

*ANNUAL COMPREHENSIVE  
FINANCIAL REPORT*

of the

**HARRIS COUNTY  
APPRAISAL DISTRICT, TEXAS**

**For the Year Ended  
December 31, 2021**

**Report Issued By:**

**Budget and Finance Division**

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# HARRIS COUNTY APPRAISAL DISTRICT

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***INTRODUCTORY SECTION***

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# Harris County Appraisal District

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Houston TX 77292-0975  
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## Office of Chief Appraiser

June 15, 2022

### Board of Directors

Mike Sullivan, Chairman  
Martina Lemond Dixon, Secretary  
Al Odom, Assistant Secretary  
Ann Harris Bennett, Director  
*Tax Assessor-Collector, Ex-Officio Director*  
Jim Robinson, Director  
Jonathan Cowen, Director  
Kathy Blueford-Daniels, Director

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

*Chief Appraiser*  
Roland Altinger  
*Deputy Chief Appraiser*  
Jason Cunningham  
*Taxpayer Liaison Officer*  
Teresa S. Terry

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, 2021.

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.

Belt Harris Pechacek, LLLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the Harris County Appraisal District’s financial statements for the year ended December 31, 2021. 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 County Appraisal District is a political subdivision of the State of Texas established in 1980, following the codification of property tax laws by the 66<sup>th</sup> 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 554 taxing units.

Texas appraisal districts are permitted to contract with their taxing units to perform tax collection functions. The Harris County Appraisal District has not contracted with any of its taxing units to provide these services through 2021 and does not anticipate any collection contracts in the foreseeable future.

A seven-member board of directors, appointed by the taxing units within the boundaries of the district, constitutes the governing body. The board members are appointed as follows: Harris County Commissioners’ Court appoints two members; the City of Houston City Council appoints one member; the other 32 cities appoint one member;

the Houston Independent School District Board of Trustees appoints one member; the other 24 school districts and 4 junior colleges appoint one member; and, all conservation and reclamation districts appoint one member.

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 appoints the chairman and secretary of the appraisal review board from among the serving members. 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 County 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, 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. Human Resources, Audit Support Services, Communications Services, Information Technology, 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, Agricultural Valuation, Business and Industrial Property, Commercial Valuation, Residential Valuation, and Review Appraisal. 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 20, 2021, with less than 7.83 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 554 taxing unit appraisal rolls was approximately \$4.2 trillion, resulting in a 2021 ad valorem tax levy of approximately \$12.9 billion, an increase of 5 percent from 2020.

The Harris County 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 1.1 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, again at full market value.

Despite the second year of a global pandemic, dwindling inventory, building supply and labor shortages, and rising home prices, Houston's residential single-family market saw a record year. According to Houston Association of Realtors (HAR), single-family home sales rose 10.3 percent in 2021 to 106,229 while sales of all property types totaled 131,041, a 13.3 percent increase over 2020's volume. Total dollar volume for 2021 jumped 31.8 percent to \$47 billion. Housing inventory peaked in August at a 1.8-months supply and ended the year at a 1.4-months supply. On a year-to-date basis, the average single-family sales price rose 16 percent to \$376,075 while the median price increased 15.4 percent to \$300,000, both records.

The demand for land in Harris County has always been great but, in the past few years, the demand has skyrocketed. With the population growing in Harris County, the supply of housing has fallen behind the demand. Residential developers are looking for as much land as they can acquire to develop into neighborhoods or master planned communities. Commercial land is just as sought after by commercial developers. Demand for residential land fuels the demand for commercial land. The Houston area boasts cheap, open land, not just on its outskirts, but also within its city limits. Infill projects are mostly focused on mixed-use, luxury development, while outlying vacant land is more diversified, including retail, office, and residential development. Houston had the highest volume of commercial real estate transactions of any city in the country in the third quarter of 2021.

The Houston multi-family market seems to be on the rebound after many months of stagnation due to the COVID-19 Pandemic and the energy sector downturn. Although the Houston market has not recovered as well as the Dallas and Austin markets, the Houston market is making strong recovery efforts. Houston remains one of the more affordable cities in Texas, with only San Antonio listing cheaper average monthly rent. Houston also boasts the largest average rental unit size at 880 square feet. These efforts are looking even better than pre-pandemic statistics. Rents are up, occupancy is on the rise, and investment interest is back.

For the majority of 2020, occupancy hovered around an average of 88 percent. Rental rates stayed below an average of \$1,150 per month. In 2021, statistics have shown a constant rise in rental rates and occupancy. Each month has been better than the previous month. Now the average rental rate is \$1,171 per month and the average occupancy is 91.9 percent. The cost of rent varies depending on several factors, including location, size, and quality.

The COVID-19 pandemic, its multiple variants, and working from home have all had negative effects on the national office market. Houston is ahead of many major cities in bringing employees back to the office, but the city's office market continues to struggle amid rising vacancy rates, according to a series of reports released by major commercial real estate firms. Meanwhile, new offices continue to be built. Houston commercial real estate experts say they are overall no longer feeling weighed down by the pandemic.

Despite a challenging year, the commercial real estate sector is cautiously optimistic about what 2022 holds in store. Commercial real estate is still recovering from colossal disruptions dating back to 2020. Investors must adapt to a new normal and changing property landscape. Look for the new emerging trends to define commercial real estate activity for the near future.

**Comparison of Appraised Values to Previous Year**

The change in appraised value of taxable property between years 2021 and 2020 is reflected in the table below:

<b>HARRIS COUNTY APPRAISAL DISTRICT APPRAISED VALUES</b>			
2021		2020	
Number of Accounts	Appraisal Value (in thousands)	Number of Accounts	Appraisal Value (in thousands)
1,692,411	\$676,181,080	1,678,222	\$646,519,386

*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, 2022. The change in the appraised and taxable values from 2020 to 2021 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>				
	2021	2020	Change	Percent Change
Appraised Value	\$676,181,080	\$646,519,386	\$29,661,694	4.59%
Taxable Value	\$519,030,675	\$494,997,974	\$24,032,701	4.86%

**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, the 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 preliminarily completed for 2021 and one school district fell inside the margin of error.

Section 5.102, Tax Code requires the Comptroller of Public Accounts to review county appraisal district (CAD) governance, taxpayer assistance, operating 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 2020.

The district’s median level of appraisal for 2021 is summarized in the following table:

<b>STATE COMPTROLLER’S STUDY</b>	
<b><u>Property Category</u></b>	<b><u>Median Level of Appraisal 2021</u></b>
Single Family Residential	.98
Multi-Family Residential	.96
Vacant Lots	.88
Acreage	N/A
Commercial Real Property	.95
Utilities	.90
Commercial Personal Property	.95
Overall Median Level – All Properties	.98

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 98 percent appraisal level is considered to reflect very good appraisal performance.

***Property Owner Protests***

During 2021, property owners and professional tax consultants filed 452,834 protests, resulting in an increase of 1.28 percent from the 2020 protest volume of 447,128. 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 2021 protest activity data has been updated through April 6, 2022. The table below shows the protest activity for the last 10 years:

<b>PROTEST ACTIVITY</b> (Dollars in millions)				
<u>Year</u>	<u>Reappraisal Year</u>	<u>Accounts Protested</u>	<u>Value of Accounts</u>	<u>Avg Percent Reduction</u>
2012	Yes	296,228	\$198,242	9.29%
2013	Yes	302,336	\$230,189	8.75%
2014	Yes	346,041	\$247,547	8.52%
2015	Yes	372,584	\$285,432	6.29%
2016	Yes	380,550	\$311,655	10.79%
2017	Yes	389,837	\$319,509	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%

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>
2012	2,864	6,985	\$ 29,508,040,449	6,985	10.43%
2013	3,568	11,019	\$ 55,331,218,880	10,985	9.94%
2014	4,022	9,734	\$ 62,482,106,824	9,708	9.86%
2015	4,133	10,124	\$ 64,584,698,576	10,059	11.36%
2016	4,212	12,018	\$ 90,788,838,462	11,839	11.88%
2017	4,661	11,918	\$ 81,113,534,434	11,757	11.27%
2018	7,183	16,024	\$ 87,914,852,919	13,770	10.23%
2019	6,374	15,005	\$106,544,983,826	12,569	11.05%
2020	6,568	15,958	\$129,299,808,378	9,244	10.26%
2021	6,915	14,658	\$112,956,803,112	1,440	8.42%

Rather than filing 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 (first available in 2012) is summarized in the table below:

<b>ARBITRATION VOLUME</b>				
<u>Year</u>	<u>Number of Accounts</u>	<u>Determined</u>	<u>Dismissed/ Withdrawn</u>	<u>Pending</u>
2012	783	783	72	0
2013	774	774	47	0
2014	713	713	73	0
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	2,275	1,331	1
2019	3,548	3,543	2,189	3
2020	5,119	5,092	4,148	27
2021	5,645	4,608	4,467	1,037

***iFile and iSettle Programs***

The Harris County Appraisal District continues its online iFile program that allows property owners and agents to protest their noticed values through the district’s website. During 2021, 85,045 agent protests and 83,194 property owner protests were received through iFile. Both of these 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 the district before making an iSettle offer to the property owner. A total of 13,839 property owners utilized this feature in 2021, and they uploaded a total of 98,992 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 (first available is 2013) is summarized in the table below:

<b>iFILE / iSETTLE VOLUME</b>						
<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	32,620	287,000	41,000
2021	168,239	32,725	20,691	38,562	295,000	43,000

***Financial Information***

The general fund’s total fund balance was \$30,380,620 with an unassigned balance of \$1,341,071 at year end, which is below the district’s financial policy recommendation for budgetary and planning purposes. Other assignments include \$1,960,959 for special projects, \$7,297,295 for future major repairs and rehabilitations of facilities, \$500,000 for the phone system project, and \$17,664,776 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 554 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 0.72 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 2021 expenditure budget of \$93,018,564 on July 15, 2020. This amount represented a \$2,290,257 increase over the 2020 budget. Taxing unit funding increased from \$90,728,307 in 2020 to \$92,518,564 for 2021, an increase of \$1,790,257.

### ***Major Initiatives***

1. In 2020, the district completed implementation of a Case Management System (CMS), a custom software solution designed to provide the Review Appraisal Division, the Division of Legal Services, and outside counsel with a modern, information-rich platform for facilitating the efficient processing of the thousands of lawsuits that the district receives each year. This solution is integrated with CustomCAMA and replaces several separate systems that were used to track different types of information. CMS gives users a single interface for tracking case status, generating and storing documents, producing robust reports, and communicating with team members.
2. Working with a vendor and assessors in the district, the district launched a Truth in Taxation web portal providing property owners with tax rates, levies, and public hearings for all taxing units in the county, in compliance with Senate Bill 2 – Texas Property Tax Reform and Transparency Act of 2019. District personnel configured the website and provided training to the assessors.
3. The district launched a ground-up reimagining of its intranet site, myHCAD. Using an industry standard intranet platform, myHCAD has greatly improved interdepartmental communications, increased employee engagement, and has served as a crucial source of current news and other information for a workforce that has largely been working remotely.
4. The district's aging fleet of workstations and monitors was upgraded, and an appropriate asset lifecycle was established.
  - a. The workstations were starting to see sluggish performance and, as a result, users started to experience a loss of productivity. The individual components to repair the workstations were becoming increasingly difficult to source, and the internal fans became noisier as time went on. The new workstations are much better equipped to keep up with the increasing demands of the latest and most secure software and operating systems.
  - b. The laptops that the appraisers were using in the field were in dire need of replacement. The majority of these devices had been in service well beyond their useful lifecycle. Many of the devices had been repaired several times over and were showing signs of their age. Replacement parts were becoming increasingly difficult to source, and the repair process was consuming the valuable time of the systems support team and appraisers alike. The newer in-field devices are much thinner, weighing a fraction of what the older devices did. In addition to being more portable, they also contain an active SIM card for cellular service, thus negating the need to carry an additional hotspot for internet connectivity. Also, the need to carry a separate digital camera has been eliminated with the inclusion of a digital camera on the rear of the device. The new devices are 'convertible' meaning that they can be used as a laptop or a touchscreen tablet. The district is developing a mobile app for use in the field and will use the tablet mode moving forward.

