

*ANNUAL COMPREHENSIVE
FINANCIAL REPORT*

of the

**HARRIS CENTRAL
APPRAISAL DISTRICT, TEXAS**

**For the Year Ended
December 31, 2023**

Report Issued By:

Budget and Finance Division

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HARRIS CENTRAL APPRAISAL DISTRICT

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INTRODUCTORY SECTION

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Office of Chief Appraiser

August 15, 2024

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

Board of Directors

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Jim Robinson, Secretary
Jonathan Cowen, Assistant Secretary
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Mike Sullivan, Director
Cassandra Auzenne Bandy, Director
Grace Rodriguez, Director
Kathy Blueford-Daniels, Director
Kyle Scott, Director
Ericka McCrutcheon, Director

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, 2023.

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

Crowe LLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the Harris Central Appraisal District’s financial statements for the year ended December 31, 2023. The independent auditors’ report is located at the front of the financial section of this report.

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

Profile of the District

The Harris Central Appraisal District (“district”) is a political subdivision of the State of Texas established in 1980, following the codification of property tax laws by the 66th Texas Legislature in 1979. The 1979 codification established one appraisal district in each of the state’s 254 counties for the purpose of discovering and appraising property for ad valorem tax purposes for each taxing unit within the boundaries of that appraisal district. The district, the largest in the state, serves 585 taxing units.

Texas appraisal districts are permitted to contract with their taxing units to perform tax collection functions. The Harris Central Appraisal District has not contracted with any of its taxing units to provide these services through 2023 and does not anticipate any collection contracts in the foreseeable future.

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

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

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

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

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

The Office of the Chief Appraiser is primarily responsible for the overall planning, organizing, staffing, and controlling district operations as required by the Texas Property Tax Code. The district is organized into two primary departments: Chief Appraiser and Deputy Chief Appraiser. Those divisions reporting directly to the Chief Appraiser are primarily responsible for the support services divisions consisting of ARB Operations, Jurisdiction Communications, and Information & Assistance. These divisions coordinate support functions, including records maintenance, exemptions, customer service to property owners, and support for the Appraisal Review Board, and records management. The Information Technology Division maintains the district's data center, local area networks, software applications, and imaging. The Budget & Finance Division is responsible for the business support functions relating to budget, finance, employee benefits, purchasing, capital assets, facilities, and postal services. Information Technology, Budget & Finance, Human Resources, Audit Support Services, Communications Services, 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 18, 2023, with less than 5.14 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 585 taxing unit appraisal rolls was approximately \$5.4 trillion, resulting in a 2023 ad valorem tax levy of approximately \$15 billion, an increase of 10.47 percent from 2022.

The Harris Central Appraisal District encompasses a 1,774-square-mile area, including some of the most complex properties in the world. These include the port facilities of the Houston Ship Channel and Port of Houston, the busiest port in the United States in terms of foreign tonnage and the second busiest in overall tonnage. The properties include two major international airports, more than 350 class A high-rise office properties, hundreds of millions of square feet of warehouse and retail properties, tens of thousands of apartment units, and more than 1.1 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.

For the second year in a row, economic forces affecting the entire country caused its share of disruption to the Houston housing market. While 2023 saw significant growth in housing inventory and moderation in pricing, it was ultimately mortgage interest rates, which leapt to 20-year highs, that prompted many would-be buyers to scrap purchasing plans or pivot to rental housing in 2023. As 2024 gets underway, Houston’s residential housing landscape is considered to be on solid footing if you factor out the uncertainty of what the Federal Reserve may do with interest rates and lingering consumer jitters over inflation.

A decline in single-family home sales and total property sales made 2023 the second consecutive negative year for Houston housing. According to HAR’s December/Full-Year 2023 Housing Market Update, single-family home sales fell 12.0 percent to 83,854. Sales of all property types totaled 102,367, down 13.1 percent from 2022. Total dollar volume dropped 12.6 percent to \$40 billion versus \$45.6 billion in 2022.

For December, single-family home sales fell 6.2 percent year-over-year. That comes on the heels of November’s 4.7 percent sales increase that marked the first upward sales move in 19 months. Most segments of the housing market experienced declines, however the heaviest volume segment – consisting of homes between \$250,000 and \$500,000 – was unchanged compared to December 2022. Homes priced from \$1M and above declined 2.1 percent.

The median price of a single-family home – the figure at which half of the homes sold for more and half sold for less – was \$330,000 in December, unchanged from a year earlier. The average price of \$407,817 was also statistically flat.

Comparison of Appraised Values to Previous Year

The change in appraised value of taxable property between the years 2023 and 2022 is reflected in the table below.

HARRIS CENTRAL APPRAISAL DISTRICT APPRAISED VALUES			
<u>2023</u>		<u>2022</u>	
<u>Number of Accounts</u>	<u>Appraisal Value (in thousands)</u>	<u>Number of Accounts</u>	<u>Appraisal Value (in thousands)</u>
1,741,000	\$851,002,565	1,718,008	\$759,598,910

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, 2024. The change in the appraised and taxable values from 2022 to 2023 varied among taxing units, reflecting the mix of property types, exemptions, and market conditions within each unit.

HARRIS COUNTY TAXABLE VALUES (in thousands \$)				
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>Percent Change</u>
Appraised Value	\$851,002,565	\$759,598,910	\$91,235,478	12.03%
Taxable Value	\$653,342,193	\$583,851,955	\$69,088,812	11.90%

Texas Comptroller of Public Accounts Ratio Study and Governance Review

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

Section 5.102, Tax Code requires the Comptroller of Public Accounts to review each appraisal district’s governance, taxpayer assistance, operating standards and appraisal standards, procedures and methodology at least once every two years. School districts located in counties that do not receive the Methods and Assistance Program (MAP) reviews in a year will be subject to property value studies in that year. A MAP review was conducted for 2022.

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

STATE COMPTROLLER’S STUDY	
<u>Property Category</u>	<u>Median Level of Appraisal 2023</u>
Single Family Residential	1.00
Multi-Family Residential	.97
Vacant Lots	.95
Acreage	N/A
Commercial Real Property	.95
Utilities	.94
Commercial Personal Property	1.02
Overall Median Level – All Properties	1.00

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

Property Owner Protests

During 2023, property owners and professional tax consultants filed 528,170 protests, resulting in an increase of 6.75 percent from the 2022 protest volume of 494,767. 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 2023 protest activity data has been updated through April 10, 2024.

The table below shows the protest activity for the last 10 years.

PROTEST ACTIVITY (Dollars in millions)				
<u>Year</u>	<u>Reappraisal Year</u>	<u>Accounts Protested</u>	<u>Value of Accounts</u>	<u>Avg Percent Reduction</u>
2014	Yes	345,041	\$247,547	8.52%
2015	Yes	372,584	\$285,432	6.29%
2016	Yes	380,550	\$311,654	10.79%
2017	Yes	389,642	\$318,620	10.36%
2018	Yes	372,552	\$319,572	10.01%
2019	Yes	421,645	\$363,658	10.69%
2020	Yes	447,203	\$389,034	11.02%
2021	Yes	453,400	\$394,506	9.88%
2022	Yes	494,767	\$455,377	9.49%
2023	Yes	528,170	\$522,564	8.03%

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:

LITIGATION VOLUME					
<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>
2014	4,022	9,734	\$ 62,482,106,824	9,727	9.86%
2015	4,133	10,124	\$ 64,584,698,576	10,100	11.36%
2016	4,212	12,018	\$ 90,788,838,462	11,979	11.88%
2017	4,661	11,918	\$ 81,113,534,434	11,904	11.27%
2018	7,183	16,024	\$ 87,914,852,919	15,862	10.23%
2019	6,374	15,054	\$106,544,983,826	14,701	11.71%
2020	6,584	16,175	\$129,866,823,187	15,002	11.31%
2021	6,949	15,759	\$115,084,993,520	13,819	10.45%
2022	7,997	18,332	\$151,735,082,573	13,750	11.70%
2023	9,601	22,110	\$165,682,480,996	1,333	11.32%

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

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

<i>ARBITRATION VOLUME</i>				
<u>Year</u>	<u>Number of Accounts</u>	<u>Determined</u>	<u>Dismissed/ Withdrawn</u>	<u>Pending</u>
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	2,276	1,332	0
2019	3,548	3,548	2,189	0
2020	5,119	5,119	4,148	0
2021	5,647	5,645	5,237	2
2022	8,456	8,416	7,818	40
2023	12,142	8,964	8,749	3,178

iFile and iSettle Programs

The Harris Central Appraisal District continues its online iFile program that allows property owners and agents to protest their noticed values through the district’s website. During 2023, 86,536 agent protests and 97,175 property owner protests were received through iFile. Both programs have reduced the number of property owners needing to appear in person at the district’s office. Additionally, much of the paper handling, data entry, scanning, and filing tasks were eliminated due to the increased use of iFile and iSettle. The iFile program also allows personal property renditions to be submitted on-line.

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

In 2017, a new feature was added to the iFile/iSettle program that allows property owners participating in iSettle to upload their hearing evidence via the Owners website. This uploaded evidence is taken under consideration by HCAD before making an iSettle offer to the property owner. A total of 18,111 property owners utilized this feature in 2023, and they uploaded a total of 152,669 files.

