paying an elected contribution rate higher than the required rate and
- b. making an extra lump-sum contribution to the employer account.

Employees for the district were required to contribute seven percent of their annual gross earnings during the year. The required contribution rate for the district was 13.87 percent, however, the district elected to contribute 15.85 percent. The district's contributions to TCDRS for the fiscal year ended December 31, 2024 were \$9,748,877, which were in excess of the required contributions.

Net Pension Liability/(Asset): The district's Net Pension Liability (Asset) (NPL/(A)) was measured as of December 31, 2023 and the Total Pension Liability (TPL) used to calculate the NPL/(A) was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The actuarial assumptions that determined the TPL as of December 31, 2023 were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2020, except where required to be different by GASB Standard No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

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(Continued)



HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

**NOTE 4 – OTHER INFORMATION** (Continued)

Key assumptions used in the December 31, 2023 actuarial valuation are as follows:

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in the which the contributions are reported.
Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Straight Line over expected working life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	Varies by age and service. 3.0% average over career, including inflation.
Investment Rate of Return	7.6% (Gross of administrative expenses)
Mortality	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.
Cost-of-Living Adjustments	Cost-of-living adjustments for the district are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.

The long-term expected rate of return of TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The target allocation and best estimate of geometric real rate of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation</u>	<u>Geometric Real Rate of Return (Expected minus Inflation)</u>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
International Equities - Developed	MSCI World Ex USA (net)	5.00%	4.75%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.65%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	6.90%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.10%
Master Limited Partnerships (MLP)	Alerian MLP Index	2.00%	5.20%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	25.00%	7.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.25%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.60%

(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

**NOTE 4 – OTHER INFORMATION (Continued)**

Discount Rate: The discount rate used to measure the TPL was 7.6 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Changes in the NPL/(A)

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability/(Asset) (A)-(B)
<u>Changes in the NPL/(A)</u>			
Changes for the year			
Service cost	\$ 6,729,008	\$ -	\$ 6,729,008
Interest	24,115,485	-	24,115,485
Change of benefit terms	-	-	-
Difference between expected and actual experience	2,374,244	-	2,374,244
Changes in assumptions	-	-	-
Contributions - employer	-	9,119,191	(9,119,191)
Contributions - employee	-	3,143,882	(3,143,882)
Net investment income	-	33,917,681	(33,917,681)
Refund of contributions	(335,349)	(335,349)	-
Benefit payments, including refunds of employee contributions	(15,086,707)	(15,086,707)	-
Administrative expense	-	(177,250)	177,250
Other changes	-	(34,311)	34,311
Net changes	17,796,681	30,547,137	(12,750,456)
Balance at December 31, 2022	318,149,840	308,904,577	9,245,263
Balance at December 31, 2023	<u>\$ 335,946,521</u>	<u>\$ 339,451,714</u>	<u>\$ (3,505,193)</u>

Sensitivity of the NPL/(A) to Changes in the Discount Rate: The following presents the NPL/(A) of the district, calculated using the discount rate of 7.6 percent, as well as what the district's NPL/(A) would be if it were calculated using a discount rate that is one percentage point lower (6.6%) or one percentage point higher (8.6%) than the current rate:

	1% Decrease in Discount Rate (6.6%)	Current Discount Rate (7.6%)	1% Increase in Discount Rate (8.6%)
District's net pension liability/(asset)	<u>\$ 40,873,479</u>	<u>\$ (3,505,193)</u>	<u>\$ (40,847,881)</u>

(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

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**NOTE 4 – OTHER INFORMATION (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/Inflows of Resources Related to Pensions: For the year ended December 31, 2024, the district recognized pension expense of \$2,419,533.

At December 31, 2024, the district reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,981,130	\$ 20,061
Changes in actuarial assumptions	3,266,135	36,116
Net difference between projected and actual investment earnings	1,380,653	-
Contributions subsequent to the measurement date	<u>9,748,877</u>	<u>-</u>
Total	<u>\$ 16,376,795</u>	<u>\$ 56,177</u>

\$9,748,877 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the NPL/(A) for the fiscal year ending December 31, 2025. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31</u>	<u>Pension Expense</u>
2025	\$ 1,592,106
2026	(616,706)
2027	7,234,827
2028	<u>(1,638,486)</u>
Total	<u>\$ 6,571,741</u>

Other Postemployment Benefits:

**Texas County and District Retirement System – Optional Group Term Life Fund**

Plan Description: The district participates in a defined benefit OPEB plan administered by the TCDRS. TCDRS administers the defined benefit group-term life insurance plan known as the GTLF. This is a voluntary program in which participating member counties may elect, by ordinance, to provide group term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under, and discontinue participation in, the GTLF by adopting an ordinance at any point during the year to be effective the following January 1.

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(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

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**NOTE 4 – OTHER INFORMATION (Continued)**

The member district contributes to the GTLF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The premium rate is expressed as a percentage of the covered payroll of members employed by the participating employer. There is a one-year delay between the actuarial valuation that serves as a basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy for the GTLF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. As such, the GTLF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The contributions to the GTLF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The TCDRS Act requires the PTF to allocate a portion of investment income to the GTLF on an annual basis each December 31 based on the fund value in the GTLF during the year.

Benefits: The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$5,000. As the GTLF covers both active and retiree participants with no segregation of assets, the GTLF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the GTLF as of December 31, 2023 is summarized below:

Inactive employees currently receiving benefits	303
Inactive employees entitled to but not yet receiving benefits	121
Active employees	<u>607</u>
 Total	 <u><u>1,031</u></u>

Total OPEB Liability: The district's total OPEB liability of \$1,537,359 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

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(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

**NOTE 4 – OTHER INFORMATION (Continued)**

Actuarial Assumptions and Other Inputs: The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement period, unless otherwise specified:

Actuarial cost method	Entry age level percent of salary
Inflation	N/A
Salary increases	Note that salary increases do not affect benefits but are used in the allocation of costs under the actuarial cost method
Discount rate*	3.26%
Administrative expenses	N/A
Mortality - service retirees	135% of Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Mortality - disabled retirees	160% of 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 discount rate was based on 20 Year Bond GO Index published by bondbuyer.com as of December 28, 2023.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2017 to December 31, 2020.

Changes in the Total OPEB Liability:

	Total OPEB Liability
<u>Changes in total OPEB liability</u>	
Changes for the year:	
Service cost	\$ 33,067
Interest	51,460
Difference between expected and actual experience	(5,685)
Changes in assumptions	121,844
Benefit payments	(26,948)
Net changes	173,738
Balance at December 31, 2022	1,363,621
Balance at December 31, 2023	<u>\$ 1,537,359</u>

The discount rate changed from 3.72% to 3.26% based on the 20-year Bond GO Index published by bondbuyer.com.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

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**NOTE 4 – OTHER INFORMATION (Continued)**

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the district, as well as what the district's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (2.26%)	Current Discount Rate (3.26%)	1% Increase in Discount Rate (4.26%)
Total OPEB liability	\$ 1,857,511	\$ 1,537,359	\$ 1,289,245

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the year ended December 31, 2024, the district recognized OPEB expense of \$86,916. The district reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 8,121	\$ 22,014
Changes in actuarial assumptions	301,103	358,372
Contributions subsequent to the measurement date	29,314	-
Total	\$ 338,538	\$ 380,386

\$29,314 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending December 31, 2025. Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31</u>	<u>OPEB Expense</u>
2025	\$ (5,972)
2026	11,416
2027	(32,109)
2028	(63,861)
2029	19,364
Total	\$ (71,162)

(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

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**NOTE 4 – OTHER INFORMATION (Continued)**

**Retiree Healthcare Plan**

Plan Description: The district provides a defined benefit OPEB plan, the Harris Central Appraisal District Retiree Health Care Plan (the “Plan”), that pays a portion of the premium for continuation of the medical and dental insurance coverage of certain retirees. The district’s Board has the authority to establish and amend benefits. The Plan provides medical benefits to eligible retired district employees and their beneficiaries.