5. In 2020, the need for a modern telephone system became evident. The current telephone system is no longer supported by the vendor and lacks important features needed by an organization with the district's business requirements. For example, it is not able to integrate with other systems used by the district and offers limited business collaboration functionality. One of the most critical shortfalls of the current system is the requirement to have the contact center remain on-site. With the majority of our users working remotely, the need has arisen to have 'softphones' as opposed to physical telephones. The district has acquired headsets to allow for most users to make use of the softphones whilst working remotely. The phone system transition is currently on track to be completed by the first quarter of 2021.
6. As part of a larger effort to digitize district forms that have traditionally been processed on paper, the public now has the ability to fill, sign, and submit forms online, as well being able to upload evidence. This has replaced the old forms online, which required the property owner to print, sign, and mail the form to the district along with any pieces of evidence. This initiative has significantly reduced the processing time for both the district employees and members of the public. The new electronic forms even allow property owners to submit forms from a mobile device without ever having to log in to a computer.
7. Prior to 2020, the only methods of participating in a value protest were coming onsite to the district facility or having a phone-based hearing. The pandemic made in-person hearings problematic, so the district introduced remote hearings. No longer does a property owner need to drive to the district office and wait in the lobby for a hearing. Now, property owners can sit in the comfort of their homes, or anywhere in the world, and have their hearing conducted remotely. This functionality also includes the ability to schedule and participate in a hearing from a mobile device.
8. The owners' portal has been augmented with additional functionality such as the capability of opting in to remote meetings, allowing owner communication via email and text messaging, and allowing owners to remove their agents online.
9. A building-wide network upgrade project was completed, replacing the district's aging infrastructure. This provides the district with reliable network communication, improved speed, and enhanced data security. The core of the project was replacing a single point of failure for the main datacenter with a redundant pair of datacenter-class switches allowing for continued operation in the event of hardware failure. All switches on each floor were replaced with multiple links per floor back to the datacenter for redundancy.
10. The production data storage system was replaced with a solid-state array, adding capacity, speed, and efficiency, thus improving operations. The new system allows for a smaller footprint while also increasing uptime and reducing time for appraisal processing. The solid-state storage allows for leveraging snapshot technology, reducing system restore time from hours to minutes.
11. Vast improvements in remote work capabilities were achieved to meet the district's needs during the pandemic. Support capabilities were increased from 200 daily remote workers to over 550 within the span of a single week. Multiple additional technologies for remote collaboration and communicating with the public have also been implemented. Two of the most successful technologies have been Microsoft Teams and WebEx. Teams allows for group collaboration in real time, as well as holding large-scale remote meetings for employees. WebEx was the foundation used to build a successful remote hearing process which allowed for the district to meet legislative deadlines and certify on time.
12. The district completed the acquisition of county-wide street level imaging and LIDAR via cost-share interlocal agreements with Harris County, the City of Houston, and METRO. This project resulted in over 800,000 residential structure images from the hosted Street Level imagery website being extracted to update CAMA images for the 2021 tax year. An ancillary database was created in the process to include account, photo capture year, camera location, structure or parcel centroid, and hosted URL fields for quick recall in future software applications that need interactive access to street level imagery.

13. In 2020, the district completed a multi-step, multi-year parcel mapping modernization project that migrated 1.4 million parcels from systems that were reaching end of life into a new data structure with an updated mapping experience using Esri ArcGIS Pro for Parcel Fabric.
14. The district extended an existing aerial photography contract with provisions that modernize the annual capture of oblique and ortho-aerial imagery. The new system allows for faster, more efficient image delivery with resolution improving to 2” Ground Sample Distance (GSD) and positional accuracy to an x or y Root Mean Squared Error (RMSe) of 1.00 ft. The district will also have access to enhanced RapidAccess Disaster Recovery Program for no-cost re-flights after defined disaster events.

The Harris County Appraisal District’s outreach program educates property owners on assessment and taxation issues. The district conducted a total of 32 virtual property tax workshops and exemption workshops in 2021. 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 goal was to go to the property owners with helpful information rather than make them come to the 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 fifth year in a row, Harris County Appraisal District has landed on the Houston Chronicle’s list of Top Workplaces 2021! 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. With the unexpected and unprecedented impacts of COVID-19, employees stayed focused, connected, and moved forward to make this year’s Top Workplaces 2021 award even more meaningful.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Report to the Harris County Appraisal District for its annual comprehensive financial report (ACFR) for the fiscal year ended December 31, 2020. This was the thirty-fourth 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 unfailing support for maintaining the highest standards of professionalism in the management of the district's finances.

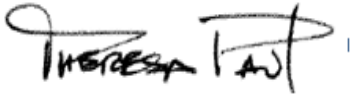
Respectfully submitted,



Roland Altinger  
Chief Appraiser



Jason Cunningham  
Deputy Chief Appraiser



Theresa Paul  
Chief Financial Officer



Tracey Dang  
Controller

# HARRIS COUNTY APPRAISAL DISTRICT

## APPRAISAL PROCESS

December 31, 2021

### 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**

**HARRIS COUNTY APPRAISAL DISTRICT**  
*CERTIFICATE OF ACHIEVEMENT FOR  
EXCELLENCE IN FINANCIAL REPORTING*  
December 31, 2021



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Harris County Appraisal District  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2020