The addition of this new feature plays a significant role in the quality of iSettle offers made by the district. iFile and iSettle volume is summarized in the table below:

iFILE / iSETTLE VOLUME						
<u>Year</u>	<u>iFile Participants</u>	<u>iFile Renditions Processed</u>	<u>iFile Rendition Extension Requested</u>	<u>iSettle Offers Accepted</u>	<u>Owners Website Accounts Enrolled</u>	<u>Owners Website Accounts Serviced</u>
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
2022	287,387	34,364	20,007	36,751	353,102	34,574
2023	287,007	33,645	21,174	35,914	352,183	38,517

Financial Information

The general fund’s total fund balance was \$32,905,002 with an unassigned balance of \$5,681,967 at year-end, which is 77.39% below the district’s financial policy recommendation for budgetary and planning purposes. Other assignments include \$1,802,383 for special projects, \$7,390,422 for future major repairs and rehabilitations of facilities and \$16,286,549 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 585 taxing units entitled to vote on the appointment of board members is required to maintain a copy of the proposed budget for public inspection at its principal administrative office.

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

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

The board of directors adopted a 2023 expenditure budget of \$100,506,291 on June 21, 2022. This amount represented a \$5,633,818 increase over the 2022 budget. Taxing unit funding increased from \$94,372,473 in 2022 to \$ 99,006,291 for 2023, an increase of \$4,633,818.

Major Initiatives

1. The district is searching for a comprehensive document and workflow management solution to replace VisiFlow, which is over two decades old and at EOL. After two years of vetting the vendor offerings in this space, including the building of proof-of-concept solutions by multiple vendors, district stakeholders have chosen a product. Development will begin in the summer of 2024.
2. Development was completed on the third and final major round of enhancements to the Case Management System. These are user-requested improvements to the system designed to streamline the processing of an ever-increasing volume of litigation.
3. Workday was identified as a unified solution to be implemented for the district's human capital management (HCM) and finance / payroll needs. Implementation began to be fully completed mid-year 2024.
4. Information Security Program
 - a. The IT division continues to maintain a comprehensive network and applications matrix that is now used as a basis for the district's cybersecurity focus, as well as aiding in identifying records for document retention and backup purposes.
 - b. Increased the number of employees participating in the Cybersecurity Champion Program to over 27% of all employees, up from 21%; the program recognizes employees who have gone above and beyond to stay abreast of current cybersecurity issues by completing training in a thoughtful and timely manner.
 - c. HCAD was awarded the exclusive Texas Cyber Star Certification from the Texas Department of Information Resources (DIR), joining fewer than two dozen other organizations statewide recognized for their implementation of cybersecurity best practices.
 - d. Failover capabilities have been enhanced with new network and software upgrades at the district's colocation facility allowing for improved time of recovery and performance.
 - e. Immutable Backups are those that cannot be altered in any way for a number of days as determined by an organization's needs. This technology allows for data to be backed up and then protected from deletion or changes by applying a write once / read many permissions set that will protect a specific point-in-time backup dataset from being altered. This ensures the accuracy and integrity of backups in the event data needs to be restored due to accidental deletion, corruption, or unauthorized encryption such as ransomware. The district has implemented two immutable backup solutions including Pure storage array snapshots for near-time restoral and Veeam Enterprise backups for longer historical restores.
 - f. As part of its continuing effort to implement district-wide multifactor authentication for all users, a concerted education campaign and signup sessions were conducted. The district has also maintained 99% employee enrollment in multifactor authentication (MFA).
5. Finalized development and testing of a robotic process automation (RPA) tool capable of processing over 50% of incoming Appointment of Agent requests.
6. The GIS group played a continued key role in securing a cost-sharing agreement with Harris County Departments, the City of Houston, and METRO to acquire Cyclomedia street level imagery of Harris

County. These images provide significant improvements in resolution over the previous photos, providing the Residential Property Division with an outstanding tool to use in their appraisal and analysis work.

7. The GIS group developed a Review Appraisal Division (RAD) Comp Viewer application, which is a tool to help testifying appraisers visualize the cases that they are working on. It allows them to view accounts on a map, search for additional comparable accounts, and puts elements such as the flood plain, market areas, and various years' worth of imagery into context. This has been expanded for subsequent tax years.
8. MUD Value Change Viewer was a most recent addition to the gamut of visualization tools employed by the GIS group in 2022 to allow users to determine value changes to parcels within municipal utility (MUD) districts over time. This has been expanded by creating Value Change Viewers for all cities, school districts, and the county.
9. The district expanded its implementation of Power BI for auditing, trending, and reporting, presenting data in ways that simplify complex concepts and increase productivity for end users.

Additional dashboards were implemented to provide visualization of operational key performance indicators.

10. HCAD's Information Technology staff continued to convene a series of educational sessions to address the needs of users throughout the district. These sessions allowed users to get their questions answered about the new technologies being used to connect to the district network, the new phone system, and any other topics that arose. The ongoing monthly sessions are geared towards topics selected based on user feedback.
11. The district developed a new property search application which changed the design of the property search to have a more graphical interface. The new application uses the latest Microsoft programming technology. The new visual layout allows property owners to view the property on a map with a graphical representation of the value of the property.
12. A new launchpad application was built that allows our budget and finance division to interact with Workday with custom features that are not available in the standard Workday application.
13. Property owners now have the ability to live chat with district personnel before the beginning of their virtual meeting. This allows us to assist property owners with questions they may have about the virtual meeting process, and to assist them with any technical challenges.
14. Per recent legislative requirements, a taxpayer liaison portal was developed to have direct integration with the district's new ticketing system, including tracking and automatic replies.
15. The security cameras have been replaced with an advanced cloud-based system. This new system allows security staff and key stakeholders access to the system from anywhere in the world via smartphone. The system will also proactively notify security personnel of suspicious persons, or if the license plate of a monitored vehicle enters the HCAD campus. The parking lot is monitored by cameras that track pedestrians, freeing up resources and foot patrols. The cameras are also integrated with the garage gates, allowing quicker entry / exit to and from the garage without the need to swipe a badge.
16. The panic button system has been replaced and it is fully integrated with the new security system. When a button is pressed, it sends instant notifications and a clip of the action to relevant personnel. This translates to a much quicker response time and a safer workplace overall. There is a discrete device for each appraiser and ARB panel chair.

17. The vendor that manages our printers and multifunction devices has been replaced. The devices are now monitored for functionality and supply levels. New toner supplies are automatically shipped out when a certain threshold has been met. The new vendor is also conveniently located right around the corner in the event they need to come on site for any break / fix issues.
18. Hardware and software deployed for the GIS users throughout the District using Virtual Desktop Infrastructure (VDI) technology to migration from ArcMap to the new Pro desktop GIS. This moves the group away from GIS products being installed on individual local workstations to reduce the ongoing maintenance cost, reduce support needs, and it will eliminate the current dependency on the workstations to be powered on and accessible for business continuity in case of any event. Additionally, this will allow the district to further expand its replication to the colocation to include the GIS environment, and subsequently include the whole GIS environment in a failover to the colocation when needed.
19. Development of Congruency web mapping applications to balance CAMA and GIS databases, to validate HCAD jurisdiction boundaries alongside source jurisdictions, and check HCAD situs addresses against the Jurisdiction Addressing Authority's situs addresses to resolve differences.
20. Updated internal-facing and public-facing browser-based GIS mapping applications. Major improvements include simplifying and providing more intuitive menus that maximize screen real estate, enhancing the search function, updating cartography styling, migrating to latest caching methods, incorporating higher resolution aerial imagery, deploying interactive street level imagery for the internal-facing site, and standardizing on latest technologies for modern browsers.

The Harris Central Appraisal District's outreach program educates property owners on assessment and taxation issues. The district conducted a total of 64 virtual and in-person property tax workshops, exemption workshops and presentations in 2023. Many of these workshops were done with the Harris County Tax Assessor-Collector's office to present a complete picture of the assessment and collection process. The district also conducted workshops with community partners to reach the elderly and inner-city neighborhoods. The goal was to go to the property owners with helpful information rather than make them come to the appraisal district with questions. The district researched and identified communities in the county that underutilized the exemption and protest resources available and then scheduled presentations in those areas. The workshops promoted district resources available and provided individualized and immediate answers to property owner account questions.

Awards and Acknowledgements

For the seventh year in a row, Harris Central Appraisal District has landed on the Houston Chronicle's list of Top Workplaces 2023! Each year, the Houston Chronicle recognizes a select number of organizations with high employee engagement as Top Workplaces in Houston. These organizations are recognized based solely on their employees' survey responses. The Top Workplaces shared a common philosophy: recognizing their workers as their most important assets and the key to their success.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Harris Central Appraisal District for its annual comprehensive financial report (ACFR) for the fiscal year ended December 31, 2022. This was the thirty-sixth 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 satisfies 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 CENTRAL APPRAISAL DISTRICT

APPRAISAL PROCESS

December 31, 2023

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 CENTRAL APPRAISAL DISTRICT

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

December 31, 2023



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Harris Central Appraisal District
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO

HARRIS CENTRAL APPRAISAL DISTRICT

DISTRICT OFFICIALS

December 31, 2023

MARTINA LEMON DIXON

Chairman

JIM ROBINSON

Secretary

JONATHAN COWEN

Assistant Secretary

ANN HARRIS-BENNETT

Tax Assessor-Collector

Ex-Officio Director

Member

MIKE SULLIVAN

Member

CASSANDRA AUZENNE BANDY

Member

AL ODOM

Member

ROLAND ALTINGER

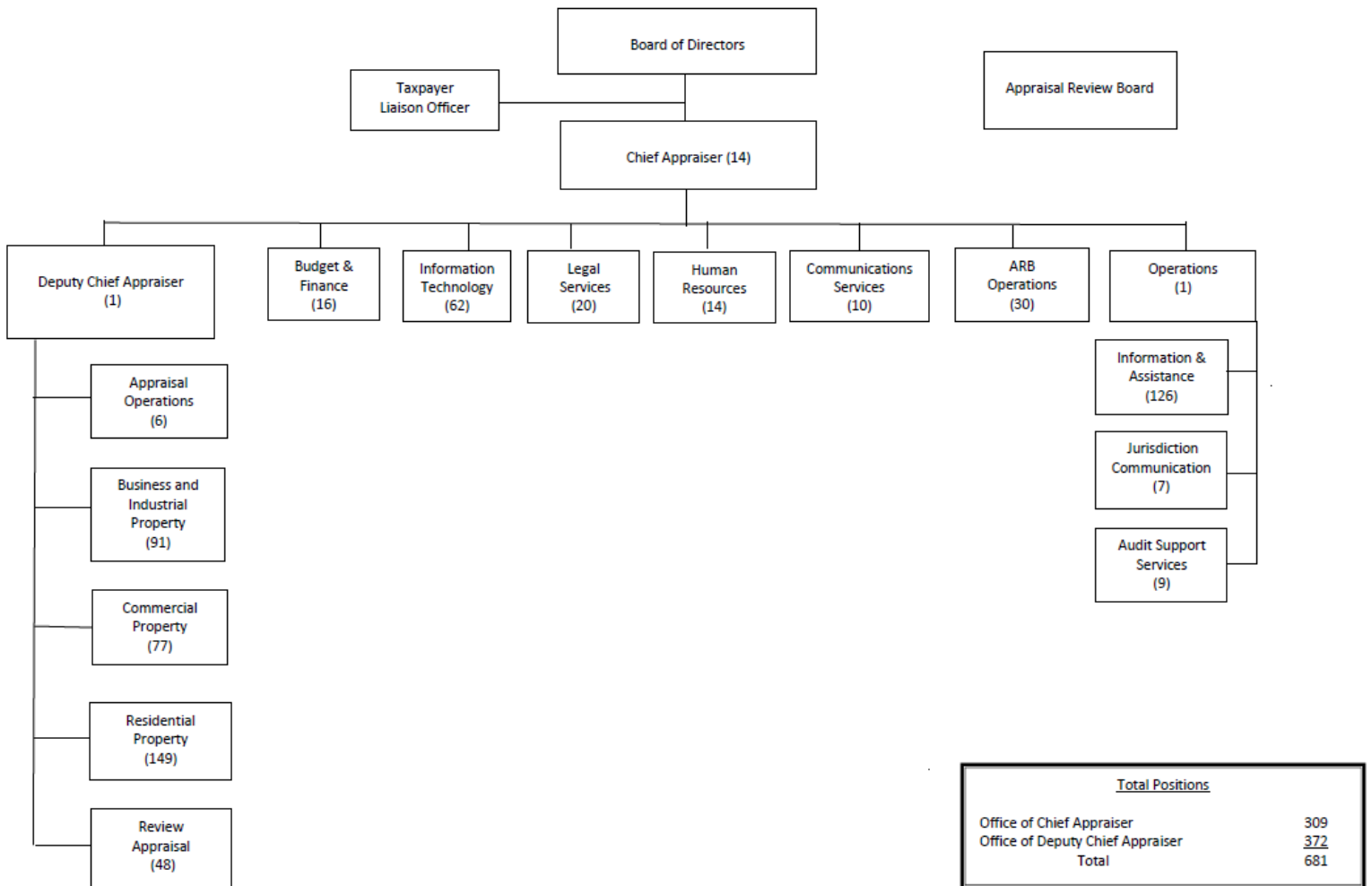
Chief Appraiser

HARRIS CENTRAL APPRAISAL DISTRICT

PLAN OF ORGANIZATION

December 31, 2023

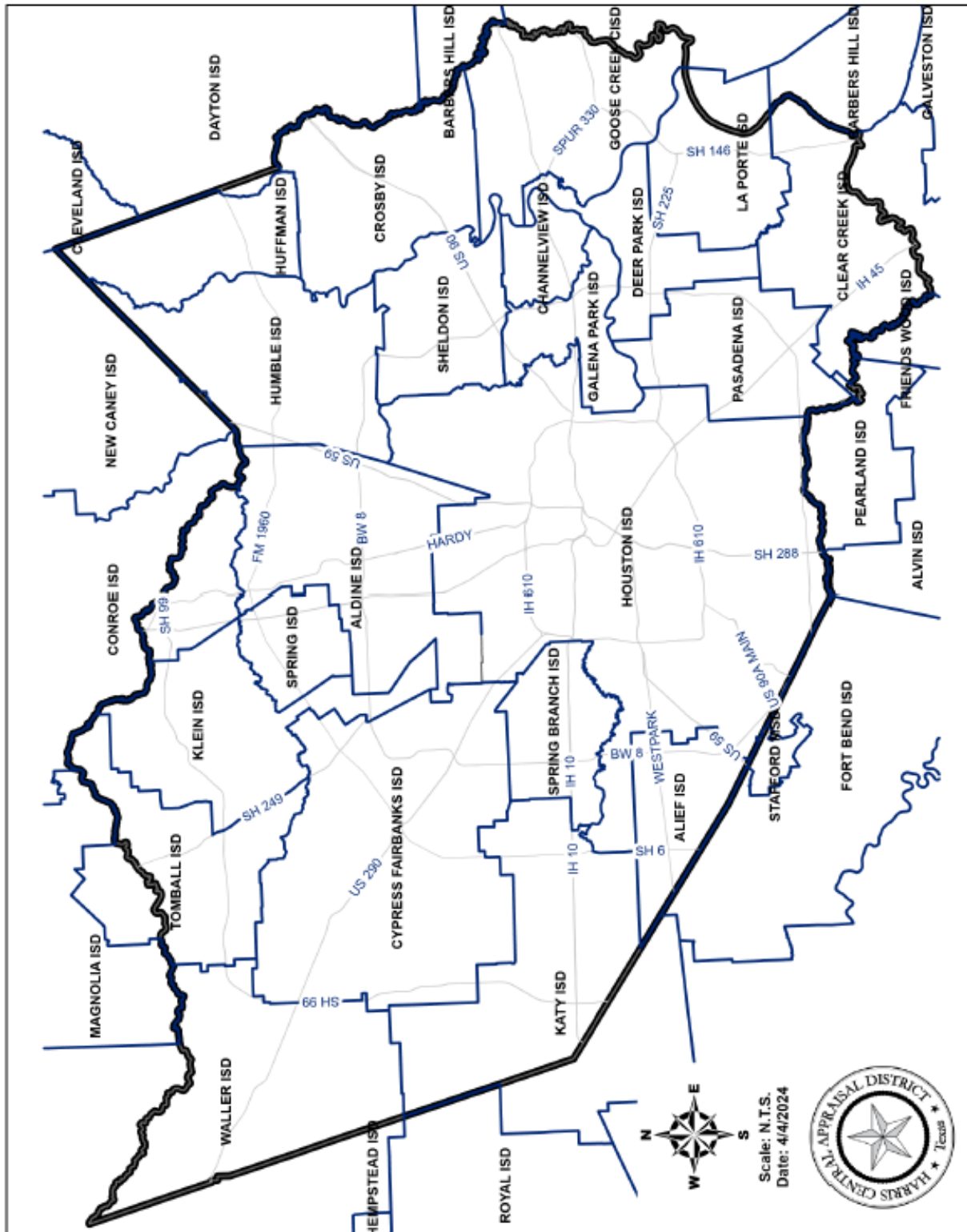
PLAN OF ORGANIZATION - 2023



HARRIS CENTRAL APPRAISAL DISTRICT

HARRIS COUNTY SCHOOL DISTRICTS

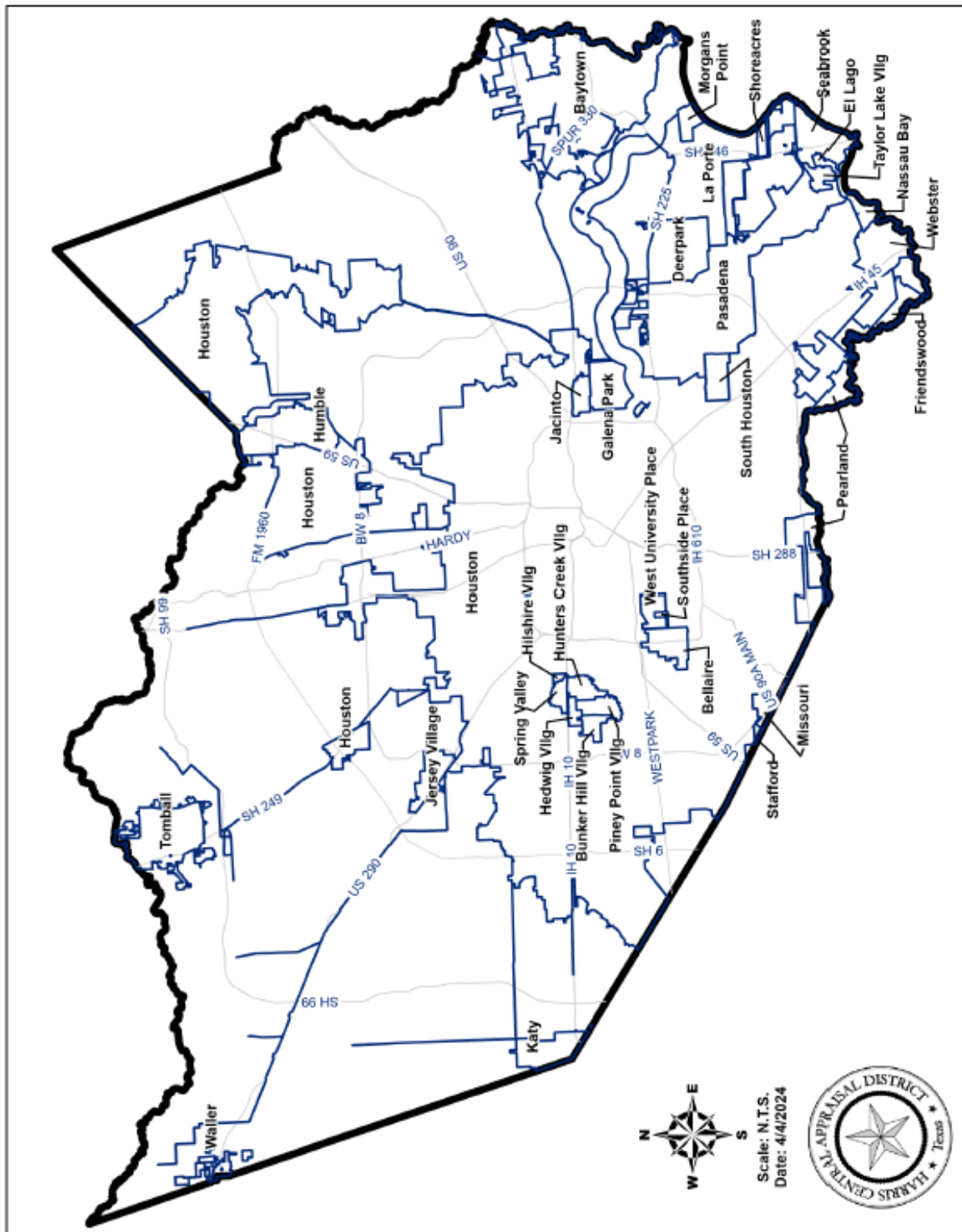
December 31, 2023



HARRIS CENTRAL APPRAISAL DISTRICT

HARRIS COUNTY CITIES

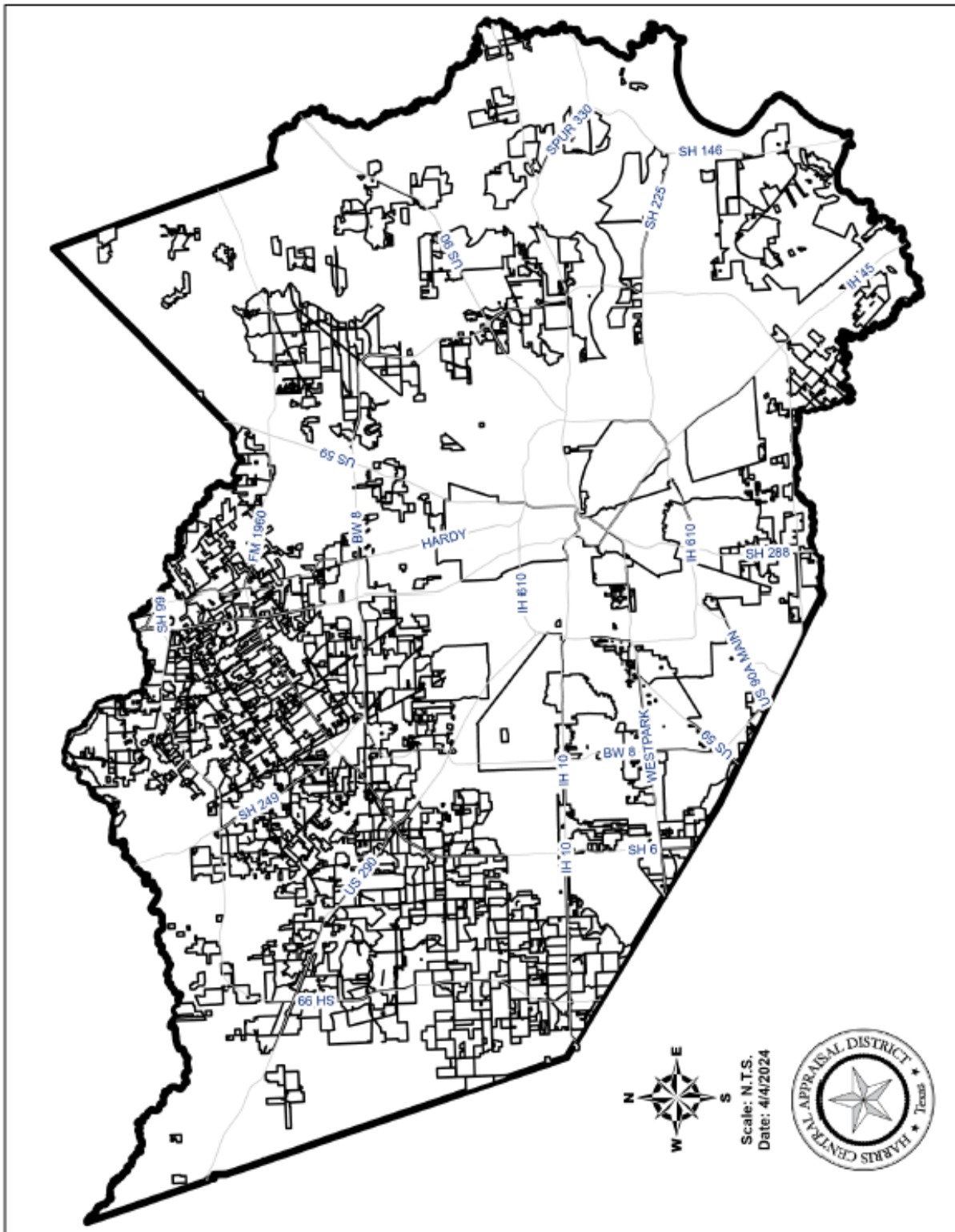
December 31, 2023



HARRIS CENTRAL APPRAISAL DISTRICT

HARRIS COUNTY SPECIAL DISTRICTS

December 31, 2023



FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As described in Note I.F.10 to the financial statements, the district adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of January 1, 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

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

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

Required Supplementary Information

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

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the district's basic financial statements. The schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund (“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 auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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



Crowe LLP

Houston, Texas
August 15, 2024

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

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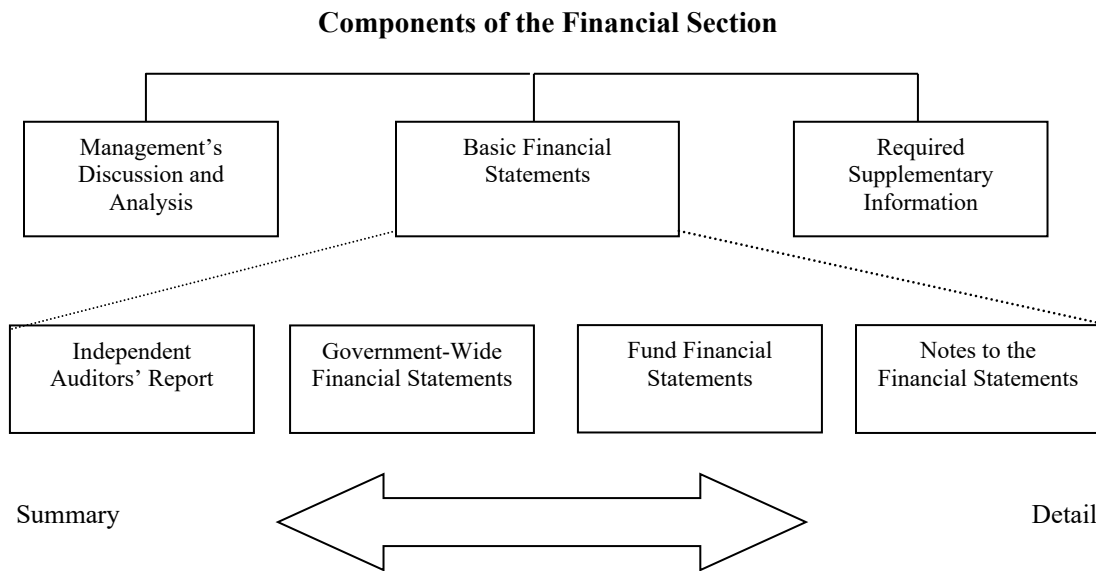
HARRIS CENTRAL APPRAISAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2023

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the Harris Central Appraisal District (the "district") for the year ended December 31, 2023. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the district's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the district's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



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

Government-Wide Statements