The Plan offers the same coverage and options as the health plan for current employees. The Plan is available to retirees age 64 and under and retirees are eligible to participate until the retiree’s sixty-fifth birthday or the fifth anniversary of retirement, whichever is earliest. At age 65, retirees are eligible to participate in the Medicare supplemental plan.

Beginning with retirement and ending when the person is eligible for Medicare coverage, the district shall pay a portion of the retiree medical and dental coverage premiums and claims. Rates paid by retirees are slightly higher than rates paid by active employees. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. As such, the Plan is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer’s yearly contributions for retirees.

Benefits: The retiree health insurance plan is available to retirees age 64 and under. Retirees will continue to have the same group medical coverage that applies to current employees while in the plan. Premiums for retiree health coverage in all categories are set annually by the Board. Qualified employees are eligible to participate in the retiree health insurance plan from date of retirement until the earlier of attainment of age 65 or the fifth anniversary of retirement. A Medicare advantage or supplement plan as determined by the Board is available to retirees who reach 65 and to employees who retire at age 65 or older. Qualified employees are eligible to participate in the Medicare advantage or supplement plan from age 65 on.

To qualify for the Plan, the employee must have had 20 total years of service at the district; been continuously employed by the district as a regular employee for at least four consecutive years prior to the date of retirement; retire under TCDRS on or after January 1, 2008 or be retired under TCDRS and participating in the Plan or Medicare advantage plan, as applicable, as of January 1, 2008; and begin participating in the Plan immediately upon retirement.

If an employee retires and participates in the Plan, the spouse may also participate if the spouse qualifies. To qualify for participation, the spouse must be 55 years of age or older, the employee must have covered the spouse as a dependent on the district’s regular health plan for at least the 12 months immediately preceding the employee’s retirement, and the spouse must not be eligible for coverage under any other insurance plan.

Participation in the Plan as of December 31, 2023 is summarized below:

Inactive employees currently receiving benefits	66
Active employees	<u>591</u>
Total	<u><u>657</u></u>

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(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

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**NOTE 4 – OTHER INFORMATION (Continued)**

Total OPEB Liability: The district's total OPEB liability of \$22,907,082 was measured as of December 31, 2023 and was determined by an actuarial valuation as of December 31, 2023.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the December 31, 2023 actuarial valuation, was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement period, unless otherwise specified:

Inflation	2.50%
Salary increases	0.40% to 5.25%, not including wage inflation of 3.00%
Discount rate*	3.77%
Actuarial cost method	Individual entry-age Normal
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2020 as conducted for TCDRS.
Mortality	For healthy retirees, the Pub-2010 General Retirees Tables are used with male rates multiplied by 135% and female rates multiplied by 120%. Those rates are projected on a fully generational basis based on 100% of the ultimate rates of Scale MP-2021.
Health care trend rates	Pre-65 initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years; Post-65 initial rate of 5.10% declining to an ultimate rate of 4.25% after 9 years
Participation rates	100% for non-Medicare eligible retirees; 70% for Medicare eligible retirees

\*The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.

Changes in the Total OPEB Liability:

	Increase (Decrease) Total OPEB Liability
<u>Changes in total OPEB liability</u>	
Changes for the year:	
Service cost	\$ 900,928
Interest	835,205
Difference between expected and actual experience	(1,032,756)
Changes in assumptions	2,311,646
Benefit payments	(559,654)
Net changes	2,455,369
Balance at December 31, 2022	20,451,713
Balance at December 31, 2023	<u>\$ 22,907,082</u>

(Continued)



HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

**NOTE 4 – OTHER INFORMATION** (Continued)

Change of assumptions reflects a change in the discount rate from 4.05% as of December 31, 2022 to 3.77% as of December 31, 2023.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate Assumptions: The following presents the total OPEB liability of the district, as well as what the district's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (2.77%)	Current Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
Total OPEB liability	\$ 25,901,554	\$ 22,907,082	\$ 20,360,666

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Costs Trend Rate Assumptions: The following presents the total OPEB liability of the district, as well as what the district's total OPEB liability would be if it were calculated using the assumed healthcare costs trend rates if that rate was one percentage point lower or one percentage point higher than the current healthcare costs trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB liability	\$ 19,712,548	\$ 22,907,082	\$ 26,866,433

OPEB Expense and Deferred Outflows/Inflows of Resources: For the year ended December 31, 2024, the district recognized OPEB expense of \$1,788,707. The district reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 124,063	\$ 2,070,445
Changes in actuarial assumptions	5,240,060	3,562,244
Contributions subsequent to the measurement date	389,986	-
Total	\$ 5,754,109	\$ 5,632,689

\$389,986 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending December 31, 2025.

(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

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**NOTE 4 – OTHER INFORMATION (Continued)**

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31</u>	<u>OPEB Expense</u>
2025	\$ 52,574
2026	52,574
2027	(20,547)
2028	(5,853)
2029	(57,182)
Thereafter	<u>(290,132)</u>
Total	<u>\$ (268,566)</u>

Aggregate Total OPEB Expenses: The district recognized aggregate total OPEB liability of \$24,444,441, deferred outflows of \$6,092,647, deferred inflows of \$6,013,075, and OPEB expense of \$1,875,623 during the year ending December 31, 2024 related to the district's TCDRS and district-administered OPEB plans.

Restatement: Effective January 1, 2024, the district implemented GASB Statement No. 101, *Compensated Absences*, which provides new guidance on the recognition and measurement of liabilities for leave benefits, including vacation, sick leave, and paid time off. Under the provisions of GASB 101, compensated absence liabilities are now recognized when the leave is earned and it is more likely than not that the leave will be used for paid time off or otherwise settled.

As a result of adopting this standard, the district recognized additional long-term liabilities related primarily to the estimated portion of sick leave expected to be used or paid. This change required a restatement of the beginning net position for governmental activities in the statement of activities.

The restatement impacts are summarized as follows:

	<u>Governmental Activities</u>
Prior year ending net position, as reported	\$ 54,817,453
Adjustment for GASB 101 - compensated absences	<u>(2,768,594)</u>
Beginning net position, as restated	<u>\$ 52,048,859</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

HARRIS CENTRAL APPRAISAL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)  
For the year ended December 31, 2024

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget	(Budget Basis)	Final Budget Positive (Negative)
<b>Revenues</b>				
Assessments	\$ 115,913,324	\$ 115,913,324	\$ 109,363,655	\$ 6,549,669
Investment income, net	-	-	1,637,439	(1,637,439)
Other revenue	-	-	536,096	(536,096)
Rendition penalty fee	-	-	479,167	(479,167)
Total revenues	<u>115,913,324</u>	<u>115,913,324</u>	<u>112,016,357</u>	<u>3,896,967</u>
<b>Expenditures</b>				
Current				
Board of Directors (BOD)				
Personnel	3,000	5,000	3,701	1,299
Office supplies and printing	500	500	81	419
Other	<u>11,000</u>	<u>17,000</u>	<u>14,812</u>	<u>2,188</u>
Total BOD	<u>14,500</u>	<u>22,500</u>	<u>18,594</u>	<u>3,906</u>
Office of Chief Appraiser (OCA) and Security				
Personnel	2,369,767	2,521,067	2,508,701	12,366
Professional services	50,000	27,500	27,032	468
Office supplies and printing	16,000	18,000	17,097	903
Other	<u>32,400</u>	<u>49,800</u>	<u>42,180</u>	<u>7,620</u>
Total OCA	<u>2,468,167</u>	<u>2,616,367</u>	<u>2,595,010</u>	<u>21,357</u>
Appraisal Review Board (ARB)				
Personnel	3,367,997	2,069,197	2,064,235	4,962
Office supplies and printing	500	1,500	1,401	99
Other	<u>12,000</u>	<u>9,200</u>	<u>9,200</u>	<u>-</u>
Total ARB	<u>3,380,497</u>	<u>2,079,897</u>	<u>2,074,836</u>	<u>5,061</u>
Appraisal support				
Personnel	14,813,491	13,806,592	13,761,710	44,882
Professional services	373,000	318,300	317,515	785
Office supplies and printing	80,532	56,832	48,765	8,067
Other	<u>57,520</u>	<u>54,610</u>	<u>42,304</u>	<u>12,306</u>
Total appraisal support	<u>15,324,543</u>	<u>14,236,334</u>	<u>14,170,294</u>	<u>66,040</u>
Appraisal				
Personnel	36,495,790	37,754,290	37,705,633	48,657
Professional services	1,675,114	1,680,214	1,678,878	1,336
Office supplies and printing	47,500	25,440	22,144	3,296
Other	<u>427,320</u>	<u>572,070</u>	<u>555,147</u>	<u>16,923</u>
Total appraisal	<u>38,645,724</u>	<u>40,032,014</u>	<u>39,961,802</u>	<u>70,212</u>
Information technology				
Personnel	7,781,678	8,271,678	8,263,393	8,285
Professional services	1,779,000	2,626,000	2,622,113	3,887
Office supplies and printing	297,800	129,700	112,981	16,719
Data processing	4,148,233	3,655,419	3,637,230	18,189
Other	<u>209,375</u>	<u>89,375</u>	<u>81,384</u>	<u>7,991</u>
Total information technology	<u>14,216,086</u>	<u>14,772,172</u>	<u>14,717,101</u>	<u>55,071</u>