*Christopher P. Morill*

Executive Director/CEO

# **HARRIS COUNTY APPRAISAL DISTRICT**

## *DISTRICT OFFICIALS*

December 31, 2021

MIKE SULIVAN

Chairman

GLENN PETERS

Secretary

MARTINA LEMON DIXON

Assistant Secretary

ANN HARRIS-BENNETT

Tax Assessor-Collector

Ex-Officio Director

Member

AL ODOM

Member

JIM ROBINSON

Member

ELIZABETH SANTOS

Member

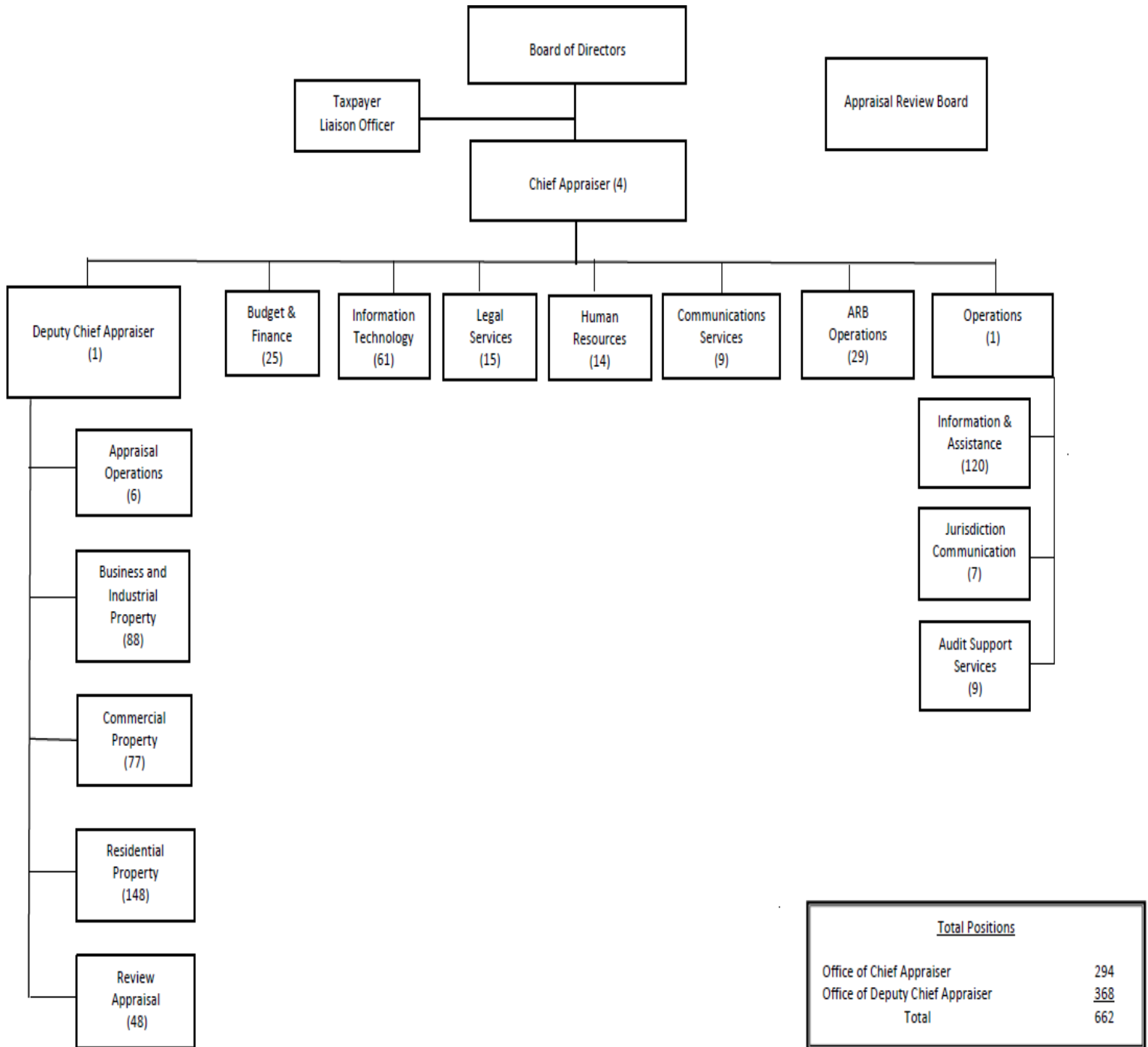
ROLAND ALTINGER

Chief Appraiser

# HARRIS COUNTY APPRAISAL DISTRICT

## PLAN OF ORGANIZATION

December 31, 2021

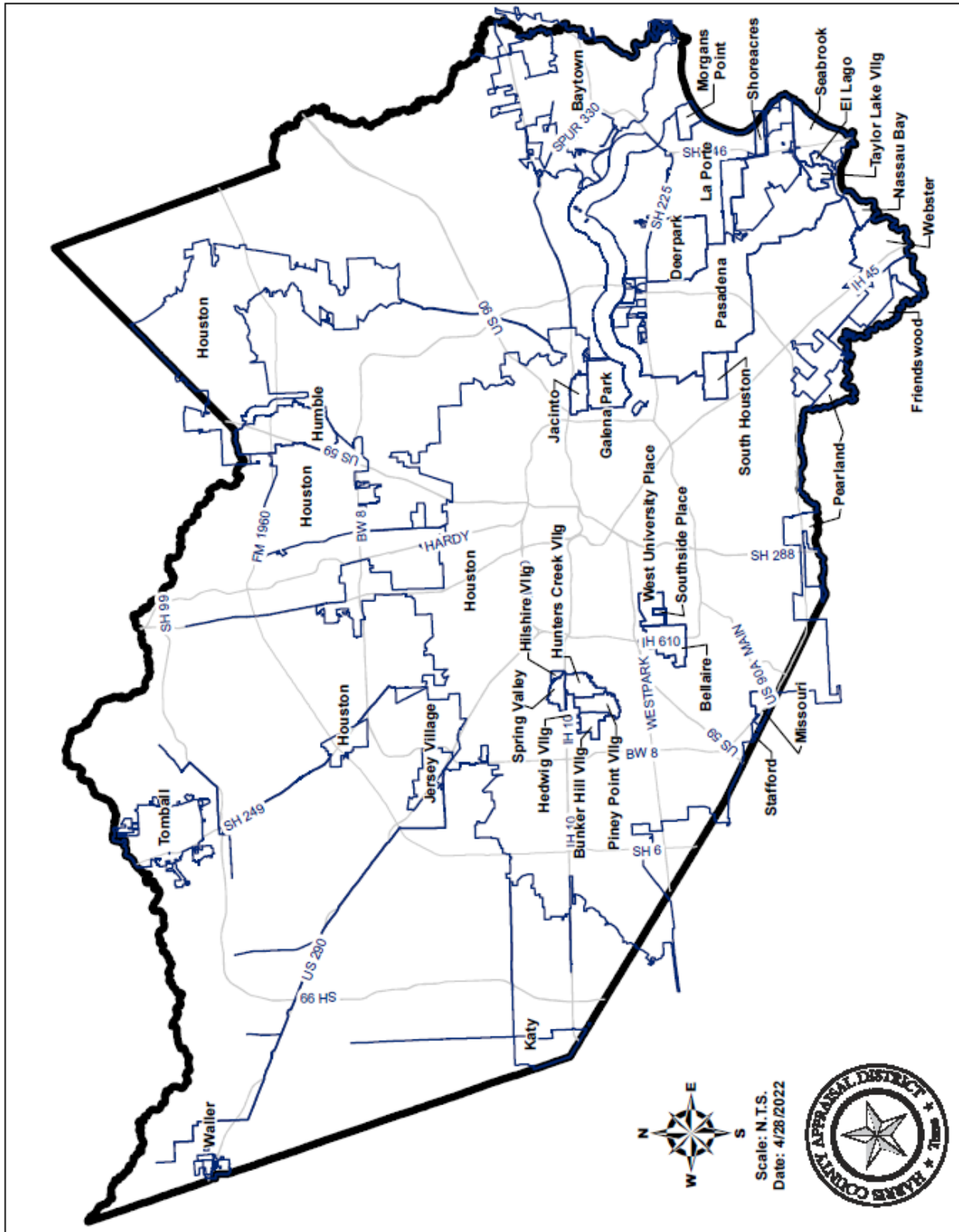




# HARRIS COUNTY APPRAISAL DISTRICT

## HARRIS COUNTY CITIES

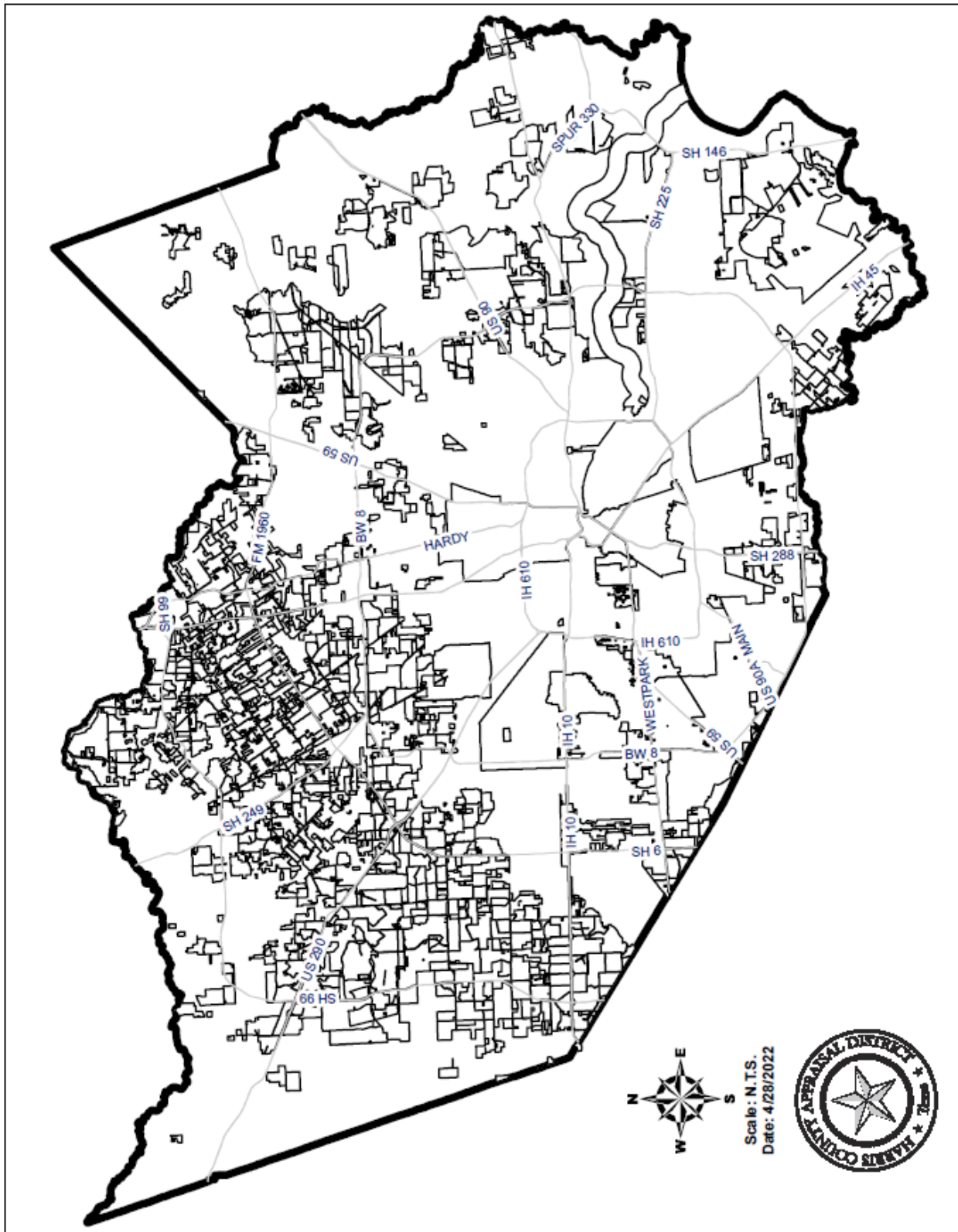
December 31, 2021



# HARRIS COUNTY APPRAISAL DISTRICT

## HARRIS COUNTY SPECIAL DISTRICTS

December 31, 2021





***FINANCIAL SECTION***

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## **INDEPENDENT AUDITORS' REPORT**

To the Audit Committee and  
Board of Directors of the  
Harris County Appraisal District:

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Harris County Appraisal District (the “district”), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the district’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the district as of December 31, 2021, 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. Our responsibilities under those standards are further described in the Auditors’ 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.

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

Management is responsible for the preparation and fair presentation of these 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.

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

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

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

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of changes in net pension and total other postemployment benefits liabilities and related ratios, and schedule of contributions, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, 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.

## **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 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 auditors' 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 basis 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.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
June 15, 2022

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

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# HARRIS COUNTY APPRAISAL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended December 31, 2021

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.

**HARRIS COUNTY APPRAISAL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended December 31, 2021**

**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 \$32,935,691 as of year end. This compares with \$28,195,123 from the prior year. A portion of the district's net position, 57 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 COUNTY APPRAISAL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended December 31, 2021

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position:

	<b>Governmental Activities</b>		<b>Percentage Change</b>
	<b>2021</b>	<b>2020</b>	
Current and other assets	\$ 66,043,650	\$ 61,388,014	8%
Capital assets, net	24,252,121	24,213,669	0%
<b>Total Assets</b>	<b>90,295,771</b>	<b>85,601,683</b>	<b>5%</b>
Deferred outflows - pensions	19,806,782	15,492,285	28%
Deferred outflows - OPEB	5,736,153	3,895,226	47%
<b>Total Deferred Outflows of Resources</b>	<b>25,542,935</b>	<b>19,387,511</b>	<b>32%</b>
Long-term liabilities	40,846,520	37,966,384	8%
Other liabilities	7,633,427	7,100,449	8%
<b>Total Liabilities</b>	<b>48,479,947</b>	<b>45,066,833</b>	<b>8%</b>
Deferred revenue - assessments	23,649,432	23,254,703	2%
Deferred inflows - pensions	9,494,209	7,004,309	36%
Deferred inflows - OPEB	1,279,427	1,468,226	-13%
<b>Total Deferred Inflows of Resources</b>	<b>34,423,068</b>	<b>31,727,238</b>	<b>8%</b>
<b>Net Position:</b>			
Net investment in capital assets	18,661,694	17,410,175	7%
Unrestricted	14,273,997	10,784,948	32%
<b>Total Net Position</b>	<b>\$ 32,935,691</b>	<b>\$ 28,195,123</b>	<b>17%</b>

The district's unrestricted net position of \$14,273,997, or 43 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 \$4,740,568 during the current fiscal year. This primarily was a result of an increase in assessment revenue.

Assets increased \$4,694,088 due to an increase in cash primarily due to an increase in assessment revenue. Total liabilities increased \$3,413,114 due to increases in the district's net pension liability and total OPEB liabilities.

Deferred outflows increased by \$6,155,424 and deferred inflows increased by \$2,695,830 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.

**HARRIS COUNTY APPRAISAL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended December 31, 2021

**Statement of Activities**

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

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 1,078,218	\$ 1,019,735
General revenues:		
Assessments	92,518,567	90,728,851
Investment income	24,968	255,630
<b>Total Revenues</b>	93,621,753	92,004,216
<b>Expenses</b>		
Appraisal services	88,274,738	86,365,759
Interest on long-term debt	606,447	720,530
<b>Total Expenses</b>	88,881,185	87,086,289
<b>Change in Net Position</b>	4,740,568	4,917,927
Beginning net position	28,195,123	23,277,196
<b>Ending Net Position</b>	\$ 32,935,691	\$ 28,195,123

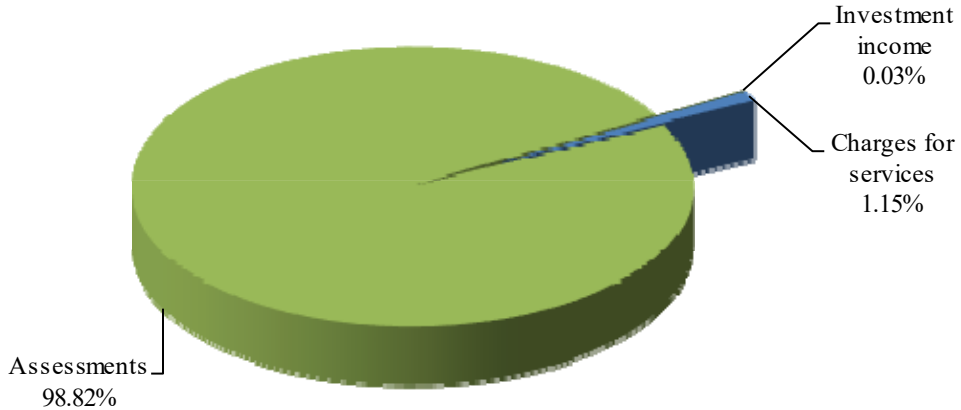
# HARRIS COUNTY APPRAISAL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

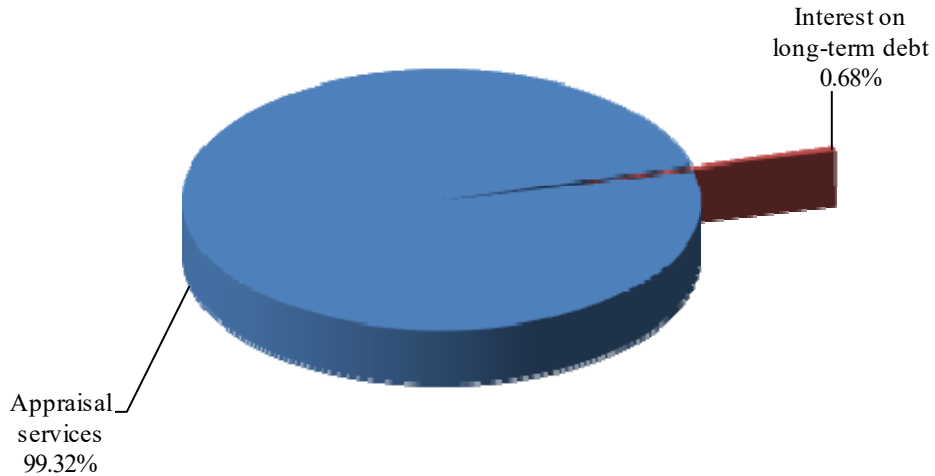
### For the Year Ended December 31, 2021

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

#### Governmental Activities - Revenues



#### Governmental Activities - Expenses



For the year ended December 31, 2021, revenues from governmental activities totaled \$93,621,753, which was a net increase of \$1,617,537 or two 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 2020 by a net \$1,794,896 or two percent. This was primarily due to a net increase in pension and OPEB retiree health expenses.

**HARRIS COUNTY APPRAISAL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended December 31, 2021

**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 \$30,380,620. Of this, \$1,616,519 is nonspendable, \$1,960,959 is assigned for special projects, \$7,297,295 is assigned for major repairs and rehabilitations, \$500,000 is assigned for the phone system project, \$17,664,776 is assigned for the operating reserve, and \$1,341,071 is unassigned. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 1 percent of total general fund expenditures, while total fund balance represents 34 percent of that same amount.

There was an increase in fund balance for the general fund of \$3,107,847. Revenues increased by \$1,958,561 mainly due to increases in assessment revenue as a result of an increase in the district's budget. Expenditures decreased \$1,940,702 largely due to decreases in pension plan contributions.

**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 increased by \$916,802 primarily as a result of a decrease in insurance claims.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual general fund revenues exceeded final budgeted revenues by \$1,086,745 during the year. This positive variance is due to the district not budgeting revenues for investment income, other revenue, and rendition penalty fees. General fund expenditures were less than the final budget by \$2,737,920 as a result of the district's effort to keep expenditures at or below budget.

Total budgeted expenditures were the same between original and final, however, there was a decrease of \$1,141,600 for appraisal services in the Office of the Chief Appraiser primarily due to less appraisal review board hearing legal expenses than originally budgeted. These funds were then allocated to other divisions based on anticipated needs.

**CAPITAL ASSETS**

At the end of the year, the district's governmental activities funds had invested \$24,252,121 (net of accumulated depreciation) in a variety of capital assets. During the year, the district added capital assets in computers and peripherals and construction in progress.

Additional information on the district's capital assets can be found in note III.C to the financial statements.

**HARRIS COUNTY APPRAISAL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended December 31, 2021**

**LONG-TERM DEBT**

At the end of the current year, the district had total long-term debt of \$8,470,344, in addition to accrued compensated absences of \$3,944,055, a net pension liability of \$9,402,662, and a total combined OPEB liability of \$24,128,177.

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

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

The district's Board of Directors approved a \$94.87 million budget for the 2022 fiscal year. This was an increase of \$1.85 million or two percent over the 2021 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 County 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***

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# HARRIS COUNTY APPRAISAL DISTRICT

## STATEMENT OF NET POSITION

December 31, 2021

	<u>Primary Government Governmental Activities</u>
<b><u>Assets</u></b>	
Current assets	
Cash and cash equivalents	\$ 61,618,313
Investments	1,261,428
Receivables, net	1,547,390
Prepaid items	1,616,519
<b>Total Current Assets</b>	<b>66,043,650</b>
Noncurrent assets	
Capital assets - nondepreciable	8,616,793
Capital assets - depreciable, net of accumulated depreciation	15,635,328
<b>Total Noncurrent Assets</b>	<b>24,252,121</b>
<b>Total Assets</b>	<b>90,295,771</b>
<b><u>Deferred Outflows of Resources</u></b>	
Deferred outflows - pensions	19,806,782
Deferred outflows - OPEB GTLF	474,412
Deferred outflows - OPEB retiree health	5,261,741
<b>Total Deferred Outflows of Resources</b>	<b>25,542,935</b>
<b><u>Liabilities</u></b>	
Current liabilities	
Accounts payable and accrued liabilities	2,534,709
Due within one year	5,098,718
<b>Total Current Liabilities</b>	<b>7,633,427</b>
Noncurrent liabilities	
Due in more than one year	40,846,520
<b>Total Noncurrent Liabilities</b>	<b>40,846,520</b>
<b>Total Liabilities</b>	<b>48,479,947</b>
<b><u>Deferred Inflows of Resources</u></b>	
Deferred revenue - assessments	23,649,432
Deferred inflows - pensions	9,494,209
Deferred inflows - OPEB GTLF	104,672
Deferred inflows - OPEB retiree health	1,174,755
<b>Total Deferred Inflows of Resources</b>	<b>34,423,068</b>
<b><u>Net Position</u></b>	
Net investment in capital assets	18,661,694
Unrestricted	14,273,997
<b>Total Net Position</b>	<b>\$ 32,935,691</b>

See Notes to Financial Statements.

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# HARRIS COUNTY APPRAISAL DISTRICT

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Change in Net Position Primary Government Governmental Activities
<b>Primary Government</b>			
<b>Governmental Activities</b>			
Appraisal services	\$ 88,274,738	\$ 1,078,218	\$ (87,196,520)
Interest on long-term debt	606,447	-	(606,447)
<b>Total Governmental Activities</b>	<b>\$ 88,881,185</b>	<b>\$ 1,078,218</b>	<b>(87,802,967)</b>
<b>Total Primary Government</b>	<b>\$ 88,881,185</b>	<b>\$ 1,078,218</b>	<b>(87,802,967)</b>
		<b>General Revenues:</b>	
		Assessments	92,518,567
		Investment income	24,968
		<b>Total General Revenues</b>	<b>92,543,535</b>
		<b>Change in Net Position</b>	<b>4,740,568</b>
		Beginning net position	28,195,123
		<b>Ending Net Position</b>	<b>\$ 32,935,691</b>

See Notes to Financial Statements.