The government-wide statements report information for the district as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the district as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the district's financial statements, report information on the district's activities that enable the reader to understand the financial condition of the district. These statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

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

HARRIS CENTRAL APPRAISAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended December 31, 2023

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 CENTRAL APPRAISAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended December 31, 2023

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 \$54,817,453 as of year end. This compares with \$46,910,194 from the prior year. A portion of the district's net position, 47 percent, reflects its investments in capital assets (e.g., the geographical information system, land, building, furniture, equipment, vehicles, and computers and peripherals), less any debt used to acquire those assets that is still outstanding. The district uses these capital assets to provide services to the taxing units and the citizens and property owners of Harris County; consequently, these assets are not available for future spending. Although the district's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

HARRIS CENTRAL APPRAISAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended December 31, 2023

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Percentage Change
	2023	2022	
Current and other assets	\$ 75,947,300	\$ 100,406,072	-24%
Capital assets, net	28,470,477	27,187,668	5%
Total Assets	104,417,777	127,593,740	-18%
Deferred outflows - pensions	22,041,468	18,473,056	19%
Deferred outflows - OPEB	4,902,179	5,527,020	-11%
Total Deferred Outflows of Resources	26,943,647	24,000,076	12%
Long-term liabilities	33,283,620	31,715,601	5%
Other liabilities	7,986,657	8,523,734	-6%
Total Liabilities	41,270,277	40,239,335	3%
Deferred revenue - assessments	28,978,584	24,751,816	17%
Deferred inflows - pensions	299,738	37,831,779	-99%
Deferred inflows - OPEB	5,995,372	1,860,692	222%
Total Deferred Inflows of Resources	35,273,694	64,444,287	-45%
Net Position:			
Net investment in capital assets	25,758,200	21,972,032	17%
Unrestricted	29,059,253	24,938,162	17%
Total Net Position	\$ 54,817,453	\$ 46,910,194	17%

The district's unrestricted net position of \$29,059,253, or 53 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 \$7,907,259 during the current fiscal year. This increase was mainly due to increases in assessment and investment revenue.