(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)  
For the year ended December 31, 2024

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget	(Budget Basis)	Final Budget Positive (Negative)
<b>Expenditures (continued)</b>				
Administration				
Personnel	\$ 6,592,681	\$ 7,062,011	7,024,036	\$ 37,975
Professional services	133,805	423,405	420,676	2,729
Office supplies and printing	39,942	27,842	21,384	6,458
Other	<u>3,357,980</u>	<u>2,906,560</u>	<u>2,890,779</u>	<u>15,781</u>
Total administration	<u>10,124,408</u>	<u>10,419,818</u>	<u>10,356,875</u>	<u>62,943</u>
Administration services				
Personnel	2,215,977	2,093,236	2,091,207	2,029
Professional services	300,000	228,000	227,472	528
Office supplies and printing	103,350	-	-	-
Rent and utilities	502,000	502,000	456,626	45,374
Other	<u>2,054,998</u>	<u>2,128,998</u>	<u>2,118,370</u>	<u>10,628</u>
Total administration services	<u>5,176,325</u>	<u>4,952,234</u>	<u>4,893,675</u>	<u>58,559</u>
Legal Services				
Personnel	96,885	166,985	164,502	2,483
Professional services	11,593,967	11,613,967	11,602,541	11,426
Other	<u>14,060,000</u>	<u>14,076,000</u>	<u>7,551,061</u>	<u>6,524,939</u>
Total legal services	<u>25,750,852</u>	<u>25,856,952</u>	<u>19,318,104</u>	<u>6,538,848</u>
Debt service				
Principal retirement and interest charges	2,237,222	2,399,036	2,399,036	-
Capital outlay	<u>75,000</u>	<u>26,000</u>	<u>25,798</u>	<u>202</u>
Total expenditures	<u>117,413,324</u>	<u>117,413,324</u>	<u>110,531,125</u>	<u>6,882,199</u>
Net change in fund balance	<u>\$ (1,500,000)</u>	<u>\$ (1,500,000)</u>	1,485,232	<u>\$ (2,985,232)</u>

**Notes to required supplementary information:**

1. Reconciliation to Net Change in Fund Balance (GAAP Basis)

Timing differences	
Encumbrances at the end of the year	1,117,395
Encumbrances at the beginning of the year that were incurred	(1,702,825)
Perspective differences	
Maintenance payments from major repairs and rehabilitation fund	(111,794)
Subscriptions issued	3,033,853
Subscriptions capital outlay	(3,033,853)
Interest income (operating reserve fund)	<u>795,138</u>
Net change in fund balance	<u>\$ 1,583,146</u>

HARRIS CENTRAL APPRAISAL DISTRICT  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM  
December 31, 2024

	Measurement Year									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>										
Service cost	\$ 6,729,008	\$ 6,458,548	\$ 6,838,057	\$ 5,704,788	\$ 5,498,799	\$ 5,467,300	\$ 6,074,069	\$ 5,477,128	\$ 4,807,154	\$ 4,582,317
Interest (on the total pension liability)	24,115,485	22,982,738	21,479,853	20,373,486	19,382,502	18,311,619	17,052,600	15,741,528	13,860,474	12,690,234
Changes in benefit terms	-	-	5,624,948	-	-	-	1,904,183	1,069,294	443,216	-
Change of assumptions	-	-	(90,290)	16,330,667	-	-	1,091,615	-	2,201,240	-
Difference between expected and actual experience	2,374,244	128,631	(50,154)	22,784	(1,077,360)	185,499	(309,104)	(429,780)	9,737,885	2,160,168
Benefit payments, including refunds of employee contributions	(15,422,056)	(14,467,048)	(12,858,631)	(12,061,694)	(11,500,359)	(10,077,633)	(9,264,496)	(7,836,659)	(6,947,254)	(5,858,003)
Net change in total pension liability	17,796,681	15,102,869	20,943,783	30,370,031	12,303,582	13,886,785	16,548,867	14,021,511	24,102,715	13,574,716
Beginning total pension liability	<u>318,149,840</u>	<u>303,046,971</u>	<u>282,103,188</u>	<u>251,733,157</u>	<u>239,429,575</u>	<u>225,542,790</u>	<u>208,993,923</u>	<u>194,972,412</u>	<u>170,869,697</u>	<u>157,294,981</u>
Ending total pension liability	<u>\$ 335,946,521</u>	<u>\$ 318,149,840</u>	<u>\$ 303,046,971</u>	<u>\$ 282,103,188</u>	<u>\$ 251,733,157</u>	<u>\$ 239,429,575</u>	<u>\$ 225,542,790</u>	<u>\$ 208,993,923</u>	<u>\$ 194,972,412</u>	<u>\$ 170,869,697</u>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 9,119,191	\$ 8,441,951	\$ 9,285,950	\$ 12,845,325	\$ 7,716,301	\$ 7,601,849	\$ 7,316,029	\$ 6,193,489	\$ 5,912,571	\$ 5,038,460
Contributions - employee	3,143,882	2,853,825	2,784,806	2,810,818	2,615,305	2,564,616	2,502,926	2,405,154	2,333,110	2,194,012
Net investment income	33,917,681	(19,168,126)	59,808,345	25,210,520	34,605,560	(4,000,233)	27,311,265	12,816,220	(2,102,745)	10,845,397
Benefit payments, including refunds of employee contributions	(15,422,056)	(14,467,048)	(12,858,631)	(12,061,694)	(11,500,359)	(10,077,633)	(9,264,496)	(7,836,659)	(6,947,254)	(5,858,003)
Administrative expense	(177,250)	(181,024)	(179,396)	(199,540)	(185,910)	(169,251)	(142,833)	(139,420)	(125,003)	(129,244)
Other	(34,311)	(169,379)	52,778	130,541	(6,029)	24,634	5,678	615,454	105,965	426,166
Net change in plan fiduciary net position	30,547,137	(22,689,801)	58,893,852	28,735,970	33,244,868	(4,056,018)	27,728,569	14,054,238	(823,356)	12,516,788
Beginning plan fiduciary net position	<u>308,904,577</u>	<u>331,594,378</u>	<u>272,700,526</u>	<u>243,964,556</u>	<u>210,719,688</u>	<u>214,775,706</u>	<u>187,047,137</u>	<u>172,992,899</u>	<u>173,816,255</u>	<u>161,299,467</u>
Ending Plan Fiduciary Net Position	<u>\$ 339,451,714</u>	<u>\$ 308,904,577</u>	<u>\$ 331,594,378</u>	<u>\$ 272,700,526</u>	<u>\$ 243,964,556</u>	<u>\$ 210,719,688</u>	<u>\$ 214,775,706</u>	<u>\$ 187,047,137</u>	<u>\$ 172,992,899</u>	<u>\$ 173,816,255</u>
Net Pension Liability	<u>\$ (3,505,193)</u>	<u>\$ 9,245,263</u>	<u>\$ (28,547,407)</u>	<u>\$ 9,402,662</u>	<u>\$ 7,768,601</u>	<u>\$ 28,709,887</u>	<u>\$ 10,767,084</u>	<u>\$ 21,946,786</u>	<u>\$ 21,979,513</u>	<u>\$ (2,946,558)</u>
Plan fiduciary net position as a percentage of total pension liability	101.04%	97.09%	109.42%	96.67%	96.91%	88.01%	95.23%	89.50%	88.73%	101.72%
Covered Payroll	\$ 44,912,603	\$ 40,768,927	\$ 39,782,939	\$ 40,154,542	\$ 37,361,503	\$ 36,637,339	\$ 35,756,082	\$ 34,359,355	\$ 33,330,139	\$ 31,343,022
Net pension liability as a percentage of covered payroll	-7.80%	22.68%	-71.76%	23.42%	20.79%	78.36%	30.11%	63.87%	65.94%	-9.40%