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# HARRIS COUNTY APPRAISAL DISTRICT

## BALANCE SHEET

### GOVERNMENTAL FUND

December 31, 2021

	<u>General</u>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 52,264,322
Investments	1,261,428
Receivables, net	1,547,390
Prepaid items	1,616,519
<b>Total Assets</b>	<b><u>\$ 56,689,659</u></b>
<b><u>Liabilities</u></b>	
Accounts payable and accrued liabilities	\$ 1,774,202
<b>Total Liabilities</b>	<b><u>1,774,202</u></b>
<b><u>Deferred Inflows of Resources</u></b>	
Unavailable revenue - assessments	23,649,432
Unavailable revenue - rendition penalty	885,405
<b>Total Deferred Inflows of Resources</b>	<b><u>24,534,837</u></b>
<b><u>Fund Balance</u></b>	
Nonspendable:	
Prepaid items	1,616,519
Assigned for:	
Special projects	1,960,959
Major repairs and rehabilitations	7,297,295
Phone system project	500,000
Operating reserve	17,664,776
Unassigned	1,341,071
<b>Total Fund Balance</b>	<b><u>30,380,620</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b><u>\$ 56,689,659</u></b>

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**HARRIS COUNTY APPRAISAL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**December 31, 2021**

Total fund balance for the governmental fund		\$ 30,380,620
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		885,405
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund.		
Capital assets - nondepreciable		8,616,793
Capital assets - depreciable, net of accumulated depreciation		15,635,328
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.		
Deferred outflows - pensions		19,806,782
Deferred inflows - pensions		(9,494,209)
Deferred outflows - OPEB GTLF		474,412
Deferred inflows - OPEB GTLF		(104,672)
Deferred outflows - OPEB retiree health		5,261,741
Deferred inflows - OPEB retiree health		(1,174,755)
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.		
		8,593,484
Some liabilities are not reported as liabilities in the governmental funds:		
Noncurrent liabilities due within one year		(5,098,718)
Noncurrent liabilities due in more than one year		(40,846,520)
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>32,935,691</u></b>

See Notes to Financial Statements.

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**HARRIS COUNTY APPRAISAL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUND**  
For the Year Ended December 31, 2021

	<u>General</u>
<b><u>Revenues</u></b>	
Assessments	\$ 92,518,567
Investment income, net	23,537
Other revenue	668,500
Rendition penalty fee	399,303
<b>Total Revenues</b>	<u>93,609,907</u>
<b><u>Expenditures</u></b>	
<b>Current:</b>	
Board of Directors	4,712
Office of Chief Appraiser	12,076,129
Appraisal review board	3,132,252
Appraisal support	11,963,055
Appraisal	32,726,839
Information systems	12,621,450
Administration	8,848,000
Administration/building services	5,667,958
<b>Capital outlay</b>	1,017,238
<b>Debt service:</b>	
Principal	1,837,980
Interest and fiscal charges	606,447
<b>Total Expenditures</b>	<u>90,502,060</u>
<b>Net Change in Fund Balance</b>	3,107,847
Beginning fund balance	27,272,773
<b>Ending Fund Balance</b>	<u><u>\$ 30,380,620</u></u>

See Notes to Financial Statements.

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**HARRIS COUNTY 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, 2021**

Net change in fund balance - governmental fund \$ 3,107,847

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	717,488
Depreciation expense	(679,036)

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	10,415
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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 liability	(1,634,061)
Change in total OPEB liability	(3,139,141)
Change in deferred outflows - pensions	4,314,497
Change in deferred inflows - pensions	(2,489,900)
Change in deferred outflows - OPEB GTLF	113,168
Change in deferred inflows - OPEB GTLF	16,742
Change in deferred outflows - OPEB retiree health	1,727,759
Change in deferred inflows - OPEB retiree health	172,057

The issuance of long-term debt (e.g., leases) 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	1,837,980
Change in accrued compensated absences	(252,049)

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.

916,802

**Change in Net Position of Governmental Activities** **\$ 4,740,568**

See Notes to Financial Statements.

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**HARRIS COUNTY APPRAISAL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
December 31, 2021

		<u>Governmental Activities Internal Service</u>
<b><u>Assets</u></b>		
Current assets:		
Cash and cash equivalents		\$ 9,353,991
	<b>Total Assets</b>	<u>9,353,991</u>
<b><u>Liabilities</u></b>		
Current liabilities:		
Estimated claims payable		760,507
	<b>Total Liabilities</b>	<u>760,507</u>
<b><u>Net Position</u></b>		
Unrestricted		8,593,484
	<b>Total Net Position</b>	<u><u>\$ 8,593,484</u></u>

See Notes to Financial Statements.

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**HARRIS COUNTY APPRAISAL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**

For the Year Ended December 31, 2021

	<b>Governmental Activities</b>
	<b>Internal Service</b>
<b><u>Operating Revenues</u></b>	
Charges for services	\$ 9,283,410
Claim refunds and other	1,506,927
<b>Total Operating Revenues</b>	<b>10,790,337</b>
 <b><u>Operating Expenses</u></b>	
Insurance claims	7,053,003
Prescription claims	2,406,797
Dental claims	415,166
<b>Total Operating Expenses</b>	<b>9,874,966</b>
<b>Operating Income</b>	<b>915,371</b>
 <b><u>Nonoperating Revenues</u></b>	
Interest income	1,431
<b>Total Nonoperating Revenues</b>	<b>1,431</b>
<b>Income Before Transfers</b>	<b>916,802</b>
<b>Change in Net Position</b>	<b>916,802</b>
Beginning net position	7,676,682
<b>Ending Net Position</b>	<b>\$ 8,593,484</b>

See Notes to Financial Statements.

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# HARRIS COUNTY APPRAISAL DISTRICT

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUND

For the Year Ended December 31, 2021

	<u>Governmental Activities</u>
	<u>Internal Service</u>
<b><u>Cash Flows from Operating Activities</u></b>	
Proceeds from charges for services	\$ 11,334,741
Claims paid	(9,936,414)
<b>Net Cash Provided by Operating Activities</b>	<u>1,398,327</u>
<b><u>Cash Flows from Investing Activities</u></b>	
Interest income	1,431
<b>Net Cash Provided by Investing Activities</b>	<u>1,431</u>
<b>Net Increase in Cash and Cash Equivalents</b>	1,399,758
Beginning cash and cash equivalents	<u>7,954,233</u>
<b>Ending Cash and Cash Equivalents</b>	<u><u>\$ 9,353,991</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>	
Operating income	\$ 915,371
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) in accounts receivable	544,404
(Decrease) in estimated claims payable	(61,448)
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$ 1,398,327</u></u>

See Notes to Financial Statements.

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# HARRIS COUNTY APPRAISAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. District Formation and Reporting Entity

The Harris County 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 appointed by the taxing jurisdictions within its boundaries.

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.

#### B. 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.

#### C. 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.

#### D. 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.

# HARRIS COUNTY APPRAISAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2021

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.

### **E. 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 capital leases are reported as other financing sources.

# HARRIS COUNTY APPRAISAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2021

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.

### F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

#### 1. 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.

#### 2. 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.

#### 3. 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.

#### 4. 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

# HARRIS COUNTY APPRAISAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2021

recognize these licenses as a prepaid item to keep the recording of these expenditures consistent with other photographic services hired directly by the district.

### 5. 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>Asset Description</u>	<u>Estimated Useful Life</u>
Computers and peripherals	5 years
Vehicles	5 years
Furniture and equipment	5 years
Buildings and improvements	50 years

### 6. Deferred Outflows/Inflows of Resources

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



# **HARRIS COUNTY APPRAISAL DISTRICT**

## ***NOTES TO THE FINANCIAL STATEMENTS (Continued)***

**For the Year Ended December 31, 2021**

revenues from assessments and rendition penalties. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

### **7. 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. There is no liability for unpaid accumulated sick leave since these benefits are lost in the event of an employee's termination. 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 is 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 vacation 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.

### **8. 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 capital lease are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the applicable fund. Lease 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.

### **9. 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.

# **HARRIS COUNTY APPRAISAL DISTRICT**

## ***NOTES TO THE FINANCIAL STATEMENTS (Continued)***

**For the Year Ended December 31, 2021**

### **10. 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.

### **11. 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.

### **12. 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.

### **13. Pensions**

For the purposes of measuring the net pension liability, 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 TCERS's fiduciary net position have been determined on the same basis as they are reported by

# HARRIS COUNTY APPRAISAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2021

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.

### 14. 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 County 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.

## G. Revenues and Expenditures/Expenses

### 1. 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.

### 2. 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.

# HARRIS COUNTY APPRAISAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2021

### II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. 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, 2021 was legally enacted through passage of Board resolution 2020-02 on July 15, 2020.

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 2021.

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.

#### B. 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, 2021 from the budget basis to GAAP basis are presented in the notes to RSI and the notes to supplementary information.

**HARRIS COUNTY APPRAISAL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
For the Year Ended December 31, 2021

**III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Deposits and Investments**

As of December 31, 2021, the district had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
U.S. obligations	\$ 1,258,616	1.01
Statewide investment pool (TexPool)	48,123,898	0.10
<b>Total Value</b>	<b>\$ 49,382,514</b>	
Portfolio weighted average maturity		0.13

**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.

# HARRIS COUNTY APPRAISAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2021

As of December 31, 2021, the district had the following recurring fair value measurements:

	December 31, 2021	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)
<b>Investments by Fair Value Level</b>		
U.S. obligations	\$ 1,258,616	\$ 1,258,616

U.S. obligations are classified in Level 2 of the fair value hierarchy and are valued using the market approach.

*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, 2021, 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, 2021, 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

# HARRIS COUNTY APPRAISAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2021

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.

### B. Receivables

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

Jurisdiction assessments	\$	554,723
Rendition penalty		2,864,462
Accounts receivable		107,262
Less allowance		(1,979,057)
		\$ 1,547,390

### C. Capital Assets

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

	Beginning Balance	Additions	Deletions/ Reclassifications	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,335,000	\$ -	\$ -	\$ 2,335,000
GIS database	6,030,075	-	-	6,030,075
Construction in progress	-	251,718	-	251,718
Total capital assets, not being depreciated	8,365,075	251,718	-	8,616,793
Capital assets being depreciated:				
Building	20,121,135	-	-	20,121,135
Furniture and equipment	736,472	-	(785)	735,687
Computers and peripherals	5,402,974	423,532	(1,584)	5,824,922
Vehicles and other	130,276	42,238	-	172,514
Total capital assets being depreciated	26,390,857	465,770	(2,369)	26,854,258
Less accumulated depreciation:				
Building	(5,636,088)	(426,031)	-	(6,062,119)
Furniture and equipment	(605,653)	(26,384)	785	(631,252)
Computers and peripherals	(4,192,552)	(215,104)	1,584	(4,406,072)
Vehicles and other	(107,970)	(11,517)	-	(119,487)
Total accumulated depreciation	(10,542,263)	(679,036)	2,369	(11,218,930)
Total capital assets being depreciated, net	15,848,594	(213,266)	-	15,635,328
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 24,213,669</b>	<b>\$ 38,452</b>	<b>\$ -</b>	<b>24,252,121</b>
			Less associated debt	(5,590,427)
			<b>Net Investment in Capital Assets</b>	<b>\$ 18,661,694</b>

**HARRIS COUNTY APPRAISAL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended December 31, 2021**

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

<b>Governmental Activities:</b>	
Office of Chief Appraiser and Board of Directors	\$ 4,210
Appraisal support	13,717
Appraisal	23,970
Information systems	373,470
Administration	136,418
Administration/ building services	127,251
<b>Total Governmental Activities Depreciation Expense</b>	<b>\$ 679,036</b>

**D. Leases**

**Capital Lease – Building**

In 2004, the district entered into a series of agreements to finance the purchase and renovation of a building to house its operations. In addition, commitments remaining under an existing operating lease were also included in the financing package to reduce the cash flow requirements over the remainder of the operating lease. The agreements provided for the establishment of draw and capital reserve accounts to be maintained by the lender for monies restricted to making renovations to the building and to the payment of operating lease payments. Included in the agreements are provisions for use of these monies if a reduction in the remaining lease payments could be negotiated. To preserve the tax-exempt status of a portion of the financing, thereby resulting in a lower interest rate to the district, a new entity, 13013 NWF, Inc. (the “Lessor”), was created to serve as the lessor and secure financing from the lender, Bank of America. This entity is not a component unit of the district.

On April 14, 2004, the Board approved Resolution 2004-4 authorizing the district to enter into a lease and purchase option agreement as lessee with the Lessor for financing a new administrative office facility and other costs for a total of \$28,500,000, meeting the criteria of a capital lease. At the conclusion of the 20-year agreement, there is an option to purchase the facility for \$100. This agreement was signed on April 30, 2004, and the district thereby became obligated for making interest only payments with scheduled lease payments commencing on January 1, 2006.

Included in the lease and purchase agreements, the Lessor entered into a loan agreement with Bank of America, N.A. The agreements were structured in two parts, the initial financing of the building and renovations to be made for a total of \$21,000,000 (nontaxable) at an interest rate of 6.26 percent and funds to finance the termination payments by the district for their existing noncancelable operating lease not to exceed \$7,500,000 (taxable) at an interest rate of 6.76 percent as a lease inducement.