Assets decreased \$23,175,963 due to the district reporting a net pension asset of \$28,547,406 during the prior fiscal year versus a net pension liability of \$9,245,263 in the current fiscal year. Total liabilities increased \$1,030,942 primarily due to the increase in net pension liability, leases payable, and subscription liability offset by a decrease in total OPEB liability and the early pay off of the district's note payable for its building.

Deferred outflows increased by \$2,943,571 and deferred inflows decreased by \$29,170,593 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 CENTRAL APPRAISAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended December 31, 2023

Statement of Activities

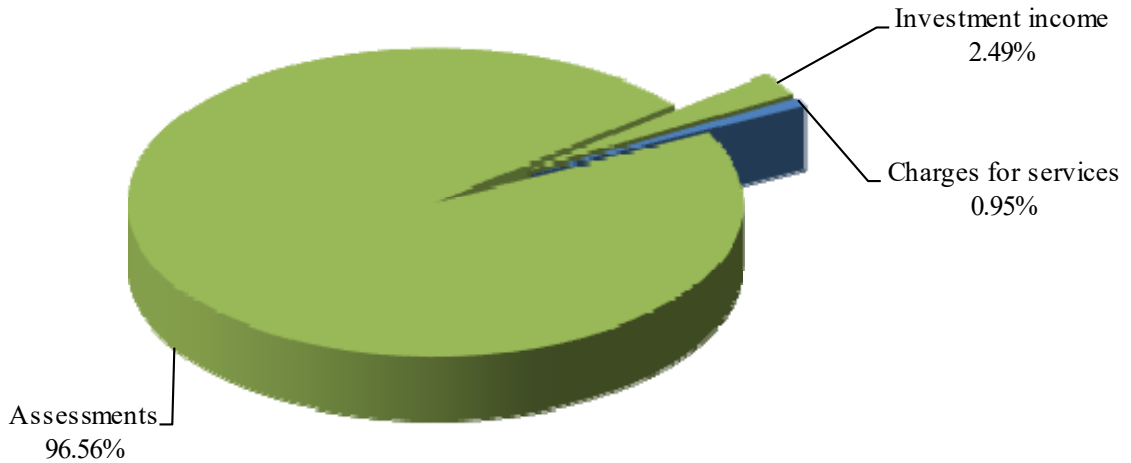
The following table provides a summary of the district's changes in net position:

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Revenues		
Program revenues:		
Charges for services	\$ 976,453	\$ 1,048,119
General revenues:		
Assessments	99,006,329	94,373,871
Investment income	2,553,653	775,531
Total Revenues	<u>102,536,435</u>	<u>96,197,521</u>
 Expenses		
Appraisal services	94,291,645	83,477,222
Interest on long-term debt	337,531	485,796
Total Expenses	<u>94,629,176</u>	<u>83,963,018</u>
Change in Net Position	7,907,259	12,234,503
 Beginning net position	<u>46,910,194</u>	<u>34,675,691</u>
Ending Net Position	<u>\$ 54,817,453</u>	<u>\$ 46,910,194</u>

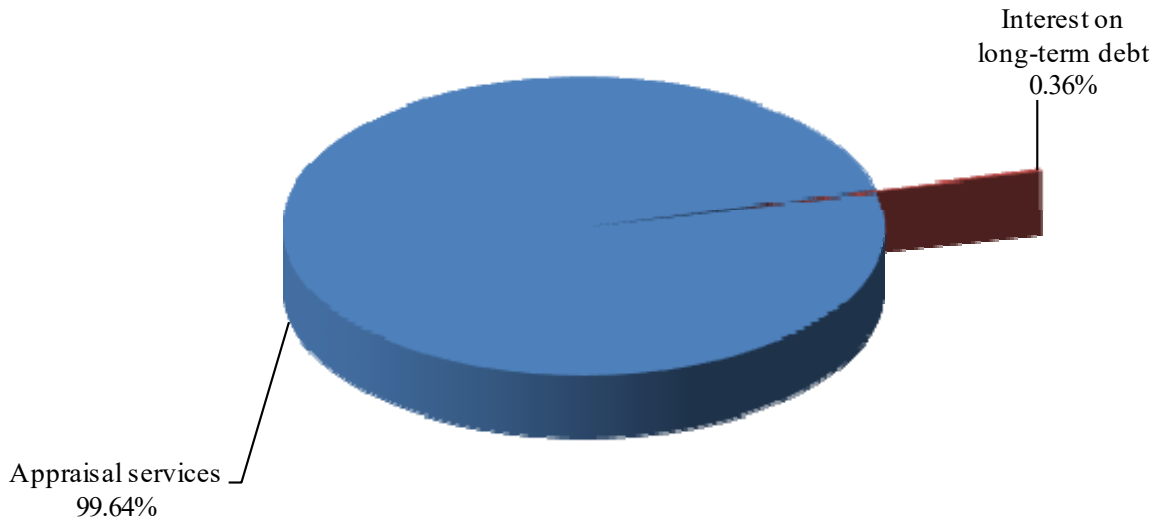
HARRIS CENTRAL APPRAISAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended December 31, 2023

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, 2023, revenues from governmental activities totaled \$102,536,435, which was a net increase of \$6,338,914 or 7 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 as well as an increase in investment income.

Total expenses for the district increased in comparison to 2022 by \$10,666,158 or 13 percent. This was primarily due to an increase in personnel expenses, depreciation, and an increase in pension expenses.

HARRIS CENTRAL APPRAISAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended December 31, 2023

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 \$32,905,002. Of this, \$1,743,681 is nonspendable, \$1,802,383 is assigned for special projects, \$7,390,422 is assigned for major repairs and rehabilitations, \$16,286,549 is assigned for the operating reserve, and \$5,681,967 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 5 percent of total general fund expenditures, while total fund balance represents 31 percent of that same amount.

There was an decrease in fund balance for the general fund of \$1,143,156. Revenues increased by \$6,082,975 mainly due to increases in assessment revenue as a result of an increase in the district's budget. Expenditures increased \$13,675,179 largely due to increases in personnel costs and principal and interest expenditures. Principal and interest expenditures increased due to the district paying off the notes payable early for the building at 13013 Northwest Freeway.

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 \$956,713 primarily as a result of a decrease in insurance claims.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual general fund revenues exceeded final budgeted revenues by \$2,492,917 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 \$2,971,100 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 were decreases of \$700,000 in appraisal review board due to less personnel costs than anticipated, \$2,010,000 in principal and interest due to the early payoff of the notes payable from the operating reserve fund, and \$801,500 for professional services in legal services due to less hearing legal expenses than originally budgeted. These funds were then allocated to other divisions based on anticipated needs. There were increases of \$1,150,100 in appraisal due to more personnel costs than anticipated and \$1,873,201 in information systems due to more professional services than anticipated related to subscriptions.

CAPITAL ASSETS

At the end of the year, the district's governmental activities funds had invested \$28,470,477 (net of accumulated depreciation) in a variety of capital assets. During the year, the district added capital assets in computers and peripherals, right-to-use lease and subscription assets, and construction in progress.

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

HARRIS CENTRAL APPRAISAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended December 31, 2023

LONG-TERM DEBT

At the end of the current year, the district had total long-term debt of \$38,220,056, including accrued compensated absences of \$4,573,041, lease liability of \$490,287, subscription liability of \$2,096,131, net pension liability of \$9,245,263, and a total combined OPEB liability of \$21,815,334.

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 \$117.4 million budget for the 2024 fiscal year. This was an increase of \$16.9 million or 16.82 percent over the 2023 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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HARRIS CENTRAL APPRAISAL DISTRICT

STATEMENT OF NET POSITION

December 31, 2023

	<u>Primary Government Governmental Activities</u>
<u>Assets</u>	
Current assets	
Cash and cash equivalents	\$ 69,632,850
Investments	2,435,459
Receivables, net	2,135,310
Prepaid items	1,743,681
Total Current Assets	<u>75,947,300</u>
Noncurrent assets	
Capital assets - nondepreciable/amortizable	11,363,666
Capital assets - depreciable, net of accumulated depreciation/amortization	17,106,811
Total Noncurrent Assets	<u>28,470,477</u>
Total Assets	<u>104,417,777</u>
<u>Deferred Outflows of Resources</u>	
Deferred outflows - pensions	22,041,468
Deferred outflows - OPEB GTLF	329,309
Deferred outflows - OPEB retiree health	4,572,870
Total Deferred Outflows of Resources	<u>26,943,647</u>
<u>Liabilities</u>	
Current liabilities	
Accounts payable and accrued liabilities	3,050,221
Due within one year	4,936,436
Total Current Liabilities	<u>7,986,657</u>
Noncurrent liabilities	
Due in more than one year	33,283,620
Total Noncurrent Liabilities	<u>33,283,620</u>
Total Liabilities	<u>41,270,277</u>
<u>Deferred Inflows of Resources</u>	
Deferred revenue - assessments	28,978,584
Deferred inflows - pensions	299,738
Deferred inflows - OPEB GTLF	487,274
Deferred inflows - OPEB retiree health	5,508,098
Total Deferred Inflows of Resources	<u>35,273,694</u>
<u>Net Position</u>	
Net investment in capital assets	25,758,200
Unrestricted	29,059,253
Total Net Position	<u>\$ 54,817,453</u>

See Notes to Financial Statements.