HARRIS CENTRAL APPRAISAL DISTRICT  
SCHEDULE OF CONTRIBUTIONS  
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM  
December 31, 2024

	Fiscal Year									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 6,776,506	\$ 6,364,139	\$ 6,310,227	\$ 4,870,011	\$ 6,065,771	\$ 5,488,397	\$ 5,601,849	\$ 5,159,603	\$ 4,693,488	\$ 4,409,573
Contributions in relation to the actuarially determined contribution	<u>9,748,877</u>	<u>9,119,191</u>	<u>8,441,951</u>	<u>9,285,950</u>	<u>12,845,325</u>	<u>7,716,301</u>	<u>7,601,849</u>	<u>7,316,029</u>	<u>6,193,488</u>	<u>5,912,571</u>
Contribution deficiency (excess)	<u>\$ (2,972,371)</u>	<u>\$ (2,755,052)</u>	<u>\$ (2,131,724)</u>	<u>\$ (4,415,939)</u>	<u>\$ (6,779,554)</u>	<u>\$ (2,227,904)</u>	<u>\$ (2,000,000)</u>	<u>\$ (2,156,426)</u>	<u>\$ (1,500,000)</u>	<u>\$ (1,502,998)</u>
Covered payroll	\$ 48,857,286	\$ 44,944,483	\$ 40,895,834	\$ 39,885,432	\$ 40,170,666	\$ 37,361,453	\$ 36,637,339	\$ 35,756,082	\$ 34,359,355	\$ 33,330,139
Contributions as a percentage of covered payroll	19.95%	20.29%	20.64%	23.28%	31.98%	20.65%	20.75%	20.46%	18.03%	17.74%

(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
SCHEDULE OF CONTRIBUTIONS  
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM  
December 31, 2024

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**Notes to Schedule of Contributions**

1. Valuation Date: Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age (level percentage of pay)
Amortization method	Level percentage of payroll, closed
Remaining amortization period	9.2 years
Asset valuation method	5-year smoothed fair value
Inflation	2.50%
Salary increases	Varies by age and service. 4.7% average over career including inflation.
Investment rate of return	7.5%, net of investment expenses, including inflation.
Retirement age	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.
Mortality	135% of the PUB-2010 Healthy Annuitant Mortality Table for males and 120% of the PUB-2010 Healthy Annuitant Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedules of Employer Contributions**	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.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions**	2016: Employer contributions reflect that the current service matching rate was increased to 245%. 2017: Employer contributions reflect that a 60% CPI COLA was adopted. Also, new Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: Employer contributions reflect that the current service matching rate was increased to 250%. 2022: Employer contributions reflect that a 60% CPI COLA was adopted.

\*\*Only changes that effect the benefit amount and that are effective 2015 and later are shown in the Notes.



HARRIS CENTRAL APPRAISAL DISTRICT  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM  
December 31, 2024

	Measurement Year*						
	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB liability</b>							
Service cost	\$ 33,067	\$ 56,237	\$ 54,124	\$ 43,819	\$ 28,408	\$ 36,061	\$ 33,764
Interest (on the total OPEB liability)	51,460	37,932	37,192	41,075	46,463	41,651	41,577
Change of assumptions	121,844	(507,302)	39,812	200,086	328,674	(141,208)	55,327
Difference between expected and actual experience	(5,685)	8,007	(14,001)	(7,999)	(23,976)	19,506	3,218
Benefit payments**	(26,948)	(32,615)	(31,826)	(32,124)	(26,153)	(25,646)	(25,029)
Net change in total OPEB liability	173,738	(437,741)	85,301	244,857	353,416	(69,636)	108,857
Beginning total OPEB liability	1,363,621	1,801,362	1,716,061	1,471,204	1,117,788	1,187,424	1,078,567
Ending total OPEB liability	<u>\$ 1,537,359</u>	<u>\$ 1,363,621</u>	<u>\$ 1,801,362</u>	<u>\$ 1,716,061</u>	<u>\$ 1,471,204</u>	<u>\$ 1,117,788</u>	<u>\$ 1,187,424</u>
Covered Payroll	\$ 44,912,603	\$ 40,768,927	\$ 39,782,939	\$ 40,154,542	\$ 37,361,503	\$ 36,637,339	\$ 35,756,082
Net OPEB liability as a percentage of covered payroll	3.42%	3.34%	4.53%	4.27%	3.94%	3.05%	3.32%

\* Only seven years of information are currently available. The district will build this schedule over the next three-year period.

\*\* Due to the GTLF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM  
December 31, 2024

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**Notes to Required Supplementary Information:**

1. Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	N/A
Salary increases	N/A
Discount rate	3.26%
Administrative expenses	N/A
Mortality - depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Mortality - service retirees	135% of Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Mortality - disabled retirees	160% of 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.
3. Other Information: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits. The discount rate was based on 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2023. There were no benefit changes during the year.

HARRIS CENTRAL APPRAISAL DISTRICT  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
RETIREE HEALTHCARE BENEFITS  
December 31, 2024

	Measurement Year*						
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB liability</b>							
Service cost	\$ 900,928	\$ 1,251,681	\$ 1,447,372	\$ 1,155,121	\$ 1,005,740	\$ 1,004,689	\$ 874,556
Interest (on the total OPEB liability)	835,205	443,608	452,587	540,291	650,083	583,122	600,197
Changes of benefit terms	-	-	-	-	-	-	-
actual experience	(1,032,756)	(307,192)	(858,475)	142,779	(718,051)	116,814	-
Change of assumptions	2,311,646	(4,222,369)	1,239,867	1,952,956	2,047,420	(896,719)	1,052,799
Benefit payments	(559,654)	(394,598)	(1,012,884)	(896,863)	(973,889)	(832,017)	(625,662)
Net change in total OPEB liability	2,455,369	(3,228,870)	1,268,467	2,894,284	2,011,303	(24,111)	1,901,890
Beginning total OPEB liability	20,451,713	23,680,583	22,412,116	19,517,832	17,506,529	17,530,640	15,628,750
Ending total OPEB liability	<u>\$ 22,907,082</u>	<u>\$ 20,451,713</u>	<u>\$ 23,680,583</u>	<u>\$ 22,412,116</u>	<u>\$ 19,517,832</u>	<u>\$ 17,506,529</u>	<u>\$ 17,530,640</u>
Covered Payroll	\$ 44,739,910	\$ 38,739,995	\$ 38,739,995	\$ 39,728,141	\$ 36,727,946	\$ 36,637,373	\$ 34,029,405
Net OPEB liability as a percentage of covered payroll	51.20%	52.79%	61.13%	56.41%	53.14%	47.78%	51.52%

\*Only seven years of information are currently available. The district will build this schedule over the next three-year period.