In the event that the district was able to negotiate with its previous landlord payment(s) for the district’s previous facilities for an amount less than \$7,500,000, remaining payments would be transferred into a capital reserve account.



# HARRIS COUNTY APPRAISAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2021

Future combined minimum capital lease payments for this lease as of December 31, 2021 are as follows:

Year Ending Dec. 31	Capital Leases					
	\$21 M		\$7.5 M		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,403,964	\$ 340,443	\$ 539,510	\$ 145,353	\$ 1,943,474	\$ 485,796
2023	1,478,000	250,450	577,132	107,730	2,055,132	358,180
2024	1,555,939	155,712	617,379	67,484	2,173,318	223,196
2025	1,637,989	55,978	660,431	24,432	2,298,420	80,410
<b>Total</b>	\$ 6,075,892	\$ 802,583	\$ 2,394,452	\$ 344,999	\$ 8,470,344	\$ 1,147,582

Capital assets acquired under capital lease obligations and the accumulated depreciation as of December 31, 2021 are as follows:

Land	\$ 2,335,000
Building	16,602,032
Less accumulated depreciation	(5,644,691)
<b>Total</b>	<b>\$ 13,292,341</b>

# HARRIS COUNTY APPRAISAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2021

### E. 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.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
<b>Governmental Activities</b>					
Notes and other payables:					
Capital leases	\$ 10,308,324	\$ -	\$ 1,837,980	\$ 8,470,344	* \$ 1,943,474
Other liabilities:					
Net pension liability	7,768,601	1,634,061	-	9,402,662	-
Total OPEB liability - GTLF	1,471,204	244,857	-	1,716,061	-
Total OPEB liability - Retiree health	19,517,832	2,894,284	-	22,412,116	-
Compensated absences	3,692,006	2,214,852	1,962,803	3,944,055	3,155,244
<b>Total Governmental Activities</b>	<b>\$ 42,757,967</b>	<b>\$ 6,988,054</b>	<b>\$ 3,800,783</b>	<b>\$ 45,945,238</b>	<b>\$ 5,098,718</b>
				<b>\$ 40,846,520</b>	
				\$ 8,470,344	
				(2,879,917)	
				<b>\$ 5,590,427</b>	

### F. 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    \$ 1,960,959

## IV. OTHER INFORMATION

### A. 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

# HARRIS COUNTY APPRAISAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2021

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 \$125,000. The district is limited to the total aggregate stop-loss coverage of approximately \$7,569,590.

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

	<u>2021</u>	<u>2020</u>
Beginning claims payable	\$ 821,955	\$ 1,259,356
Claims incurred	9,813,518	9,698,861
Claims paid	(9,874,966)	(10,136,262)
<b>Ending Claims Payable</b>	<u>\$ 760,507</u>	<u>\$ 821,955</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.

### B. 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.

The district has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three years. Prescription drug claims are not subject to either the aggregate or the specific stop-loss insurance. The risk of loss to the district in health claims is limited to the total aggregate stop-loss coverage of approximately \$7,569,590.

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. No refund or credit is due to the taxing jurisdictions in 2021.

# HARRIS COUNTY APPRAISAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2021

### C. Pension Plan

#### Texas County and District Retirement System

##### Plan Description

TCDRS is a statewide, agent multiple-employer, public employee retirement system. TCDRS serves 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 20 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.

##### Employees Covered by Benefit Terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	319
Inactive employees entitled to, but not yet receiving, benefits	353
Active employees	604
<b>Total</b>	<b>1,276</b>

# HARRIS COUNTY APPRAISAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2021

### 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 rates for the district were 12.21 percent and 15.10 percent, however, the district elected to contribute 15.80 percent and 15.80 percent in calendar years 2021 and 2020, respectively. The district's contributions to TCDRS for the fiscal year ended December 31, 2021 were \$6,285,950, which were in excess of the required contributions.

### Net Pension Liability

The district's Net Pension Liability (NPL) was measured as of December 31, 2020 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

### Actuarial Assumptions

The actuarial assumptions that determined the TPL as of December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016, except where required to be different by GASB Standard No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68).

# HARRIS COUNTY APPRAISAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2021

Key assumptions used in the December 31, 2020 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 Normal
Amortization Method	Level percentage of payroll, closed
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.5%
Salary Increases	Varies by age and service. 4.6% average over career, including inflation.
Investment Rate of Return	7.6% (Gross of administrative expenses)
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%	4.25%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	25.00%	7.25%
Global Equities	MSCI World (net) Index	2.50%	4.55%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	4.25%
International Equities - Emerging	MSCI Emerging Markets Index (net)	6.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	2.11%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	5.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT Index (net)	2.00%	3.45%
Master Limited Partnerships (MLP)	Alerian MLP Index	2.00%	5.10%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-0.70%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	4.90%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.85%

# HARRIS COUNTY APPRAISAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2021

### 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

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (A) - (B)</b>
Changes for the year:			
Service cost	\$ 5,704,788	\$ -	\$ 5,704,788
Interest	20,373,486	-	20,373,486
Difference between expected and actual experience	22,784	-	22,784
Changes in assumptions	16,330,667	-	16,330,667
Contributions - employer	-	12,845,325	(12,845,325)
Contributions - employee	-	2,810,818	(2,810,818)
Net investment income	-	25,210,520	(25,210,520)
Refund of contributions	(120,023)	(120,023)	-
Benefit payments, including refunds of employee contributions	(11,941,671)	(11,941,671)	-
Administrative expense	-	(199,540)	199,540
Other changes	-	130,541	(130,541)
Net changes	30,370,031	28,735,970	1,634,061
Balance at December 31, 2019	251,733,157	243,964,556	7,768,601
<b>Balance at December 31, 2020</b>	<b>\$ 282,103,188</b>	<b>\$ 272,700,526</b>	<b>\$ 9,402,662</b>

### Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the district, calculated using the discount rate of 7.6 percent, as well as what the district's NPL 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:

	<b>1% Decrease in Discount Rate (6.6%)</b>	<b>Discount Rate (7.6%)</b>	<b>1% Increase in Discount Rate (8.6%)</b>
District's Net Pension Liability/(Assest)	\$ 47,032,261	\$ 9,402,662	\$ (22,132,743)

### 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).

**HARRIS COUNTY APPRAISAL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
For the Year Ended December 31, 2021

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended December 31, 2021, the district recognized pension expense of \$6,095,417.

At December 31, 2021, the district reported deferred outflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 92,427	\$ 821,081
Changes in actuarial assumptions	13,428,405	-
Net difference between projected and actual investment earnings	-	8,673,128
Contributions subsequent to the measurement date	6,285,950	-
<b>Total</b>	<b>\$ 19,806,782</b>	<b>\$ 9,494,209</b>

\$6,285,950 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 for the fiscal year ending December 31, 2022. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended December 31</b>	<b>Pension Expense</b>
2022	\$ 421,164
2023	2,921,565
2024	(1,524,921)
2025	2,208,815
<b>Total</b>	<b>\$ 4,026,623</b>

**D. Other Postemployment Benefits**

**1. 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.

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



# HARRIS COUNTY APPRAISAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2021

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, 2020 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	270
Inactive employees entitled to, but not yet receiving, benefits	118
Active employees	604
<b>Total</b>	<b>992</b>

### Total OPEB Liability

The district's total OPEB liability of \$1,716,061 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

### Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2020 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 normal
Discount rate*	2.12%
Administrative expenses	N/A
Mortality - depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Mortality - service retirees	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Mortality - disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

\*The discount rate was based on 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2020.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2013 to December 31, 2016.

**HARRIS COUNTY APPRAISAL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
For the Year Ended December 31, 2021

Changes in the Total OPEB Liability

	<b>Increase (Decrease)</b>
	<b>Total OPEB Liability</b>
Changes for the year:	
Service cost	\$ 43,819
Interest	41,075
Difference between expected and actual experience	(7,999)
Changes in assumptions	200,086
Other changes	(32,124)
Net changes	244,857
Balance at December 31, 2019	1,471,204
<b>Balance at December 31, 2020</b>	<b>\$ 1,716,061</b>

The discount rate changed from 2.74% to 2.12% 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.

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:

	<b>1% Decrease in Discount Rate (1.12%)</b>	<b>Discount Rate (2.12%)</b>	<b>1% Increase in Discount Rate (3.12%)</b>
Total OPEB Liability	\$ 2,123,388	\$ 1,716,061	\$ 1,409,208

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the district recognized OPEB expense of \$146,841. The district reported deferred outflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 12,524	\$ 23,982
Changes in actuarial assumptions	429,980	80,690
Contributions subsequent to the measurement date	31,908	-
<b>Total</b>	<b>\$ 474,412</b>	<b>\$ 104,672</b>

\$31,908 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

# HARRIS COUNTY APPRAISAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2021

the fiscal year ending December 31, 2022. Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31</u>	<u>OPEB Expense</u>
2022	\$ 61,947
2023	61,947
2024	61,944
2025	53,583
2026	70,969
Thereafter	27,442
<b>Total</b>	<b>\$ 337,832</b>

## 2. Retiree Healthcare Plan

### Plan Description

The district provides a defined benefit OPEB plan, the Harris County 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

# HARRIS COUNTY APPRAISAL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2021

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, 2019 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	74
Active employees	604
<b>Total</b>	<b>678</b>

### Total OPEB Liability

The district's total OPEB liability of \$22,412,116 was measured as of December 31, 2020 and was determined by an actuarial valuation as of December 31, 2019.

### Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2019 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	0.50% to 5.00%, not including wage inflation of 3.25%
Discount rate	2.00%*
Actuarial cost method	Individual entry-age
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2016 as conducted for TCDRS.
Mortality	For healthy retirees, the gender-distinct RP2014 Healthy Annuitant Mortality Tables are used with male rates multiplied by 130% and female rates multiplied by 110%. Those rates are projected on a fully generational basis based on 100% of the ultimate rates of Scale MP-2014.
Health care trend rates	Pre-65 initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years; Post-65 initial rate of 5.50% declining to an ultimate rate of 4.15% after 14 years
Participation rates	90% for non-Medicare eligible retirees; 65% 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, 2020.

**HARRIS COUNTY APPRAISAL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
For the Year Ended December 31, 2021

Changes in the Total OPEB Liability

	<b>Increase (Decrease)</b>
	<b>Total OPEB Liability</b>
Changes for the year:	
Service cost	\$ 1,155,121
Interest	540,291
Difference between expected and actual experience	142,779
Changes in assumptions	1,952,956
Other changes	(896,863)
Net changes	2,894,284
Balance at December 31, 2019	19,517,832
<b>Balance at December 31, 2020</b>	<b>\$ 22,412,116</b>

Change of assumptions reflects a change in the discount rate from 2.75% as of December 31, 2019 to 2.00% as of December 31, 2020.

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:

	<b>1% Decrease in Discount Rate (1.00%)</b>	<b>Discount Rate (2.00%)</b>	<b>1% Increase in Discount Rate (3.00%)</b>
Total OPEB Liability	\$ 25,445,425	\$ 22,412,116	\$ 19,861,412

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:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate Assumption</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 18,819,578	\$ 22,412,116	\$ 27,037,618

**HARRIS COUNTY APPRAISAL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
For the Year Ended December 31, 2021

OPEB Expense and Deferred Outflows/Inflows of Resources

For the year ended December 31, 2021, the district recognized OPEB expense of \$2,087,867. The district reported deferred outflows/inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 3,961,369	\$ 609,019
Changes in actuarial assumptions	206,971	565,736
Contributions subsequent to the measurement date	1,093,401	-
<b>Total</b>	<b>\$ 5,261,741</b>	<b>\$ 1,174,755</b>

\$1,093,401 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, 2021.

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

<b>Year Ended December 31</b>	<b>OPEB Expense</b>
2022	\$ 392,456
2023	392,456
2024	392,456
2025	392,456
2026	392,456
Thereafter	1,031,305
<b>Total</b>	<b>\$ 2,993,585</b>

**3. Aggregate Total OPEB Expenses**

The district recognized aggregate total OPEB liability of \$24,128,177, deferred outflows of \$5,736,153, deferred inflows of \$1,279,427, and OPEB expense of \$2,234,708 during the year ending December 31, 2021 related to the district's TCDRS and district-administered OPEB plans.