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HARRIS CENTRAL APPRAISAL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Change in Net Position <u>Primary Government Governmental Activities</u>
Primary Government			
Governmental Activities			
Appraisal services	\$ 94,291,645	\$ 976,453	\$ (93,315,192)
Interest on long-term debt	337,531	-	(337,531)
Total Governmental Activities	\$ 94,629,176	\$ 976,453	(93,652,723)
Total Primary Government	\$ 94,629,176	\$ 976,453	(93,652,723)
		General Revenues:	
		Assessments	99,006,329
		Investment income	2,553,653
		Total General Revenues	101,559,982
		Change in Net Position	7,907,259
		Beginning net position, as restated	46,910,194
		Ending Net Position	\$ 54,817,453

See Notes to Financial Statements.

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HARRIS CENTRAL APPRAISAL DISTRICT

BALANCE SHEET GOVERNMENTAL FUND

December 31, 2023

	<u>General</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 58,611,623
Investments	2,435,459
Receivables, net	2,135,310
Prepaid items	1,743,681
Total Assets	\$ 64,926,073
<u>Liabilities</u>	
Accounts payable and accrued liabilities	\$ 2,083,689
Total Liabilities	2,083,689
<u>Deferred Inflows of Resources</u>	
Unavailable revenue - assessments	28,978,584
Unavailable revenue - rendition penalty	958,798
Total Deferred Inflows of Resources	29,937,382
<u>Fund Balance</u>	
Nonspendable:	
Prepaid items	1,743,681
Assigned for:	
Special projects	1,802,383
Major repairs and rehabilitations	7,390,422
Operating reserve	16,286,549
Unassigned	5,681,967
Total Fund Balance	32,905,002
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 64,926,073

See Notes to Financial Statements.

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HARRIS CENTRAL APPRAISAL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2023

Total fund balance for the governmental fund		\$ 32,905,002
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		958,798
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund.		
Capital assets - nondepreciable/amortizable		11,363,666
Capital assets - depreciable, net of accumulated depreciation/amortization		17,106,811
Long-term assets, Deferred outflows and deferred inflows related to pension and other postemployment benefits (OPEB) activity are not current financial resources and, therefore, not reported in the governmental fund.		
Deferred outflows - pensions		22,041,468
Deferred inflows - pensions		(299,738)
Deferred outflows - OPEB GTLF		329,309
Deferred inflows - OPEB GTLF		(487,274)
Deferred outflows - OPEB retiree health		4,572,870
Deferred inflows - OPEB retiree health		(5,508,098)
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.		
		10,054,695
Some liabilities are not reported as liabilities in the governmental funds:		
Noncurrent liabilities due with in one year		(4,936,436)
Noncurrent liabilities due in more than one year		(33,283,620)
Net Position of Governmental Activities	\$	<u>54,817,453</u>

See Notes to Financial Statements.

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HARRIS CENTRAL APPRAISAL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the Year Ended December 31, 2023

<u>Revenues</u>	<u>General</u>
Assessments	\$ 99,006,329
Investment income, net	2,282,183
Other revenue	461,823
Rendition penalty fee	464,001
Total Revenues	<u>102,214,336</u>
<u>Expenditures</u>	
Current:	
Board of Directors	13,438
Office of Chief Appraiser	2,484,168
Appraisal review board	2,381,044
Appraisal support	13,263,866
Appraisal	36,809,141
Information technology	14,290,705
Administration	9,988,495
Administration/building services	4,820,678
Legal	10,694,447
Capital outlay	3,425,625
Debt service:	
Principal	7,629,864
Interest and fiscal charges	337,531
Total Expenditures	<u>106,139,002</u>
(Deficiency) of Revenues (Under) Expenditures	(3,924,666)
<u>Other Financing Sources (Uses)</u>	
Leases issued	508,266
Subscriptions issued	2,273,244
Total Other Financing Sources	<u>2,781,510</u>
Net Change in Fund Balance	(1,143,156)
Beginning fund balance	34,048,158
Ending Fund Balance	<u>\$ 32,905,002</u>

See Notes to Financial Statements.

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HARRIS CENTRAL APPRAISAL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

Net change in fund balance - governmental fund \$ (1,143,156)

Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlay	3,425,625
Depreciation/amortization expense	(2,142,816)

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	50,629
--	--------

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

Change in net pension asset/liability	(37,792,670)
Change in total OPEB liability	3,666,611
Change in deferred outflows - pensions	3,568,412
Change in deferred inflows - pensions	37,532,041
Change in deferred outflows - OPEB GTLF	(92,401)
Change in deferred inflows - OPEB GTLF	(395,677)
Change in deferred outflows - OPEB retiree health	(532,440)
Change in deferred inflows - OPEB retiree health	(3,739,003)

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

Principal paid	7,629,864
Leases issued	(508,266)
Subscriptions issued	(2,273,244)
Change in accrued compensated absences	(302,963)

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.

956,713

Change in Net Position of Governmental Activities \$ 7,907,259

See Notes to Financial Statements.

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HARRIS CENTRAL APPRAISAL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUND

December 31, 2023

	<u>Governmental Activities</u>
	<u>Internal Service</u>
<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 11,021,227
Total Assets	<u>11,021,227</u>
<u>Liabilities</u>	
Current liabilities:	
Estimated claims payable	966,532
Total Liabilities	<u>966,532</u>
<u>Net Position</u>	
Unrestricted	10,054,695
Total Net Position	<u><u>\$ 10,054,695</u></u>

See Notes to Financial Statements.

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HARRIS CENTRAL APPRAISAL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Year Ended December 31, 2023

	Governmental Activities
	Internal Service
<u>Operating Revenues</u>	
Charges for services	\$ 9,010,669
Claim refunds and other	1,799,046
Total Operating Revenues	10,809,715
 <u>Operating Expenses</u>	
Insurance claims	6,705,453
Prescription claims	2,967,614
Dental claims	451,405
Total Operating Expenses	10,124,472
Operating Income	685,243
 <u>Nonoperating Revenues</u>	
Interest income	271,470
Total Nonoperating Revenues	271,470
Change in Net Position	956,713
Beginning net position	9,097,982
Ending Net Position	\$ 10,054,695

See Notes to Financial Statements.

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HARRIS CENTRAL APPRAISAL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended December 31, 2023

	<u>Governmental Activities</u> <u>Internal Service</u>
<u>Cash Flows from Operating Activities</u>	
Proceeds from charges for services	\$ 10,809,715
Claims paid	<u>(10,363,952)</u>
Net Cash Provided by Operating Activities	<u>445,763</u>
<u>Cash Flows from Investing Activities</u>	
Interest income	<u>271,470</u>
Net Cash Provided by Investing Activities	<u>271,470</u>
Net Increase in Cash and Cash Equivalents	717,233
Beginning cash and cash equivalents	<u>10,303,994</u>
Ending Cash and Cash Equivalents	<u><u>\$ 11,021,227</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating income	\$ 685,243
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Decrease) in estimated claims payable	<u>(239,480)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 445,763</u></u>

See Notes to Financial Statements.

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HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. District Formation and Reporting Entity

The Harris Central Appraisal District (the “district”) was created upon the enactment of the Texas Property Tax Code by the 66th 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.

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

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.

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

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.

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

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under notes payable are reported as other financing sources.

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.

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

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

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

Deferred outflows/inflows of resources are amortized as follows:

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

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

- Deferred inflows of resources are recognized for the portion of assessments that was collected for use in the subsequent period.

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

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 are reported as an expenditure and a fund liability of the governmental fund that will pay it when it has matured. Amounts of vested or accumulated 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 note payable are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum note payable payments at inception of the note. In the year of acquisition, note payable transactions are recorded as other financing sources and as capital outlay expenditures in the applicable fund. Note payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

9. Leases

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

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

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

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

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

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

10. Subscription-Based Information Technology Arrangements

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

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

11. 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.

12. 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.

13. 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.

14. 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

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

15. 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 TCERS. 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.

16. Other Postemployment Benefits

The district participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by TCERS 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 TCERS from reports prepared by their consulting actuary.

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

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.

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

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.

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, 2023 was legally enacted through passage of Board resolution 2022-01 on June 15, 2022.

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 2023.

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

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

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, 2023 from the budget basis to GAAP basis are presented in the notes to RSI and the notes to supplementary information.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

The district's bank balances include bank deposits held at the district's depository bank. The bank balance was \$19,592,142 at year end. The district's bank balances were collateralized by pledged securities of the depository bank for amounts in excess of the federal deposit insurance corporation (FDIC) insurance limits. As of December 31, 2023, the carrying amount of the district's bank deposits was \$17,919,176. The district's bank deposits were reported with cash and cash equivalents.

As of December 31, 2023, the district had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
Municipal bonds	\$ 2,435,459	0.54
Statewide investment pool (TexPool)	51,713,674	0.11
Total Value	\$ 54,149,133	
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.

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

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.