**Notes to Required Supplementary Information:**

1. Changes of Assumptions: Changes of assumptions reflect a change in the discount rate from 4.05% as of December 31, 2022 to 3.77% as of December 31, 2023. Additionally, the participation rate assumptions were updated to reflect retiree experience with the District.
2. Changes in Benefits: There were no changes in benefit terms that affected measurement of the total OPEB liability during the measurement period.
3. Other Information: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

## **SUPPLEMENTARY INFORMATION**

HARRIS CENTRAL APPRAISAL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)  
For the year ended December 31, 2024

	Budgeted Amounts			Variance
	Original	Final	Actual	Final Budget
	<u>Budget</u>	<u>Budget</u>	<u>(Budget Basis)</u>	<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues</b>				
Assessments	\$ 115,913,324	\$ 115,913,324	\$ 109,363,655	\$ 6,549,669
Investment income, net	-	-	1,637,439	(1,637,439)
Other revenue	-	-	536,096	(536,096)
Rendition penalty fee	-	-	479,167	(479,167)
Total revenues	<u>115,913,324</u>	<u>115,913,324</u>	<u>112,016,357</u>	<u>3,896,967</u>
<b>Expenditures</b>				
Current				
Salaries, sages and related				
Net salaries and wages	49,102,225	49,118,727	49,087,340	31,387
ARB board members	3,081,000	1,895,000	1,894,626	374
Shift differential	32,000	-	-	-
Overtime	654,001	330,100	317,523	12,577
Part-time and seasonal wages	477,441	534,741	527,361	7,380
Total salaries, sages and related	<u>53,346,667</u>	<u>51,878,568</u>	<u>51,826,850</u>	<u>51,718</u>
Employee benefits and related				
Group health insurance	10,062,194	10,062,193	10,062,192	1
Workers' compensation insurance	100,925	85,925	84,926	999
Group life and LTD insurance	174,258	174,259	174,259	-
Group dental insurance	275,177	275,176	275,176	-
Group vision insurance	75,276	75,276	75,276	-
Unemployment insurance	239,488	104,488	86,941	17,547
Retirement	7,981,055	9,860,815	9,834,667	26,148
FICA Medicare	773,528	751,728	721,705	30,023
Social security	217,448	152,428	136,508	15,920
Total employee benefits and related	<u>19,899,349</u>	<u>21,542,288</u>	<u>21,451,650</u>	<u>90,638</u>
Computer operations				
Minor equipment - office and field op	449,500	697,500	696,688	812
Minor equipment - infrastructure	840,000	55,000	52,683	2,317
Hardware maintenance and support	426,300	366,300	364,214	2,086
Software maintenance and support	1,647,200	1,849,200	1,848,798	402
Computer supplies	28,000	-	-	-
Software lease and maintenance	2,265,085	2,438,085	2,426,900	11,185
Software purchases	291,500	198,500	198,012	488
Total computer operations	<u>5,947,585</u>	<u>5,604,585</u>	<u>5,587,295</u>	<u>17,290</u>

(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)  
For the year ended December 31, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		Final Budget
	<u>Budget</u>	<u>Budget</u>	<u>(Budget Basis)</u>	<u>Positive</u> <u>(Negative)</u>
<b>Expenditures (continued)</b>				
Professional services				
Financial auditing	\$ 67,080	\$ 56,680	56,680	\$ -
Legal services	10,983,967	11,299,967	11,299,216	751
Arbitration fees and services	600,000	314,000	303,325	10,675
State office of admin hearings	5,000	-	-	-
Appraisal services	1,643,114	1,608,214	1,607,798	416
Other professional services	16,255,725	17,383,025	10,855,475	6,527,550
Total professional services	<u>29,554,886</u>	<u>30,661,886</u>	<u>24,122,494</u>	<u>6,539,392</u>
Office and field operations				
Office supplies	161,724	102,164	86,811	15,353
Office equipment maintenance	52,200	56,500	55,464	1,036
Telephone and communication service	389,625	373,625	372,727	898
Copier leases	139,000	13,000	12,180	820
Copier supplies and maintenance	134,350	45,000	42,860	2,140
Mapping reproduction and supplies	3,250	3,250	-	3,250
Public notice advertising	18,000	11,000	10,757	243
Security services	350,000	255,500	254,504	996
Field travel, vanpool, and other expens	491,250	327,700	307,403	20,297
Appraisal supplies	12,460	14,480	10,908	3,572
Vehicle gasoline and maintenance	34,000	24,000	19,983	4,017
Records storage and supplies	25,000	25,000	24,635	365
Employee recognition activities	60,000	73,000	68,714	4,286
Postage, mailing, and handling service	3,153,042	2,745,782	2,744,923	859
Professional registration and dues	90,000	95,000	92,542	2,458
Seminars and other tuition	396,246	282,896	264,346	18,550
Education travel and expenses	279,963	220,273	201,394	18,879
Books, manuals, and publications	358,284	492,784	472,493	20,291
Printing, forms, and stationery	28,400	25,000	16,717	8,283
Paper, copier, and printer	65,000	45,000	40,650	4,350
Total office and field operations	<u>6,241,794</u>	<u>5,230,954</u>	<u>5,100,011</u>	<u>130,943</u>

(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)  
For the year ended December 31, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		Final Budget
	<u>Budget</u>	<u>Budget</u>	<u>(Budget Basis)</u>	<u>Positive</u>
				<u>(Negative)</u>
<b>Expenditures (continued)</b>				
Office space, utilities and related				
Office space	\$ 120,000	\$ 120,000	\$ 115,906	\$ 4,094
Utilities	502,000	502,000	456,626	45,374
Building and fixture maintenance	1,520,043	1,570,043	1,568,128	1,915
Casualty and liability insurance	206,000	277,000	276,367	633
Total office space, utilities and relate	<u>2,348,043</u>	<u>2,469,043</u>	<u>2,417,027</u>	<u>52,016</u>
Capital outlay	75,000	26,000	25,798	202
Total expenditures	<u>117,413,324</u>	<u>117,413,324</u>	<u>110,531,125</u>	<u>6,882,199</u>
Net change in fund balance	<u>\$ (1,500,000)</u>	<u>\$ (1,500,000)</u>	1,485,232	<u>\$ (2,985,232)</u>

**Notes to supplementary information:**

1. Reconciliation to Net Change in Fund Balance (GAAP Basis)

Timing differences	
Encumbrances at the end of the year	1,117,395
Encumbrances at the beginning of the year that were incurred	(1,702,825)
Perspective differences	
Elevator improvements related to capital reserve account	-
Maintenance payments from major repairs and rehabilitation fund	(111,794)
Subscriptionps issued	3,033,853
Subscriptions capital outlay	(3,033,853)
Interest income (operating reserve fund)	<u>795,138</u>
Net change in fund balance	<u>\$ 1,583,146</u>

2. This supplementary budgetary comparison schedule is presented to demonstrate compliance at the legal level of budgetary control.

## **STATISTICAL SECTION**



HARRIS CENTRAL APPRAISAL DISTRICT  
STATISTICAL SECTION

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This part of the district's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and Required Supplementary Information says about the district's overall financial health.

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FINANCIAL TRENDS.....	77
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These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changed over time.

REVENUE CAPACITY.....	81
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These schedules contain information to help the reader assess the district's most significant local revenue source, assessment fees from the taxing entities.

DEBT CAPACITY.....	83
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These schedules present information to help the reader assess the affordability of the district's current level of outstanding debt and the district's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION.....	84
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

OPERATING INFORMATION.....	86
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These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

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HARRIS CENTRAL APPRAISAL DISTRICT  
NET POSITION BY COMPONENT  
Last Ten Years  
(accrual basis of accounting)

	Year									
	<u>2024</u>	<u>2023</u> <sup>(1)</sup>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u> <sup>(2)</sup>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental activities										
Net investment in capital assets	\$ 25,095,751	\$ 25,758,200	\$ 20,332,032	\$ 18,661,694	\$ 17,410,175	\$ 15,714,000	\$ 14,851,497	\$ 14,298,164	\$ 10,982,048	\$ 10,097,874
Restricted	3,505,193	-	-	-	-	-	-	-	-	151,549
Unrestricted	<u>28,660,817</u>	<u>26,290,659</u>	<u>24,938,162</u>	<u>14,273,997</u>	<u>10,784,948</u>	<u>7,563,196</u>	<u>6,716,741</u>	<u>5,288,214</u>	<u>20,002,285</u>	<u>17,667,023</u>
Total governmental activities net position	<u>\$ 57,261,761</u>	<u>\$ 52,048,859</u>	<u>\$ 45,270,194</u>	<u>\$ 32,935,691</u>	<u>\$ 28,195,123</u>	<u>\$ 23,277,196</u>	<u>\$ 21,568,238</u>	<u>\$ 19,586,378</u>	<u>\$ 30,984,333</u>	<u>\$ 27,916,446</u>

(1) Restated with implementation of GASB 101.