***REQUIRED SUPPLEMENTARY INFORMATION***

**HARRIS COUNTY APPRAISAL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 1 of 2)**  
**GENERAL FUND (BUDGET BASIS)**

For the Year Ended December 31, 2021  
 With Comparative Totals for the Year Ended December 31, 2020

	2021			Variance Final Budget Positive (Negative)	2020
	Budgeted Amounts		Actual (Budget Basis)		Actual (Budget Basis)
	Original Budget	Final Budget			
<b>Revenues</b>					
Assessments	\$ 92,518,564	\$ 92,518,564	\$ 92,518,567	\$ 3	\$ 90,728,851
Investment income, net	-	-	18,939	18,939	228,580
Other revenue	-	-	668,500	668,500	298,799
Rendition penalty fee	-	-	399,303	399,303	390,471
<b>Total Revenues</b>	<b>92,518,564</b>	<b>92,518,564</b>	<b>93,605,309</b>	<b>1,086,745</b>	<b>91,646,701</b>
<b>Expenditures</b>					
Current:					
Board of Directors (BOD)					
Board of Directors	7,000	7,000	4,712	2,288	3,998 *
<b>Total BOD</b>	<b>7,000</b>	<b>7,000</b>	<b>4,712</b>	<b>2,288</b>	<b>3,998</b>
Office of Chief Appraiser (OCA)					
Personnel	1,138,075	2,176,617	2,119,372	57,245	1,204,889 *
Appraisal services	11,632,767	10,491,167	9,864,580	626,587	9,025,194 *
Office supplies and printing	19,400	15,400	8,614	6,786	11,616 *
Other	26,000	99,000	92,943	6,057	7,581 *
<b>Total OCA</b>	<b>12,816,242</b>	<b>12,782,184</b>	<b>12,085,509</b>	<b>696,675</b>	<b>10,249,280</b>
Appraisal Review Board (ARB)					
Appraisal review board	3,076,732	3,174,232	3,132,252	41,980	2,716,669 *
<b>Total ARB</b>	<b>3,076,732</b>	<b>3,174,232</b>	<b>3,132,252</b>	<b>41,980</b>	<b>2,716,669</b>
Appraisal Support					
Personnel	11,895,787	11,684,687	11,481,329	203,358	11,563,086
Professional services	372,650	373,650	373,256	394	368,000
Office supplies and printing	90,702	57,702	42,402	15,300	34,381
Other	36,545	35,045	31,867	3,178	16,807
<b>Total Appraisal Support</b>	<b>12,395,684</b>	<b>12,151,084</b>	<b>11,928,854</b>	<b>222,230</b>	<b>11,982,274</b>
Appraisal					
Personnel	31,493,749	31,201,249	30,802,742	398,507	30,474,388
Professional services	1,590,564	1,518,564	1,507,864	10,700	1,633,937
Office supplies and printing	364,949	367,949	327,988	39,961	312,610
Other	117,350	115,650	88,245	27,405	25,313
<b>Total Appraisal</b>	<b>33,566,612</b>	<b>33,203,412</b>	<b>32,726,839</b>	<b>476,573</b>	<b>32,446,248</b>
Information Systems					
Personnel	6,854,886	7,092,886	7,011,381	81,505	6,820,425
Professional services	1,384,500	784,500	767,416	17,084	1,220,358
Office supplies and printing	274,800	216,800	178,289	38,511	176,682
Data processing	5,000,470	5,076,639	4,615,780	460,859	3,943,772
Other	232,725	27,725	17,375	10,350	13,294
<b>Total Information Systems</b>	<b>13,747,381</b>	<b>13,198,550</b>	<b>12,590,241</b>	<b>608,309</b>	<b>12,174,531</b>
Administration					
Personnel	6,538,865	6,103,623	5,980,682	122,941	6,308,586
Professional services	118,025	155,225	139,352	15,873	332,053
Office supplies and printing	106,163	127,163	87,850	39,313	96,352
Other	3,301,251	2,813,751	2,647,697	166,054	2,546,521
<b>Total Administration</b>	<b>10,064,304</b>	<b>9,199,762</b>	<b>8,855,581</b>	<b>344,181</b>	<b>9,283,512</b>



**HARRIS COUNTY APPRAISAL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 2 of 2)**  
**GENERAL FUND (BUDGET BASIS)**

For the Year Ended December 31, 2021  
With Comparative Totals for the Year Ended December 31, 2020

	2021			Variance Final Budget Positive (Negative)	2020
	Budgeted Amounts		Actual (Budget Basis)		Actual (Budget Basis)
	Original Budget	Final Budget			
<b>Expenditures</b>					
Administration Services					
Personnel	\$ 1,849,796	\$ 3,108,796	\$ 3,083,113	\$ 25,683	\$ 2,087,759
Professional services	169,000	312,000	305,314	6,686	258,371
Office supplies and printing	150,550	65,950	55,309	10,641	40,973
Rent and utilities	502,000	340,600	313,635	26,965	303,166
Other	2,153,836	2,553,736	2,238,428	315,308	2,201,660
<b>Total Administration Services</b>	<u>4,825,182</u>	<u>6,381,082</u>	<u>5,995,799</u>	<u>385,283</u>	<u>4,891,929</u>
Debt Service:					
Principal retirement and interest charges	2,444,427	2,444,427	2,444,427	-	2,458,826
Capital Outlay	75,000	476,831	474,450	2,381	828,982
<b>Total Expenditures</b>	<u>93,018,564</u>	<u>93,018,564</u>	<u>90,238,664</u>	<u>2,737,920</u>	<u>87,036,249</u>
<b>Net Change in Fund Balance</b>	<u>\$ (500,000)</u>	<u>\$ (500,000)</u>	3,366,645	<u>\$ 3,866,645</u>	<u>\$ 4,610,452</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	1,960,959
Encumbrances at the beginning of the year that were incurred	(1,972,637)

Perspective differences:

Elevator improvements related to capital reserve account	(251,718)
Interest income (operating reserve fund)	<u>4,598</u>

**Net Change in Fund Balance**    \$ 3,107,847

2. \*Prior year amounts have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

**HARRIS COUNTY APPRAISAL DISTRICT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
**December 31, 2021**

	<b>Measurement Year*</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total Pension Liability</b>				
Service cost	\$ 4,582,317	\$ 4,807,154	\$ 5,477,128	\$ 6,074,069
Interest (on the total pension liability)	12,690,234	13,860,474	15,741,528	17,052,600
Changes in benefit terms	-	443,216	1,069,294	1,904,183
Difference between expected and actual experience	2,160,168	9,737,885	(429,780)	(309,104)
Changes in assumptions	-	2,201,240	-	1,091,615
Benefit payments, including refunds of employee contributions	(5,858,003)	(6,947,254)	(7,836,659)	(9,264,496)
<b>Net Change in Total Pension Liability</b>	<b>13,574,716</b>	<b>24,102,715</b>	<b>14,021,511</b>	<b>16,548,867</b>
Beginning total pension liability	157,294,981	170,869,697	194,972,412	208,993,923
<b>Ending Total Pension Liability</b>	<b>\$ 170,869,697</b>	<b>\$ 194,972,412</b>	<b>\$ 208,993,923</b>	<b>\$ 225,542,790</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 5,038,460	\$ 5,912,571	\$ 6,193,489	\$ 7,316,029
Contributions - employee	2,194,012	2,333,110	2,405,154	2,502,926
Net investment income	10,845,397	(2,102,745)	12,816,220	27,311,265
Benefit payments, including refunds of employee contributions	(5,858,003)	(6,947,254)	(7,836,659)	(9,264,496)
Administrative expense	(129,244)	(125,003)	(139,420)	(142,833)
Other	426,166	105,965	615,454	5,678
<b>Net Change in Plan Fiduciary Net Position</b>	<b>12,516,788</b>	<b>(823,356)</b>	<b>14,054,238</b>	<b>27,728,569</b>
Beginning plan fiduciary net position	161,299,467	173,816,255	172,992,899	187,047,137
<b>Ending Plan Fiduciary Net Position</b>	<b>\$ 173,816,255</b>	<b>\$ 172,992,899</b>	<b>\$ 187,047,137</b>	<b>\$ 214,775,706</b>
<b>Net Pension Liability / (Asset)</b>	<b>\$ (2,946,558)</b>	<b>\$ 21,979,513</b>	<b>\$ 21,946,786</b>	<b>\$ 10,767,084</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability / (Asset)</b>	101.72%	88.73%	89.50%	95.23%
<b>Covered Payroll</b>	\$ 31,343,022	\$ 33,330,139	\$ 34,359,355	\$ 35,756,082
<b>Net Pension Liability / (Asset) as a Percentage of Covered Payroll</b>	(9.40%)	65.94%	63.87%	30.11%

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

<b>Measurement Year*</b>		
<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 5,467,300	\$ 5,498,799	\$ 5,704,788
18,311,619	19,382,502	20,373,486
-	-	-
185,499	(1,077,360)	22,784
-	-	16,330,667
<u>(10,077,633)</u>	<u>(11,500,359)</u>	<u>(12,061,694)</u>
13,886,785	12,303,582	30,370,031
225,542,790	239,429,575	251,733,157
<u>\$ 239,429,575</u>	<u>\$ 251,733,157</u>	<u>\$ 282,103,188</u>
\$ 7,601,849	\$ 7,716,301	\$ 12,845,325
2,564,616	2,615,305	2,810,818
(4,000,233)	34,605,560	25,210,520
(10,077,633)	(11,500,359)	(12,061,694)
(169,251)	(185,910)	(199,540)
24,634	(6,029)	130,541
<u>(4,056,018)</u>	<u>33,244,868</u>	<u>28,735,970</u>
214,775,706	210,719,688	243,964,556
<u>\$ 210,719,688</u>	<u>\$ 243,964,556</u>	<u>\$ 272,700,526</u>
<u>\$ 28,709,887</u>	<u>\$ 7,768,601</u>	<u>\$ 9,402,662</u>
88.01%	96.91%	96.67%
\$ 36,637,339	\$ 37,361,503	\$ 40,154,542
78.36%	20.79%	23.42%

**HARRIS COUNTY APPRAISAL DISTRICT**  
**SCHEDULE OF CONTRIBUTIONS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
**December 31, 2021**

	Fiscal Year*			
	2014	2015	2016	2017
Actuarially determined contribution	\$ 4,538,460	\$ 4,409,573	\$ 4,693,488	\$ 5,159,603
Contributions in relation to the actuarially determined contribution	5,038,460	5,912,571	6,193,488	7,316,029
Contribution (excess)	<u>\$ (500,000)</u>	<u>\$ (1,502,998)</u>	<u>\$ (1,500,000)</u>	<u>\$ (2,156,426)</u>
Covered payroll	\$ 31,343,022	\$ 33,330,139	\$ 34,359,355	\$ 35,756,082
Contributions as a percentage of covered payroll	16.08%	17.74%	18.03%	20.46%

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

**Notes to Required Supplementary Information:**

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
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	14 years
Asset Valuation Method	5-year smoothed fair value
Inflation	2.5%
Salary Increases	Varies by age and service. 4.6% 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	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Changes in Assumptions and Methods Reflected in the Schedule 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.

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%.

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

**Fiscal Year\***

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 5,601,849	\$ 5,488,397	\$ 6,065,771	\$ 4,870,011
7,601,849	7,716,301	12,845,325	6,285,950
<u>\$ (2,000,000)</u>	<u>\$ (2,227,904)</u>	<u>\$ (6,779,554)</u>	<u>\$ (1,415,939)</u>
\$ 36,637,339	\$ 37,361,453	\$ 40,170,666	\$ 39,885,432
20.75%	20.65%	31.98%	15.76%

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**HARRIS COUNTY APPRAISAL DISTRICT**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
**December 31, 2021**

	Measurement Year*			
	2017	2018	2019	2020
<b>Total OPEB Liability</b>				
Service cost	\$ 33,764	\$ 36,061	\$ 28,408	\$ 43,819
Interest (on the total OPEB liability)	41,577	41,651	46,463	41,075
Difference between expected and actual experience	3,218	19,506	(23,976)	(7,999)
Change of assumptions	55,327	(141,208)	328,674	200,086
Benefit payments**	(25,029)	(25,646)	(26,153)	(32,124)
<b>Net Change in Total OPEB Liability</b>	<b>108,857</b>	<b>(69,636)</b>	<b>353,416</b>	<b>244,857</b>
Beginning total OPEB liability	1,078,567	1,187,424	1,117,788	1,471,204
<b>Ending Total OPEB Liability</b>	<b>\$ 1,187,424</b>	<b>\$ 1,117,788</b>	<b>\$ 1,471,204</b>	<b>\$ 1,716,061</b>
<b>Covered Payroll</b>	<b>\$ 35,756,082</b>	<b>\$ 36,637,339</b>	<b>\$ 37,361,503</b>	<b>\$ 40,154,542</b>
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	3.32%	3.05%	3.94%	4.27%

\* Only four years of information are currently available. The district will build this schedule over the next six-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.

**Notes to Required Supplementary Information:**

1. Valuation Date:

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	2.12%
Administrative expenses	N/A
Mortality - depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Mortality - service retirees	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Mortality - disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

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, 2020.

There were no benefit changes during the year.

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**HARRIS COUNTY APPRAISAL DISTRICT**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**RETIREE HEALTHCARE BENEFITS**  
**December 31, 2021**

	Measurement Year*			
	2017	2018	2019	2020
<b>Total OPEB Liability</b>				
Service cost	\$ 874,556	\$ 1,004,689	\$ 1,005,740	\$ 1,155,121
Interest (on the total OPEB liability)	600,197	583,122	650,083	540,291
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	-	116,814	(718,051)	142,779
Change of assumptions	1,052,799	(896,719)	2,047,420	1,952,956
Benefit payments	(625,662)	(832,017)	(973,889)	(896,863)
<b>Net Change in Total OPEB Liability</b>	<u>1,901,890</u>	<u>(24,111)</u>	<u>2,011,303</u>	<u>2,894,284</u>
Beginning total OPEB liability	<u>15,628,750</u>	<u>17,530,640</u>	<u>17,506,529</u>	<u>19,517,832</u>
<b>Ending Total OPEB Liability</b>	<u><u>\$ 17,530,640</u></u>	<u><u>\$ 17,506,529</u></u>	<u><u>\$ 19,517,832</u></u>	<u><u>\$ 22,412,116</u></u>
<b>Covered Payroll</b>	\$ 34,029,405	\$ 36,637,373	\$ 36,727,946	\$ 39,728,141
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	51.52%	47.78%	53.14%	56.41%

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

**Notes to Required Supplementary Information:**

1. Changes of Assumptions

Changes of assumptions reflect a change in the discount rate from 2.75% as of December 31, 2020 to 2.00% as of December 31, 2021.