As of December 31, 2023, the district had the following recurring fair value measurements:

	December 31, 2023	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level		
Municipal bonds	\$ 2,435,459	\$ 2,435,459

Municipal bonds 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, 2023, 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, 2023, 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 &

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

Poor's rates TexPool "AAAm". As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

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

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	\$	1,125,259
Rendition penalty		3,101,901
Accounts receivable		51,253
Less allowance		<u>(2,143,103)</u>
	\$	<u>2,135,310</u>

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

C. Capital Assets

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

	Beginning Balance*	Additions	Deletions/ Reclassifications	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 2,335,000	\$ -	\$ -	\$ 2,335,000
Intangibles	7,770,075	-	-	7,770,075
Construction in progress	896,556	362,035	-	1,258,591
Total capital assets, not being depreciated/amortized	11,001,631	362,035	-	11,363,666
Capital assets being depreciated/amortized:				
Building	20,121,135	-	-	20,121,135
Furniture and equipment	446,687	-	-	446,687
Computers and peripherals	6,249,894	282,080	(528)	6,531,446
Vehicles and other	172,514	-	-	172,514
Right-to-use lease asset	-	508,266	-	508,266
Right-to-use subscription asset	907,902	2,273,244	-	3,181,146
Total capital assets being depreciated/amortized	27,898,132	3,063,590	(528)	30,961,194
Less accumulated depreciation/amortization:				
Building	(6,488,150)	(426,031)	-	(6,914,181)
Furniture and equipment	(368,636)	(26,384)	-	(395,020)
Computers and peripherals	(4,720,434)	(660,445)	528	(5,380,351)
Vehicles and other	(134,875)	(15,388)	-	(150,263)
Right-to-use lease asset	-	(26,472)	-	(26,472)
Right-to-use subscription asset	-	(988,096)	-	(988,096)
Total accumulated depreciation/amortization	(11,712,095)	(2,142,816)	528	(13,854,383)
Total capital assets being depreciated/amortized, net	16,186,037	920,774	-	17,106,811
Governmental Activities Capital Assets, Net	\$ 27,187,668	\$ 1,282,809	\$ -	28,470,477
*Beginning balances have been restated			Less associated debt	(2,586,418)
			Less retainage payable	(125,859)
			Net Investment in Capital Assets	\$ 25,758,200

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

Governmental Activities:	
Office of Chief Appraiser	\$ 7,159
Appraisal support	23,325
Appraisal	40,762
Information systems	1,623,192
Administration	231,983
Administration/ building services	216,395
Total Governmental Activities Depreciation/ Amortization Expense	\$ 2,142,816

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

Remaining commitments under related construction contracts for general government construction projects at December 31, 2023 are as follows:

Governmental Activities:

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

*Contract expenditures includes outstanding retainage

D. Notes payable

Notes payable – Building

In 2004, the district entered into a series of agreements to finance the purchase and renovation of a building to house its operations. 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 “Borrower”), was created to 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 purchase option agreement for financing a new administrative office facility and other costs for a total of \$28,500,000, meeting the criteria of a note payable.

Included in the purchase agreements, the Borrower 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 lease not to exceed \$7,500,000 (taxable) at an interest rate of 6.76 percent as a lease inducement.

In March 2023, the district approved to pay off the notes payable early for the building at 13013 Northwest Freeway. The district paid the remaining principal of \$6,023,802 and interest in the amount of \$31,067 on the outstanding notes payable. As part of the early pay off the district was required to pay prepayment penalty fees in the amount of \$85,486.

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

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
Governmental Activities					
Notes and other payables:					
Notes payable	\$ 6,526,870	\$ -	\$ 6,526,870	\$ -	\$ -
Other liabilities:					
Net pension liability	-	9,245,263	-	9,245,263	-
Total OPEB liability - GTLF	1,801,362	-	437,741	1,363,621	26,967
Total OPEB liability - Retiree health	23,680,583	-	3,228,870	20,451,713	559,654
Lease liability	-	508,266	17,979	490,287 *	46,851
Subscription liability	907,902	2,273,244	1,085,015	2,096,131 *	644,531
Compensated absences	4,270,078	2,747,037	2,444,074	4,573,041	3,658,433
Total Governmental Activities	\$ 37,186,795	\$ 14,773,810	\$ 13,740,549	\$ 38,220,056	\$ 4,936,436
				\$ 33,283,620	
				\$ 2,586,418	

Leases

The district has entered into a lease agreement as lessee for the use of a building. As of December 31, 2023, the value of the lease liability was \$490,287. The district is required to make monthly fixed payments of \$6,210 the first year, \$6,555 the second year, and \$6,900 thereafter. The lease interest rate is based on the City's incremental borrowing rate of 6%. In addition, the City's right-to-use lease asset will be amortized using a straight-line basis over the term of the lease. The value of the right-to-use assets as of the end of the current fiscal year was \$508,266 with accumulated amortization of \$26,472.

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

The future principal and interest payments as of December 31, 2023 for governmental activities were as follows:

Year Ending Dec. 31	Governmental Activities	
	Principal	Interest
2024	\$ 46,851	\$ 29,394
2025	54,130	26,255
2026	60,135	22,665
2027	64,010	18,790
2028	68,134	14,666
2029-2031	197,027	16,873
Total	\$ 490,287	\$ 128,643

Subscription Based Information Technology Arrangements

As of December 31, 2023, the district had 7 active subscriptions. The subscriptions have terms that range from 16 to 60 months, payments that range from \$39,521 to \$505,566, and interest rates that range from 2.4500% to 3.0040%. As of December 31, 2023, the total combined value of the subscription liability is \$2,096,131. The combined value of the right to use asset, as of December 31, 2023 is \$3,181,146 with accumulated amortization of \$988,096. The subscriptions did not have variable payments or other payments, not included in the subscription liability, within the fiscal year.

Future combined minimum subscription liability payments as of December 31, 2023 are as follows:

Year Ending Dec. 31	Governmental Activities	
	Principal	Interest
2024	\$ 644,531	\$ 52,026
2025	490,312	35,185
2026	469,952	23,552
2027	491,336	12,038
Total	\$ 2,096,131	\$ 122,801

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	\$ 1,802,383
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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.

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

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

The district established a limited risk management program for health benefits claims in 1993. During 1994, a separate fund was established to account for the district’s self-insurance activities and the accumulation of resources to satisfy potential claims of subsequent periods. The district’s exposure is limited due to stop-loss protection and re-insurance. The maximum medical claims for each participant applying to the aggregate stop-loss is \$150,000. The district is limited to the total aggregate stop-loss coverage of approximately \$8,403,554.

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

	2023	2022
Beginning claims payable	\$ 1,206,012	\$ 760,507
Claims incurred	10,124,472	12,235,699
Claims paid	(10,363,952)	(11,790,194)
Ending Claims Payable	\$ 966,532	\$ 1,206,012

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 \$8,403,554.

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 2023.

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

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

Inactive employees or beneficiaries currently receiving benefits	342
Inactive employees entitled to, but not yet receiving, benefits	392
Active employees	597
Total	<u><u>1,331</u></u>

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

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 14.16 percent and 15.43 percent, however, the district elected to contribute 15.84 percent and 15.75 percent in calendar years 2023 and 2022, respectively. The district's contributions to TCDRS for the fiscal year ended December 31, 2023 were \$9,119,191, which were in excess of the required contributions.

Net Pension Liability/(Asset)

The district's Net Pension Liability (Asset) (NPL/(A)) was measured as of December 31, 2022 and the Total Pension Liability (TPL) used to calculate the NPL/(A) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The actuarial assumptions that determined the TPL as of December 31, 2022 were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2020, except where required to be different by GASB Standard No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68).

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

Key assumptions used in the December 31, 2022 actuarial valuation are as follows:

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in the which the contributions are reported.
Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career, including inflation.
Investment Rate of Return	7.6% (Gross of administrative expenses)
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Cost-of-Living Adjustments	Cost-of-living adjustments for the district are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.

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

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation</u>	<u>Geometric Real Rate of Return (Expected minus Inflation)</u>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities - Developed	MSCI World Ex USA (net)	5.00%	4.95%
International Equities - Emerging	MSCI Merging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	7.60%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLP)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

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

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Changes in the NPL/(A)

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
	Changes for the year:		
Service cost	\$ 6,458,548	\$	\$ 6,458,548
Interest	22,982,738		22,982,738
Changes in benefit terms	-		-
Difference between expected and actual experience	128,631		128,631
Changes in assumptions	-		-
Contributions - employer		8,441,951	(8,441,951)
Contributions - employee		2,853,825	(2,853,825)
Net investment income		(19,168,126)	19,168,126
Refund of contributions	(407,729)	(407,729)	-
Benefit payments, including refunds of employee contributions	(14,059,319)	(14,059,319)	-
Administrative expense		(181,024)	181,024
Other changes	-	(169,379)	169,379
Net changes	15,102,869	(22,689,801)	37,792,670
Balance at December 31, 2021	303,046,971	331,594,378	(28,547,407)
Balance at December 31, 2022	\$ 318,149,840	\$ 308,904,577	\$ 9,245,263

Sensitivity of the NPL/(A) to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (6.6%)	Discount Rate (7.6%)	1% Increase in Discount Rate (8.6%)
District's Net Pension Liability/(Assest)	\$ 51,728,381	\$ 9,245,263	\$ (26,393,392)

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.

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

For the year ended December 31, 2023, the district recognized pension expense of \$5,811,408.