(2) Restated with implementation of GASB 75.

HARRIS CENTRAL APPRAISAL DISTRICT  
CHANGES IN NET POSITION  
Last Ten Years  
(accrual basis of accounting)

	Year									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Expenses</b>										
Governmental activities										
Appraisal services	\$ 107,911,562	\$ 94,291,645	\$ 83,477,222	\$ 88,274,738	\$ 86,365,759	\$ 87,282,857	\$ 84,569,564	\$ 81,226,501	\$ 74,632,806	\$ 68,906,283
Interest and fiscal agent fees on long-term debt	<u>81,491</u>	<u>337,531</u>	<u>485,796</u>	<u>606,447</u>	<u>720,530</u>	<u>828,399</u>	<u>919,867</u>	<u>897,927</u>	<u>977,425</u>	<u>1,052,562</u>
Total governmental activities expenses	<u>107,993,053</u>	<u>94,629,176</u>	<u>83,963,018</u>	<u>88,881,185</u>	<u>87,086,289</u>	<u>88,111,256</u>	<u>85,489,431</u>	<u>82,124,428</u>	<u>75,610,231</u>	<u>69,958,845</u>
<b>Program revenues</b>										
Governmental activities										
Charges for services										
Appraisal services	<u>1,086,194</u>	<u>976,453</u>	<u>1,048,119</u>	<u>1,078,218</u>	<u>1,019,735</u>	<u>716,939</u>	<u>1,215,652</u>	<u>797,994</u>	<u>891,183</u>	<u>1,041,448</u>
Total governmental activities program revenues	<u>1,086,194</u>	<u>976,453</u>	<u>1,048,119</u>	<u>1,078,218</u>	<u>1,019,735</u>	<u>716,939</u>	<u>1,215,652</u>	<u>797,994</u>	<u>891,183</u>	<u>1,041,448</u>
Net (expense)										
Governmental activities	<u><u>\$(106,906,859)</u></u>	<u><u>\$(93,652,723)</u></u>	<u><u>\$(82,914,899)</u></u>	<u><u>\$(87,802,967)</u></u>	<u><u>\$(86,066,554)</u></u>	<u><u>\$(87,394,317)</u></u>	<u><u>\$(84,273,779)</u></u>	<u><u>\$(81,326,434)</u></u>	<u><u>\$(74,719,048)</u></u>	<u><u>\$(68,917,397)</u></u>
<b>General revenues and other changes in net position</b>										
Governmental activities										
Assessments	\$ 109,363,655	\$ 99,006,329	\$ 94,373,871	\$ 92,518,567	\$ 90,728,851	\$ 88,094,554	\$ 85,563,002	\$ 81,496,875	\$ 77,706,956	\$ 74,902,803
Investment income	<u>2,756,106</u>	<u>2,553,653</u>	<u>775,531</u>	<u>24,968</u>	<u>255,630</u>	<u>1,008,721</u>	<u>712,637</u>	<u>273,054</u>	<u>79,979</u>	<u>19,499</u>
Total governmental activities	<u><u>\$ 112,119,761</u></u>	<u><u>\$ 101,559,982</u></u>	<u><u>\$ 95,149,402</u></u>	<u><u>\$ 92,543,535</u></u>	<u><u>\$ 90,984,481</u></u>	<u><u>\$ 89,103,275</u></u>	<u><u>\$ 86,275,639</u></u>	<u><u>\$ 81,769,929</u></u>	<u><u>\$ 77,786,935</u></u>	<u><u>\$ 74,922,302</u></u>
<b>Changes in net position</b>										
Governmental activities	<u><u>\$ 5,212,902</u></u>	<u><u>\$ 7,907,259</u></u>	<u><u>\$ 12,234,503</u></u>	<u><u>\$ 4,740,568</u></u>	<u><u>\$ 4,917,927</u></u>	<u><u>\$ 1,708,958</u></u>	<u><u>\$ 2,001,860</u></u>	<u><u>\$ 443,495</u></u>	<u><u>\$ 3,067,887</u></u>	<u><u>\$ 6,004,905</u></u>

HARRIS CENTRAL APPRAISAL DISTRICT  
FUND BALANCES - GOVERNMENTAL FUND  
Last Ten Years  
(modified accrual basis of accounting)

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	Year									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund										
Nonspendable	\$ 1,295,061	\$ 1,743,681	\$ 1,035,681	\$ 1,616,519	\$ 606,406	\$ 640,926	\$ 624,132	\$ 487,968	\$ 368,870	\$ 321,572
Restricted	-	-	-	-	-	-	-	-	-	151,549
Assigned	25,477,710	25,479,354	29,592,672	27,423,030	25,506,383	12,809,033	10,932,693	7,816,962	6,466,307	4,082,434
Unassigned	<u>7,715,377</u>	<u>5,681,967</u>	<u>3,419,805</u>	<u>1,341,071</u>	<u>1,159,984</u>	<u>15,114,230</u>	<u>13,332,403</u>	<u>11,378,514</u>	<u>12,287,923</u>	<u>9,222,422</u>
Total General Fund	<u>\$ 34,488,148</u>	<u>\$ 32,905,002</u>	<u>\$ 34,048,158</u>	<u>\$ 30,380,620</u>	<u>\$ 27,272,773</u>	<u>\$ 28,564,189</u>	<u>\$ 24,889,228</u>	<u>\$ 19,683,444</u>	<u>\$ 19,123,100</u>	<u>\$ 13,777,977</u>

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HARRIS CENTRAL APPRAISAL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
Last Ten Years  
(modified accrual basis of accounting)