2. Changes in Benefits

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

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***SUPPLEMENTARY INFORMATION***

**HARRIS COUNTY APPRAISAL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 1 of 2)**  
**GENERAL FUND (BUDGET BASIS)**  
**For the Year Ended December 31, 2021**

	2021			Variance Final Budget Positive (Negative)
	Budgeted Amounts		Actual (Budget Basis)	
	Original Budget	Final Budget		
<b>Revenues</b>				
Assessments	\$ 92,518,564	\$ 92,518,564	\$ 92,518,567	\$ 3
Investment income, net	-	-	18,939	18,939
Other revenue	-	-	668,500	668,500
Rendition penalty fee	-	-	399,303	399,303
<b>Total Revenues</b>	<b>92,518,564</b>	<b>92,518,564</b>	<b>93,605,309</b>	<b>1,086,745</b>
<b>Expenditures</b>				
Current:				
Salaries, Wages, and Related				
Net salaries and wages	40,500,667	39,655,667	39,305,733	349,934
ARB board members	2,781,000	2,806,000	2,792,491	13,509
Shift differential	76,000	371,000	359,924	11,076
Overtime	529,901	257,001	205,814	51,187
Part-time and seasonal wages	1,229,352	407,130	334,726	72,404
<b>Total Salaries, Wages, and Related</b>	<b>45,146,920</b>	<b>43,496,798</b>	<b>42,998,688</b>	<b>498,110</b>
Employee Benefits and Related				
Group health insurance	8,676,295	9,556,917	9,556,450	467
Workers' compensation insurance	101,653	101,853	83,113	18,740
Group life and LTD insurance	145,039	159,039	139,448	19,591
Group dental insurance	259,349	259,349	261,357	(2,008)
Group vision insurance	72,129	72,629	36,738	35,891
Unemployment insurance	247,094	256,094	178,750	77,344
Retirement	6,848,238	9,498,238	9,378,009	120,229
FICA Medicare	637,416	630,416	597,573	32,843
Social security	195,836	203,836	182,563	21,273
<b>Total Employee Benefits and Related</b>	<b>17,183,049</b>	<b>20,738,371</b>	<b>20,414,001</b>	<b>324,370</b>
Computer Operations				
Minor equipment - office and field op	488,335	297,335	283,416	13,919
Minor equipment - infrastructure	1,033,000	65,169	35,767	29,402
Hardware maintenance and support	226,000	321,000	199,504	121,496
Software maintenance and support	1,232,220	1,122,220	916,556	205,664
Computer supplies	28,000	-	-	-
Software lease and maintenance	1,402,807	2,797,807	2,762,137	35,670
Software purchases	167,500	47,500	34,227	13,273
<b>Total Computer Operations</b>	<b>4,577,862</b>	<b>4,651,031</b>	<b>4,231,607</b>	<b>419,424</b>
Professional Services				
Financial auditing	60,300	64,500	49,253	15,247
Legal services	10,983,967	10,033,967	9,493,524	540,443
Arbitration fees and services	600,000	399,900	330,800	69,100
State office of admin hearings	5,000	5,000	-	5,000
Appraisal services	1,558,564	1,518,564	1,507,864	10,700
Other professional services	1,851,875	1,253,875	1,232,772	21,103
<b>Total Professional Services</b>	<b>15,059,706</b>	<b>13,275,806</b>	<b>12,614,213</b>	<b>661,593</b>

**HARRIS COUNTY APPRAISAL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 2 of 2)**  
**GENERAL FUND (BUDGET BASIS)**  
**For the Year Ended December 31, 2021**

	2021			Variance Final Budget Positive (Negative)
	Budgeted Amounts		Actual (Budget Basis)	
	Original Budget	Final Budget		
<b>Expenditures</b>				
Office and Field Operations				
Office supplies	\$ 165,545	\$ 121,045	\$ 73,652	\$ 47,393
Office equipment maintenance	52,200	52,200	36,909	15,291
Telephone and communication service	450,608	425,608	384,173	41,435
Copier leases	139,000	53,000	50,400	2,600
Copier supplies and maintenance	119,350	75,350	70,720	4,630
Mapping reproduction and supplies	3,250	3,250	1,173	2,077
Public notice advertising	22,100	7,000	3,986	3,014
Security services	189,000	384,000	375,735	8,265
Field travel, vanpool, and other expense	507,921	296,921	188,172	108,749
Appraisal supplies	13,360	13,360	1,210	12,150
Vehicle gasoline and maintenance	34,000	34,000	18,474	15,526
Records storage and supplies	25,000	15,000	10,533	4,467
Employee recognition activities	35,000	43,500	36,229	7,271
Postage, mailing, and handling services	3,153,042	2,713,042	2,601,161	111,881
Professional registration and dues	90,000	96,000	94,004	1,996
Seminars and other tuition	377,404	242,404	164,910	77,494
Education travel and expenses	274,225	154,525	117,670	36,855
Books, manuals, and publications	383,459	443,359	402,091	41,268
Printing, forms, and stationery	28,400	28,400	13,492	14,908
Paper, copier, and printer	55,000	52,000	41,262	10,738
<b>Total Office and Field Operations</b>	<b>6,117,864</b>	<b>5,253,964</b>	<b>4,685,956</b>	<b>568,008</b>
Office Space, Utilities, and Related				
Office space	2,692,620	2,692,620	2,536,211	156,409
Utilities	502,000	340,600	313,635	26,965
Building and fixture maintenance	1,520,043	1,920,043	1,797,773	122,270
Casualty and liability insurance	143,500	172,500	172,130	370
<b>Total Office Space, Utilities, and Related</b>	<b>4,858,163</b>	<b>5,125,763</b>	<b>4,819,749</b>	<b>306,014</b>
Capital Outlay	75,000	476,831	474,450	2,381
<b>Total Expenditures</b>	<b>93,018,564</b>	<b>93,018,564</b>	<b>90,238,664</b>	<b>2,779,900</b>
<b>Net Change in Fund Balance</b>	<b>\$ (500,000)</b>	<b>\$ (500,000)</b>	<b>3,366,645</b>	<b>\$ 3,866,645</b>

**Notes to Supplementary Information:**

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

Timing differences:

Encumbrances at the end of the year	1,960,959
Encumbrances at the beginning of the year that were incurred	(1,972,637)

Perspective differences:

Elevator improvements related to capital reserve account	(251,718)
Interest income (operating reserve fund)	4,598

**Net Change in Fund Balance**    **\$ 3,107,847**

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

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## ***STATISTICAL SECTION***

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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
Financial Trends	100
<i>These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changed over time.</i>	
Revenue Capacity	108
<i>These schedules contain information to help the reader assess the district's most significant local revenue source, assessment fees from the taxing entities.</i>	
Debt Capacity	112
<i>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.</i>	
Demographic and Economic Information	115
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.</i>	
Operating Information	118
<i>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.</i>	

# HARRIS COUNTY APPRAISAL DISTRICT

## NET POSITION BY COMPONENT

Last Ten Years  
(accrual basis of accounting)

	Year			
	2012	2013	2014	2015
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 8,438,593	\$ 9,021,196	\$ 9,648,405	\$ 10,097,874
Restricted	151,013	151,312	151,277	151,549
Unrestricted	8,014,806	6,626,297	12,111,859	17,667,023
<b>Total Governmental Activities Net Position</b>	<u>\$ 16,604,412</u>	<u>\$ 15,798,805</u>	<u>\$ 21,911,541</u>	<u>\$ 27,916,446</u>

\*Restated with implementation of GASB 75.



**Year**

<b>2016</b>	<b>2017</b>	<b>2018*</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$ 10,982,048	\$ 14,298,164	\$ 14,851,497	\$ 15,714,000	\$ 17,410,175	\$ 18,661,694
-	-	-	-	-	-
20,002,285	5,288,214	6,716,741	7,563,196	10,784,948	14,273,997
<u>\$ 30,984,333</u>	<u>\$ 19,586,378</u>	<u>\$ 21,568,238</u>	<u>\$ 23,277,196</u>	<u>\$ 28,195,123</u>	<u>\$ 32,935,691</u>

# HARRIS COUNTY APPRAISAL DISTRICT

## CHANGES IN NET POSITION

Last Ten Years

(accrual basis of accounting)

	Year			
	2012	2013	2014	2015
<b>Expenses</b>				
Governmental activities				
Appraisal services	\$ 56,879,844	\$ 62,243,715	\$ 67,564,694	\$ 68,906,283
Interest and fiscal agent fees on long-term debt	1,254,168	1,190,711	1,123,581	1,052,562
<b>Total Governmental Activities Expenses</b>	58,134,012	63,434,426	68,688,275	69,958,845
<b>Program Revenues</b>				
Governmental activities				
Charges for services				
Appraisal services	856,611	1,036,988	1,153,984	1,041,448
<b>Total Governmental Activities Program Revenues</b>	856,611	1,036,988	1,153,984	1,041,448
<b>Net (Expense)</b>				
Governmental activities	\$ (57,277,401)	\$ (62,397,438)	\$ (67,534,291)	\$ (68,917,397)
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities				
Assessments	\$ 59,473,306	\$ 61,566,883	\$ 64,367,413	\$ 74,902,803
Investment income	30,942	24,948	19,564	19,499
<b>Total Governmental Activities</b>	\$ 59,504,248	\$ 61,591,831	\$ 64,386,977	\$ 74,922,302
<b>Change in Net Position</b>				
Governmental activities	\$ 2,226,847	\$ (805,607)	\$ (3,147,314)	\$ 6,004,905

Year					
2016	2017	2018	2019	2020	2021
\$ 74,632,806	\$ 81,226,501	\$ 84,569,564	\$ 87,282,857	\$ 86,365,759	\$ 88,274,738
977,425	897,927	919,867	828,399	720,530	606,447
<u>75,610,231</u>	<u>82,124,428</u>	<u>85,489,431</u>	<u>88,111,256</u>	<u>87,086,289</u>	<u>88,881,185</u>
891,183	797,994	1,215,652	716,939	1,019,735	1,078,218
<u>891,183</u>	<u>797,994</u>	<u>1,215,652</u>	<u>716,939</u>	<u>1,019,735</u>	<u>1,078,218</u>
<u>\$ (74,719,048)</u>	<u>\$ (81,326,434)</u>	<u>\$ (84,273,779)</u>	<u>\$ (87,394,317)</u>	<u>\$ (86,066,554)</u>	<u>\$ (87,802,967)</u>
\$ 77,706,956	\$ 81,496,875	\$ 85,563,002	\$ 88,094,554	\$ 90,728,851	\$ 92,518,567
79,979	273,054	712,637	1,008,721	255,630	24,968
<u>\$ 77,786,935</u>	<u>\$ 81,769,929</u>	<u>\$ 86,275,639</u>	<u>\$ 89,103,275</u>	<u>\$ 90,984,481</u>	<u>\$ 92,543,535</u>
<u>\$ 3,067,887</u>	<u>\$ 443,495</u>	<u>\$ 2,001,860</u>	<u>\$ 1,708,958</u>	<u>\$ 4,917,927</u>	<u>\$ 4,740,568</u>

# HARRIS COUNTY APPRAISAL DISTRICT

## FUND BALANCE, GOVERNMENTAL FUND

Last Ten Years

(modified accrual basis of accounting)

	Year			
	2012	2013	2014	2015
<b>General Fund</b>				
Nonspendable	\$ 229,011	\$ 278,690	\$ 355,921	\$ 321,572
Restricted	151,013	151,312	151,277	151,549
Assigned	3,720,970	6,316,077	3,228,282	4,082,434
Unassigned	11,247,535	7,887,037	7,665,983	9,222,422
<b>Total General Fund</b>	<u>\$ 15,348,529</u>	<u>\$ 14,633,116</u>	<u>\$ 11,401,463</u>	<u>\$ 13,777,977</u>

<b>Year</b>					
<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$ 368,870	\$ 487,968	\$ 624,132	\$ 640,926	\$ 606,406	\$ 1,616,519
-	-	-	-	-	-
6,466,307	7,816,962	10,932,693	12,809,033	25,506,383	27,423,030
12,287,923	11,378,514	13,332,403	15,114,230	1,159,984	1,341,071
<u>\$ 19,123,100</u>	<u>\$ 19,683,444</u>	<u>\$ 24,889,228</u>	<u>\$ 28,564,189</u>	<u>\$ 27,272,773</u>	<u>\$ 30,380,620</u>

# HARRIS COUNTY APPRAISAL DISTRICT

## CHANGES IN FUND BALANCE, GOVERNMENTAL FUND

Last Ten Years

(modified accrual basis of accounting)

	Year			
	2012	2013	2014	2015
<b>Revenues</b>				
Assessments	\$ 59,473,306	\$ 61,566,883	\$ 64,367,413	\$ 74,902,803
Investment income	28,462	23,229	18,934	17,957
Other revenues	507,054	717,721	760,459	669,741
Rendition penalty fee	274,860	294,934	349,402	334,664
<b>Total Revenues</b>	60,283,682	62,602,767	65,496,208	75,925,165
<b>Expenditures</b>				
Board of Directors	-	-	-	-
Office of Chief Appraiser	7,097,353	9,137,044	12,195,547	13,421,461
Appraisal review board	-	-	-	-
Appraisal support	10,192,816	10,350,238	11,119,331	12,584,529
Appraisal	23,870,266	24,474,901	25,595,462	26,768,745
Information systems	6,141,940	7,257,810	7,851,749	7,803,603
Administration	5,605,428	5,877,296	6,551,032	6,590,564
Administration services/building services	3,600,301	3,577,236	2,826,193	3,932,801
Capital outlay	596,298	274,751	219,642	78,044
Debt service				
Principal	1,114,736	1,178,193	1,245,324	1,316,342
Interest	1,254,168	1,190,711	1,123,581	1,052,562
<b>Total Expenditures</b>	59,473,306	63,318,180	68,727,861	73,548,651
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	810,376	(715,413)	(3,231,653)	2,376,514
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	-	-	-	-
<b>Total Other Financing (Uses)</b>	-	-	-	-
<b>Net Change in Fund Balance</b>	\$ 810,376	\$ (715,413)	\$ (3,231,653)	\$ 2,376,514
Debt service as a percentage of noncapital expenditures	4.02%	3.76%	3.46%	3.23%

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

Year					
2016	2017	2018	2019	2020	2021 <sup>(1)</sup>
\$ 77,706,956	\$ 81,496,875	\$ 85,563,002	\$ 88,094,554	\$ 90,728,851	\$ 92,518,567
74,272	256,406	673,462	961,925	233,225	23,537
481,123	422,498	910,371	535,070	298,799	668,500
391,930	324,366	453,674	281,578	390,471	399,303
<u>78,654,281</u>	<u>82,500,145</u>	<u>87,600,509</u>	<u>89,873,127</u>	<u>91,651,346</u>	<u>93,609,907</u>
-	-	-	-	-	4,712
11,587,428	12,310,648	14,002,216	13,181,522	12,968,365	12,076,129
-	-	-	-	-	3,132,252
12,549,219	14,993,839	14,958,051	14,358,192	11,946,497	11,963,055
27,679,141	29,767,205	30,723,471	31,814,658	32,446,248	32,726,839
7,874,275	6,858,842	7,397,376	8,677,941	12,795,374	12,621,450
6,704,181	7,389,849	7,406,834	8,100,378	9,110,006	8,848,000
4,424,778	5,250,513	4,993,486	6,193,911	9,857,211	5,667,958
121,231	2,000,000	438,329	899,061	860,235	1,017,238
1,391,480	1,470,978	1,555,095	1,644,104	1,738,296	1,837,980
977,425	897,927	919,867	828,399	720,530	606,447
<u>73,309,158</u>	<u>80,939,801</u>	<u>82,394,725</u>	<u>85,698,166</u>	<u>92,442,762</u>	<u>90,497,348</u>
5,345,123	1,560,344	5,205,784	4,174,961	(791,416)	3,112,559
-	(1,000,000)	-	(500,000)	(500,000)	-
-	(1,000,000)	-	(500,000)	(500,000)	-
<u>\$ 5,345,123</u>	<u>\$ 560,344</u>	<u>\$ 5,205,784</u>	<u>\$ 3,674,961</u>	<u>\$ (1,291,416)</u>	<u>\$ 3,112,559</u>
3.26%	3.04%	3.01%	2.90%	2.69%	2.72%

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

	Year			
	2012	2013	2014	2015
Total adjusted levy for calculation of taxing unit assessments <sup>(1)(2)</sup>	\$ 7,390,428,021	\$ 7,728,886,310	\$ 8,458,886,001	\$ 9,385,920,743
Direct rate <sup>(4)</sup>	100%	100%	100%	100%
Assessments	\$ 60,429,430	\$ 61,566,862	\$ 64,367,413 <sup>(3)</sup>	\$ 75,147,518

- (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 2012 and 2015. The amount shown here does not include the adjustment for the refund.
- (4) 100% of the adjusted levy is used in the calculation allocating the assessment fees.



<b>Year</b>					
<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$ 10,270,428,310	\$ 11,053,954,982	\$ 11,564,280,439	\$ 11,888,313,314	\$ 12,295,974,520	\$ 12,814,950,514
100%	100%	100%	100%	100%	100%
\$ 77,706,956	\$ 81,496,875	\$ 85,563,002	\$ 88,094,554	\$ 90,728,851	\$ 92,518,567

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

Taxing Jurisdictions	2021			2012		
	Tax Levy	Rank	% of Taxable Assessed Value	Tax Levy	Rank	% of Taxable Assessed Value
Houston ISD 001	\$ 2,164,439,501	1	16.89%	\$ 1,188,525,756	1	16.08%
Harris County 040	1,954,349,181	2	15.25%	1,077,788,512	2	14.58%
City of Houston 061	1,437,981,066	3	11.22%	919,175,057	3	12.44%
Harris County Hospital Dist. 043	816,602,014	4	6.37%	513,815,478	4	6.95%
Cypress-Fairbanks ISD 004	765,998,538	5	5.98%	446,475,862	5	6.04%
Spring Branch ISD 025	444,528,150	6	3.47%	245,069,021	6	3.32%
Katy ISD 019	354,726,676	7	2.77%	183,554,905	7	2.48%
Klein ISD 017	310,602,481	8	2.42%	182,207,967	9	2.47%
Aldine ISD 009	293,666,999	9	2.29%	171,410,502	8	2.32%
Humble ISD 018	252,366,153	10	1.97%	158,233,295	10	2.14%
Subtotal	8,795,260,759		68.63%	5,086,256,355		68.82%
Other taxing jurisdictions	4,019,689,755		31.37%	2,304,171,666		31.18%
<b>Total</b>	<b>\$ 12,814,950,514</b>		<b>100.00%</b>	<b>\$ 7,390,428,021</b>		<b>100.00%</b>

Source: Harris County Appraisal District's departmental records.

# HARRIS COUNTY APPRAISAL DISTRICT

## *RATIOS OF OUTSTANDING DEBT BY TYPE*

Last Ten Years

	Year			
	2012	2013	2014	2015
<b>Governmental Activities:</b>				
Capital leases	\$ 21,848,136	\$ 20,669,943	\$ 19,424,619	\$ 18,108,277
<b>Total</b>	\$ 21,848,136	\$ 20,669,943	\$ 19,424,619	\$ 18,108,277
<b>Taxing jurisdictions in district</b>	492	493	501	513
<b>Debt per taxing unit <sup>(1)</sup></b>	\$ 44,407	\$ 41,927	\$ 38,772	\$ 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.

**Year**

<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$ 16,716,797	\$ 15,245,819	\$ 13,690,724	\$ 12,046,620	\$ 10,308,324	\$ 8,470,344
<u>\$ 16,716,797</u>	<u>\$ 15,245,819</u>	<u>\$ 13,690,724</u>	<u>\$ 12,046,620</u>	<u>\$ 10,308,324</u>	<u>\$ 8,470,344</u>
517	525	533	538	551	554
\$ 32,334	\$ 29,040	\$ 25,686	\$ 22,391	\$ 18,708	\$ 15,289

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# HARRIS COUNTY APPRAISAL DISTRICT

## DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

<b>Year Ended December 31</b>	<b>(a) Estimated Population (In Thousands)</b>	<b>(a) Personal Income (In Thousands)</b>	<b>(a) Per Capita Personal Income</b>	<b>(a) Unemployment Rate</b>
2012	4,264	\$ 224,617,980	\$ 52,805	6.8%
2013	4,355	\$ 230,462,963	\$ 53,141	6.2%
2014	4,456	\$ 252,694,912	\$ 54,212	5.0%
2015	4,562	\$ 249,989,494	\$ 54,100	4.6%
2016	4,629	\$ 240,752,454	\$ 51,186	5.4%
2017	4,664	\$ 247,482,118	\$ 53,188	4.6%
2018	4,669	\$ 265,351,328	\$ 58,685	4.0%
2019	4,713	\$ 278,821,655	\$ 59,207	3.6%
2020	4,746	\$ 285,160,839	\$ 60,183	8.0%
2021	4,779	not available	not available	7.4%

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>

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# HARRIS COUNTY APPRAISAL DISTRICT

## PRINCIPAL CORPORATE EMPLOYERS

Current Year and Nine Years Ago

(amounts in thousands)

Employer	2021			2012		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
H-E-B	38,554	1	1.1719 %	17,627	3	0.6563 %
Wal-Mart Stores	32,000	2	0.9727 %	-	-	-
Memorial Hermann Health System	27,717	3	0.8425 %	20,000	1	0.7446 %
Houston Methodist	26,540	4	0.8067 %	14,300	8	0.5324 %
UT MD Anderson Cancer Center	21,946	5	0.6671 %	18,670	2	0.6951
Amazon	16,000	6	0.4864 %	-	-	-
Kroger Co.	15,750	7	0.4788 %	14,828	6	0.5520 %
HCA Houston Healthcare	15,065	8	0.4579 %	-	-	-
Exxon Mobil Corp.	14,834	9	0.4509 %	14,400	7	0.5361 %
Texas Children's Hospital	13,081	10	0.3976 %	-	-	-
United Airlines	-	-	-	16,665	4	0.6204 %
McDonald's Corporation	-	-	-	14,880	5	0.5540 %
Schlumberger	-	-	-	10,817	9	0.4027 %
UT Medical Branch	-	-	-	10,714	10	0.3989 %
<b>Total</b>	<b>221,487</b>			<b>152,901</b>		

Source: Employment numbers were obtained from Houston ISD and the Houston Chronicle.

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 COUNTY APPRAISAL DISTRICT

## *EMPLOYED POSITIONS BY FUNCTION <sup>(1)</sup>*

Last Ten Years

Function	Year			
	2012	2013	2014	2015
Office of the Chief Appraiser	4	4	5	5
Support Services	163	162	166	165
Appraisal	321	315	319	327
Information Systems	46	41	36	45
Administration	50	50	50	41
<b>Regular Positions</b>	<b>584</b>	<b>572</b>	<b>576</b>	<b>583</b>

Notes:

(1) Data represents employed positions at year end.

Year					
2016	2017	2018	2019	2020	2021
3	5	7	6	6	16
172	168	166	166	148	143
340	345	332	336	338	316
34	40	39	40	57	60
52	49	50	52	62	47
601	607	594	600	611	582

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

<b>Property Category</b>	<b>Year</b>			
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Single family residential	n/a	0.97	n/a	0.99
Multi-family residential	n/a	0.94	n/a	0.97
Vacant lots	n/a	n/a	n/a	n/a
Acreage	n/a	n/a	n/a	n/a
Commercial real property	n/a	1.01	n/a	1.00
Utilities	n/a	0.98	n/a	0.96
Commercial personal property	n/a	0.99	n/a	1.00
<b>Overall Median Level</b>	<u>n/a (2)</u>	<u>1.03</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.

Year					
2016	2017	2018	2019	2020	2021
n/a	0.99	n/a	0.98	n/a	0.98
n/a	0.93	n/a	0.94	n/a	0.96
n/a	n/a	n/a	0.93	n/a	0.88
n/a	n/a	n/a	n/a	n/a	n/a
n/a	0.95	n/a	0.92	n/a	0.95
n/a	0.90	n/a	0.89	n/a	0.9
n/a	0.97	n/a	0.98	n/a	0.95
n/a (2)	0.98	n/a (2)	0.98	n/a (2)	0.98

**HARRIS COUNTY APPRAISAL DISTRICT**  
**PROTEST ACTIVITY AND LITIGATION VOLUME**  
 Last Ten Years

Property Category	Year			
	2012	2013	2014	2015
Reappraisal year	Yes	Yes	Yes	Yes
Accounts protested	296,228	302,336	346,041	372,584
Value of accounts	\$ 198,242,427,719	\$ 230,189,392,360	\$ 247,547,796,763	\$ 285,432,274,329
Average percentage reduction	9.29%	8.75%	8.52%	6.29%
Total lawsuits	2,864	3,568	4,022	4,133
Number of accounts	6,985	11,019	9,734	10,124
Value of accounts	\$ 29,508,040,449	\$ 55,331,218,880	\$ 62,482,106,824	\$ 64,584,698,576
Number of accounts resolved	6,985	10,985	9,708	10,059
Average percentage reduction	10.43%	9.88%	9.87%	11.36%

Data from district's appraisal department.

Year						
2016	2017	2018	2019	2020	2021	
Yes	Yes	Yes	Yes	Yes	Yes	Yes
380,550	389,837	372,647	421,763	447,128	452,834	
\$ 311,654,617,880	\$ 319,509,054,893	\$ 319,656,134,451	\$ 363,786,769,145	\$ 389,017,648,681	\$ 394,269,236,802	
10.79%	10.40%	9.95%	10.28%	9.76%	7.19%	
4,212	4,661	7,183	6,374	6,568	6,915	
12,018	11,918	16,024	15,005	15,958	14,658	
\$ 90,788,838,462	\$ 81,113,534,434	\$ 87,914,852,919	\$ 106,544,983,826	\$ 129,299,808,378	\$ 112,956,803,112	
11,839	11,757	13,770	12,569	9,244	1,440	
11.89%	11.27%	10.23%	11.05%	10.26%	8.42%	

# HARRIS COUNTY APPRAISAL DISTRICT

## OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Years

<u>Function / Program</u>	<u>Year</u>			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Appraisal</b>				
Appraised value	\$ 380,886,243	\$ 413,396,777	\$ 449,206,021	\$ 503,278,759
Number of accounts	1,563,992	1,576,093	1,593,793	1,604,903

Source: Various district departments.



<b>Year</b>					
<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$ 532,811,166 1,624,760	\$ 562,968,171 1,640,520	\$ 571,596,277 1,642,501	\$ 615,347,614 1,661,283	\$ 646,519,386 1,678,222	\$ 676,181,080 1,692,411

# HARRIS COUNTY APPRAISAL DISTRICT

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Years

<u>Function/Program</u>	<u>Year</u>			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>General Fund</b>				
Office of the Chief Appraiser	66	63	59	57
Support Services	211	201	198	191
Appraisal	487	478	476	471
Information Systems	1,432	1,263	1,222	1,158
Administration	176	176	173	169

Source: Various district departments.

Figures represent total capital assets by function.

Year					
2016	2017	2018	2019	2020	2021
57	57	56	48	48	47
191	189	186	171	169	168
470	459	455	371	371	371
1,141	1,060	1,031	1,009	994	996
168	167	161	118	118	118

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