	Year									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Revenues</b>										
Assessments	\$ 109,363,655	\$ 99,006,329	\$ 94,373,871	\$ 92,518,567	\$ 90,728,851	\$ 88,094,554	\$ 85,563,002	\$ 81,496,875	\$ 77,706,956	\$ 74,902,803
Investment income	2,432,577	2,282,183	732,135	23,537	233,225	961,925	673,462	256,406	74,272	17,957
Other revenues	536,096	461,823	441,611	668,500	298,799	535,070	910,371	422,498	481,123	669,741
Rendition penalty fee	<u>479,167</u>	<u>464,001</u>	<u>583,744</u>	<u>399,303</u>	<u>390,471</u>	<u>281,578</u>	<u>453,674</u>	<u>324,366</u>	<u>391,930</u>	<u>334,664</u>
Total revenues	112,811,495	102,214,336	96,131,361	93,609,907	91,651,346	89,873,127	87,600,509	82,500,145	78,654,281	75,925,165
<b>Expenditures</b>										
Board of Directors	18,594	13,438	24,443	4,712	-	-	-	-	-	-
Office of Chief Appraiser	1,464,179	2,484,168	2,242,821	12,076,129	12,968,365	13,181,522	14,002,216	12,310,648	11,587,428	13,421,461
Appraisal review board	2,074,836	2,381,044	2,854,510	3,132,252	-	-	-	-	-	-
Appraisal support	14,170,294	13,263,866	12,141,492	11,963,055	11,946,497	14,358,192	14,958,051	14,993,839	12,549,219	12,584,529
Appraisal	39,961,802	36,809,141	33,467,542	32,726,839	32,446,248	31,814,658	30,723,471	29,767,205	27,679,141	26,768,745
Information technology	15,318,084	14,290,705	13,303,614	12,621,450	12,795,374	8,677,941	7,397,376	6,858,842	7,874,275	7,803,603
Administration	10,323,031	9,988,495	9,631,280	8,848,000	9,110,006	8,100,378	7,406,834	7,389,849	6,704,181	6,590,564
Administration services/building services	4,904,612	4,820,678	15,287,762	5,667,958	9,857,211	6,193,911	4,993,486	5,250,513	4,424,778	3,932,801
Legal	19,318,104	10,694,447	-	-	-	-	-	-	-	-
Security	1,138,185	-	-	-	-	-	-	-	-	-
Nondepartmental	111,794	-	-	-	-	-	-	-	-	-
Capital outlay	3,059,651	3,425,625	1,081,089	1,017,238	860,235	899,061	438,329	2,000,000	121,231	78,044
Debt service										
Interest	2,317,545	7,629,864	1,943,474	1,837,980	1,738,296	1,644,104	1,555,095	1,470,978	1,391,480	1,316,342
Principal	<u>81,491</u>	<u>337,531</u>	<u>485,796</u>	<u>606,447</u>	<u>720,530</u>	<u>828,399</u>	<u>919,867</u>	<u>897,927</u>	<u>977,425</u>	<u>1,052,562</u>
Total expenditures	<u>114,262,202</u>	<u>106,139,002</u>	<u>92,463,823</u>	<u>90,502,060</u>	<u>92,442,762</u>	<u>85,698,166</u>	<u>82,394,725</u>	<u>80,939,801</u>	<u>73,309,158</u>	<u>73,548,651</u>
Excess (deficiency) of revenues over (under) expenditures	(1,450,707)	(3,924,666)	3,667,538	3,107,847	(791,416)	4,174,961	5,205,784	1,560,344	5,345,123	2,376,514
<b>Other financing sources (uses)</b>										
Leases issued	-	508,266	-	-	-	-	-	-	-	-
Subscriptions issued	3,033,853	2,273,244	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	(500,000)	(500,000)	-	(1,000,000)	-	-
Total other financing sources (uses)	<u>3,033,853</u>	<u>2,781,510</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,583,146</u>	<u>\$ (1,143,156)</u>	<u>\$ 3,667,538</u>	<u>\$ 3,107,847</u>	<u>\$ (1,291,416)</u>	<u>\$ 3,674,961</u>	<u>\$ 5,205,784</u>	<u>\$ 560,344</u>	<u>\$ 5,345,123</u>	<u>\$ 2,376,514</u>
Debt service as a percentage of noncapital expenditures	2.16%	7.76%	2.66%	2.72%	2.69%	2.90%	3.01%	3.04%	3.26%	3.23%

(1) Prior to fiscal year 2021, Board of Directors and appraisal review board were reported within Office of the Chief Appraiser.

HARRIS CENTRAL APPRAISAL DISTRICT  
ADJUSTED LEVY FOR ASSESSMENTS AND ASSESSMENTS COLLECTED  
Last Ten Years

	Year									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total adjusted levy for calculation of taxing unit assessments <sup>(1) (2)</sup>	\$ 13,527,149,290	\$ 13,715,322,600	\$ 12,972,489,919	\$ 12,814,950,514	\$ 12,295,974,520	\$ 11,888,313,314	\$ 11,564,280,439	\$ 11,053,954,982	\$ 10,270,428,310	\$ 9,385,920,743
Direct rate <sup>(4)</sup>	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Assessments	\$ 115,913,324 <sup>(3)</sup>	\$ 99,006,329	\$ 94,373,871	\$ 92,518,567	\$ 90,728,851	\$ 88,094,554	\$ 85,563,002	\$ 81,496,875	\$ 77,706,956	\$ 75,147,518 <sup>(3)</sup>

1. According to Section 6.06 of the Texas Tax Code, each taxing unit participating in the district is allocated a portion of the amount of the budget equal to the proportion that the total dollar amount of property taxes imposed in the district by the unit for the tax year in which the budget proposal is prepared bears to the sum of the total dollar amount of property taxes imposed in the district by each participating unit for that year.
2. Adjusted levy reported is for the fourth quarter billing at year end.
3. The district owed a refund to the taxing jurisdictions for 2024 and 2015. The amounts shown here do not include the adjustment for the refunds.
4. 100% of the adjusted levy is used in the calculation allocating the assessment fees.

HARRIS CENTRAL APPRAISAL DISTRICT  
PRINCIPAL TAXING JURISDICTIONS  
Current Year and Nine Years Ago

Taxing Jurisdictions	2024			2015		
	<u>Tax Levy</u>	<u>Rank</u>	<u>% of Taxable Assessed Value</u>	<u>Tax Levy</u>	<u>Rank</u>	<u>% of Taxable Assessed Value</u>
Harris County 040	\$ 2,247,178,377	1	16.61%	\$ 1,458,514,240	2	15.54%
Houston ISD 001	1,919,439,257	2	14.19%	1,625,165,576	1	17.31%
City of Houston 061	1,623,324,275	3	12.00%	1,172,124,068	3	12.49%
Harris County Hospital Dist. 043	900,618,271	4	6.66%	575,782,713	4	6.13%
Cypress-Fairbanks ISD 004	728,608,104	5	5.39%	572,993,305	5	6.10%
Spring Branch ISD 025	423,720,622	6	3.13%	319,076,874	6	3.40%
Katy ISD 019	359,378,208	7	2.66%	246,187,326	7	2.62%
Aldine ISD 009	297,946,749	8	2.20%	218,968,228	8	2.33%
Klein ISD 017	281,900,350	9	2.08%	216,097,294	9	2.30%
Houston Community College 048	<u>244,150,767</u>	<u>10</u>	<u>1.80%</u>	<u>167,054,338</u>	<u>10</u>	<u>1.78%</u>
Subtotal	9,026,264,980		66.73%	6,571,963,962		70.02%
Other taxing jurisdictions	<u>4,500,884,310</u>		<u>33.27%</u>	<u>2,813,956,781</u>		<u>29.98%</u>
Total	<u>\$ 13,527,149,290</u>		100.00%	<u>\$ 9,385,920,743</u>		100.00%

Source: Harris County Appraisal District's departmental records.

HARRIS CENTRAL APPRAISAL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
Last Ten Years

	Year									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental activities										
Notes payable	\$ -	\$ -	\$ 6,526,870	\$ 8,470,344	\$ 10,308,324	\$ 12,046,620	\$ 13,690,724	\$ 15,245,819	\$ 16,716,797	\$ 18,108,277
Lease liability	443,436	490,287	-	-	-	-	-	-	-	-
Subscription liability	<u>2,859,290</u>	<u>2,096,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,302,726</u>	<u>\$ 2,586,418</u>	<u>\$ 6,526,870</u>	<u>\$ 8,470,344</u>	<u>\$ 10,308,324</u>	<u>\$ 12,046,620</u>	<u>\$ 13,690,724</u>	<u>\$ 15,245,819</u>	<u>\$ 16,716,797</u>	<u>\$ 18,108,277</u>
Taxing jurisdictions in district	611	585	567	554	551	538	533	525	517	513
Debt per taxing unit <sup>(1)</sup>	\$ 5,405	\$ 4,421	\$ 11,511	\$ 15,289	\$ 18,708	\$ 22,391	\$ 25,686	\$ 29,040	\$ 32,334	\$ 35,299

1. This does not represent the applicable portion of debt per taxing jurisdiction as the district's budget is allocated among the taxing jurisdictions according to their property taxes levied for the corresponding budget year.

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.



HARRIS CENTRAL APPRAISAL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
Last Ten Years

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Year Ended December 31	(a) Estimated Population (In Thousands)	(a) Personal Income (In Thousands)	(a) Per Capita Personal Income	(a) Unemployment Rate
2015	4,562	\$ 249,989,494	\$ 54,100	4.6%
2016	4,629	240,752,454	51,186	5.4%
2017	4,664	255,361,808	53,188	4.6%
2018	4,699	274,514,924	58,685	4.0%
2019	4,713	284,905,380	59,207	3.6%
2020	4,746	291,723,832	60,183	8.0%
2021	4,736	311,430,719	65,869	4.8%
2022	4,781	330,617,356	69,154	4.0%
2023	4,835	357,130,669	73,862	3.8%
2024	5,009	not available	not available	4.1%

Data sources:

- (a) Source: <http://www.txcip.org> (Texas Association of Counties)  
Source: <http://www.bls.gov> (Bureau of Labor Statistics)  
Source: <https://www.dshs.texas.gov> (Texas Department of State Health Services)  
Source: <https://www.homefacts.com>  
Source: <https://www.bea.gov>  
Source: <https://worldpopulationreview.com/us-counties>  
Source: <https://fred.stlouisfed.org/series/PI48201>
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HARRIS CENTRAL APPRAISAL DISTRICT  
PRINCIPAL CORPORATE EMPLOYERS  
Current Year and Nine Years Ago  
(amounts in thousands)

<u>Employer</u>	<u>2024</u>			<u>2015</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Memorial Hermann Health System	19,500	1	0.5687%	20,055	4	0.6750%
Continental Airlines, Inc.	16,000	2	0.4666%	-	-	-
UT MD Anderson Cancer Center	15,000	3	0.4374%	20,357	3	0.6851%
Shell Oil Co.	13,000	4	0.3791%	12,050	10	0.4056%
Exxon Mobil Corp.	13,000	5	0.3791%	12,814	8	0.4313%
Kroger Co.	12,000	6	0.3500%	15,216	6	0.5121%
National Oilwell Varco	10,000	7	0.2916%	-	-	-
Houston Methodist	991	8	0.2914%	16,961	5	0.5708%
UT Medical at Galveston	9,318	9	0.2717%	-	-	-
Baylor College of Medicine	9,232	10	0.2692%	-	-	-
H-E-B	-	-	-	21,471	2	0.7226%
McDonald's Corp.	-	-	-	-	-	-
United Airlines	-	-	-	15,108	7	0.5085%
Schlumberger	-	-	-	12,207	9	0.4108%
Wal-Mart Stores	-	-	-	32,000	1	1.0770%
Total	<u>118,041</u>			<u>178,239</u>		

Source: Employment numbers were obtained from Houston ISD.

Percentage of total employment was calculated using total non-agricultural employment for the Houston-Sugarland-Baytown MSA and was obtained directly from the U.S. Bureau of Economic Statistics and via DATAbook Houston. These lists exclude employment numbers for Houston ISD and the City of Houston.

HARRIS CENTRAL APPRAISAL DISTRICT  
EMPLOYED POSITIONS BY FUNCTION  
Last Ten Years

Function	Year									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Office of the Chief Appraiser	15	19	17	16	6	6	7	5	3	5
Support Services	151	172	166	143	148	166	166	168	172	165
Appraisal	353	371	371	316	338	336	332	345	340	327
Information Systems	60	62	63	60	57	40	39	40	34	45
Administration	<u>54</u>	<u>57</u>	<u>55</u>	<u>47</u>	<u>62</u>	<u>52</u>	<u>50</u>	<u>49</u>	<u>52</u>	<u>41</u>
Regular positions	<u>633</u>	<u>681</u>	<u>672</u>	<u>582</u>	<u>611</u>	<u>600</u>	<u>594</u>	<u>607</u>	<u>601</u>	<u>583</u>

Notes: Data represents employed positions at year end.

HARRIS CENTRAL APPRAISAL DISTRICT  
STATE COMPTROLLER'S STUDY BY MEDIAN LEVEL OF APPRAISAL <sup>(1)</sup>  
Last Ten Years

Property Category	Year									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Single family residential	N/A	1.00	N/A	0.98	N/A	0.98	N/A	0.99	N/A	0.99
Multi-family residential	N/A	0.97	N/A	0.96	N/A	0.94	N/A	0.93	N/A	0.97
Vacant lots	N/A	0.95	N/A	0.88	N/A	0.93	N/A	N/A	N/A	N/A
Acreage	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Commercial real property	N/A	0.95	N/A	0.95	N/A	0.92	N/A	0.95	N/A	1.00
Utilities	N/A	0.94	N/A	0.90	N/A	0.89	N/A	0.90	N/A	0.96
Commercial personal property	N/A	1.02	N/A	0.95	N/A	0.98	N/A	0.97	N/A	1.00
Overall median level	<u>N/A (2)</u>	<u>1.00</u>	<u>N/A (2)</u>	<u>0.98</u>	<u>N/A (2)</u>	<u>0.98</u>	<u>N/A (2)</u>	<u>0.98</u>	<u>N/A (2)</u>	<u>0.99</u>

1. The statistical median reflects the mid-point of a sample. It is generally desirable to maintain median appraisal levels at or slightly below 1.00 to avoid over-appraisal of properties. The International Association of Assessing Officers (IAAO) guidelines state that the overall level of appraisal for all parcels in the jurisdiction should be within ten percent of the legal level. Based on these criteria, the district's appraisal level for the current year is considered to reflect very good appraisal performance.
2. Prior to 2010, the Texas Comptroller of Public Accounts was required by statute to study appraisal districts in Texas each year to determine the degree of uniformity of property tax appraisals to fair value (Property Value Study or PVS). Study results are used by the State of Texas in a complex formula for allocating state funds for education. For 2010, legislation was enacted requiring the annual study to be conducted every two years and established the requirement for a review of appraisal districts.

Data from the district's appraisal department.

HARRIS CENTRAL APPRAISAL DISTRICT  
PROTEST ACTIVITY AND LITIGATION VOLUME  
Last Ten Years

Property Category	Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Reappraisal year	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Accounts protested	516,205	528,690	494,902	453,535	447,277	421,819	372,579	389,644	380,550	372,584
Value of accounts	\$ 516,459,556,044	\$ 522,992,711,393	\$ 455,476,171,354	\$ 394,602,180,944	\$ 388,760,482,101	\$ 363,741,127,329	\$ 319,597,069,098	\$ 318,521,587,121	\$ 311,654,617,880	\$ 285,432,274,329
Average percentage reduction	6.98%	11.05%	10.05%	9.97%	11.06%	10.70%	10.02%	10.36%	10.79%	6.29%
Total lawsuits	9,865	9,645	7,997	6,949	6,584	6,374	7,183	4,661	4,212	4,133
Number of accounts	26,637	23,043	18,332	15,759	16,175	15,054	16,024	11,918	12,018	10,124
Value of accounts	\$ 159,202,024,304	\$ 168,503,290,218	\$ 151,735,082,573	\$ 115,084,993,520	\$ 129,866,823,187	\$ 106,544,983,826	\$ 87,914,852,919	\$ 81,113,534,434	\$ 90,788,838,462	\$ 64,584,698,576
Number of accounts resolved	1,519	16,840	16,921	14,955	15,303	14,978	15,951	11,910	11,999	10,100
Average percentage reduction	8.16%	12.86%	12.13%	10.48%	11.31%	11.71%	10.23%	11.27%	11.88%	11.36%

Data from district's appraisal department.

HARRIS CENTRAL APPRAISAL DISTRICT  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
Last Ten Years

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	Year									
<u>Function / Program</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Appraisal										
Appraised value	\$ 879,346,209	\$ 851,002,565	\$ 759,598,910	\$ 666,018,188	\$ 646,519,386	\$ 615,347,614	\$ 571,596,277	\$ 562,968,171	\$ 532,811,166	\$ 503,278,759
Number of accounts	1,763,133	1,741,000	1,718,008	1,700,000	1,678,222	1,661,283	1,642,501	1,640,520	1,624,760	1,604,903

Source: Various district departments.

HARRIS CENTRAL APPRAISAL DISTRICT  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
Last Ten Years

<b><u>Function / Program</u></b>	<b><u>Year</u></b>									
	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
General Fund										
Office of the Chief Appraiser	45	45	45	47	48	48	56	57	57	57
Support Services	158	161	161	168	169	171	186	189	191	191
Appraisal	363	365	365	371	371	371	455	461	470	471
Information Systems	753	752	746	996	994	1,009	1,031	1,059	1,141	1,158
Administration	108	114	114	118	118	118	161	168	168	169

Source: Various district departments.

Figures represent total capital assets by function.