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

At December 31, 2023, the district reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 112,018	\$ 245,564
Changes in actuarial assumptions	6,532,268	54,174
Net difference between projected and actual investment earnings	6,277,991	-
Contributions subsequent to the measurement date	9,119,191	-
Total	\$ 22,041,468	\$ 299,738

\$9,119,191 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the NPL/(A) for the fiscal year ending December 31, 2024. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense
2023	\$ (503,143)
2024	3,230,591
2025	1,021,779
2026	8,873,312
Total	\$ 12,622,539

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 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.

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

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, 2022 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	289
Inactive employees entitled to, but not yet receiving, benefits	127
Active employees	597
Total	1,013

Total OPEB Liability

The district's total OPEB liability of \$1,363,621 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2022 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
Inflation	N/A
Salary increases	Note that salary increases do not affect benefits but are used in the allocation of costs under the actuarial cost method
Discount rate*	3.72%
Administrative expenses	N/A
Mortality - service retirees	135% of Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Mortality - disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

*The discount rate was based on 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2022.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2017 to December 31, 2020.

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

Changes in the Total OPEB Liability

		Increase (Decrease)	
			Total OPEB Liability
Changes for the year:			
Service cost	\$	56,237	
Interest		37,932	
Difference between expected and actual experience		8,007	
Changes in assumptions		(507,302)	
Benefit payments		(32,615)	
Net changes		(437,741)	
Balance at December 31, 2021		1,801,362	
Balance at December 31, 2022	\$	1,363,621	

The discount rate changed from 2.06% to 3.72% 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:

	1% Decrease in Discount Rate (2.72%)	Discount Rate (3.72%)	1% Increase in Discount Rate (4.72%)
Total OPEB Liability	\$ 1,642,325	\$ 1,363,621	\$ 1,147,459

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

For the year ended December 31, 2023, the district recognized OPEB expense of \$77,202. The district reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 12,701	\$ 24,179
Changes in actuarial assumptions	289,641	463,095
Contributions subsequent to the measurement date	26,967	-
Total	\$ 329,309	\$ 487,274

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

\$26,967 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending December 31, 2024. Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended</u> <u>December 31</u>	<u>OPEB Expense</u>
2023	\$ (16,970)
2024	(25,331)
2025	(7,943)
2026	(51,468)
2027	(83,220)
Total	<u>\$ (184,932)</u>

2. Retiree Healthcare Plan

Plan Description

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

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

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

Benefits

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

To qualify for the Plan, the employee must have had 20 total years of service at the district; been continuously employed by the district as a regular employee for at least four consecutive years prior to the date of retirement; retire under TCDRS on or after January 1, 2008 or be retired under TCDRS

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

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, 2021 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	82
Active employees	588
Total	670

Total OPEB Liability

The district's total OPEB liability of \$20,451,713 was measured as of December 31, 2022 and was determined by an actuarial valuation as of December 31, 2021.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2021 actuarial valuation, was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement period, unless otherwise specified:

Inflation	2.50%
Salary increases	0.40% to 5.25%, not including wage inflation of 3.00%
Discount rate*	4.05%
Actuarial cost method	Individual entry-age Normal
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2020 as conducted for TCDRS.
Mortality	For healthy retirees, the Pub-2010 General Retirees Tables are used with male rates multiplied by 135% and female rates multiplied by 120%. Those rates are projected on a fully generational basis based on 100% of the ultimate rates of Scale MP-2021.
Health care trend rates	Pre-65 initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years; Post-65 initial rate of 5.30% declining to an ultimate rate of 4.15% after 12 years
Participation rates	97% for non-Medicare eligible retirees; 70% for Medicare eligible retirees

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

Changes in the Total OPEB Liability

	Increase (Decrease)
	Total OPEB Liability
Changes for the year:	
Service cost	\$ 1,251,681
Interest	443,608
Difference between expected and actual experience	(307,192)
Changes in assumptions	(4,222,369)
Other changes	(394,598)
Net changes	(3,228,870)
Balance at December 31, 2021	23,680,583
Balance at December 31, 2022	\$ 20,451,713

Change of assumptions reflects a change in the discount rate from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022.

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate Assumptions

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

	1% Decrease in Discount Rate (3.05%)	Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
Total OPEB Liability	\$ 23,111,262	\$ 20,451,713	\$ 18,202,573

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Costs Trend Rate Assumptions

The following presents the total OPEB liability of the district, as well as what the district's total OPEB liability would be if it were calculated using the assumed healthcare costs trend rates if that rate was one percentage point lower or one percentage point higher than the current healthcare costs trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB Liability	\$ 17,518,021	\$ 20,451,713	\$ 24,108,957

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

OPEB Expense and Deferred Outflows/Inflows of Resources

For the year ended December 31, 2023, the district recognized OPEB expense of \$1,602,227. The district reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 151,699	\$ 1,359,232
Changes in actuarial assumptions	3,861,517	4,148,866
Contributions subsequent to the measurement date	559,654	-
Total	\$ 4,572,870	\$ 5,508,098

\$559,654 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, 2024.

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

Year Ended December 31	OPEB Expense
2024	\$ (93,062)
2025	(93,062)
2026	(93,062)
2027	(166,183)
2028	(151,489)
Thereafter	(898,024)
Total	\$ (1,494,882)

3. Aggregate Total OPEB Expenses

The district recognized aggregate total OPEB liability of \$21,815,334, deferred outflows of \$4,902,179, deferred inflows of \$5,995,372, and OPEB expense of \$1,679,429 during the year ending December 31, 2023 related to the district's TCDRS and district-administered OPEB plans.

HARRIS CENTRAL APPRAISAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2023

E. Restatement

Beginning net position for governmental activities has been restated as a result of implementation of GASB Statement No. 96, Subscription Based Information Technology Arrangements and to account for an intangible asset for a software perpetual license purchased in prior years.

	Governmental Activities
Prior year ending net position, as reported	\$ 45,170,194
Right-to-use subscription asset	907,902
Subscription liability	(907,902)
Intangible assets	<u>1,740,000</u>
Restated beginning net position	<u>\$ 46,910,194</u>

F. Subsequent Event

In May 2024, three additional members were elected to the Board in a countywide election in accordance with the Texas State Legislature's enactment of Senate Bill 2 and the passage of Proposition 4 in the November 2023 election. The newly elected directors took office on July 1 and will serve a term that expires on December 31, 2026.

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REQUIRED SUPPLEMENTARY INFORMATION

HARRIS CENTRAL 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, 2023
With Comparative Totals for the Year Ended December 31, 2022

	2023			Variance Final Budget Positive (Negative)	2022
	Budgeted Amounts		Actual (Budget Basis)		Actual (Budget Basis)
	Original Budget	Final Budget			
Revenues					
Assessments	\$ 99,006,291	\$ 99,006,291	\$ 99,006,329	\$ 38	\$ 94,373,871
Investment income, net	-	-	1,567,055	1,567,055	455,516
Other revenue	-	-	461,823	461,823	441,611
Rendition penalty fee	-	-	464,001	464,001	583,744
Total Revenues	99,006,291	99,006,291	101,499,208	2,492,917	95,854,742
Expenditures					
Current:					
Board of Directors (BOD)					
Personnel	3,000	3,000	2,773	227	1,406
Office supplies and printing	500	500	166	334	310
Other	7,800	11,800	10,499	1,301	11,499
Total BOD	11,300	15,300	13,438	1,862	13,215
Office of Chief Appraiser (OCA)					
Personnel	2,246,666	2,518,666	2,374,534	144,132	2,148,821
Professional services	50,000	50,000	47,421	2,579	45,535
Office supplies and printing	16,150	16,150	9,494	6,656	13,193
Other	32,400	74,400	60,073	14,327	35,273
Total OCA	2,345,216	2,659,216	2,491,522	167,694	2,242,822
Appraisal Review Board (ARB)					
Personnel	3,367,997	2,667,997	2,370,669	297,328	2,842,146
Office supplies and printing	500	2,500	2,124	376	1,414
Other	12,000	10,000	8,250	1,750	10,950
Total ARB	3,380,497	2,680,497	2,381,043	299,454	2,854,510
Appraisal Support					
Personnel	13,078,252	13,054,552	12,816,949	237,603	11,680,014
Professional services	372,650	351,650	350,813	837	372,000
Office supplies and printing	79,882	54,682	44,007	10,675	45,716
Other	48,145	67,645	52,097	15,548	43,762
Total Appraisal Support	13,578,929	13,528,529	13,263,866	264,663	12,141,492
Appraisal					
Personnel	33,954,823	34,959,623	34,546,682	412,941	31,486,044
Professional services	1,675,114	1,651,114	1,644,828	6,286	1,530,224
Office supplies and printing	48,500	37,600	32,114	5,486	45,706
Other	425,199	605,399	586,346	19,053	410,065
Total Appraisal	36,103,636	37,253,736	36,809,970	443,766	33,472,039
Information Technology					
Personnel	7,458,394	7,755,394	7,680,822	74,572	7,231,260
Professional services	2,029,000	3,556,900	3,097,345	459,555	1,082,239
Office supplies and printing	297,800	265,800	245,007	20,793	249,737
Data processing	4,375,926	4,336,227	3,623,706	712,521	4,334,592
Other	192,575	312,575	277,336	35,239	78,065
Total Information Technology	14,353,695	16,226,896	14,924,216	1,302,680	12,975,893

HARRIS CENTRAL 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, 2023
With Comparative Totals for the Year Ended December 31, 2022

	2023			Variance Final Budget Positive (Negative)	2022
	Budgeted Amounts		Actual (Budget Basis)		Actual (Budget Basis)
	Original Budget	Final Budget			
Expenditures					
Administration					
Personnel	\$ 6,517,551	\$ 6,546,951	\$ 6,418,477	\$ 128,474	\$ 6,001,650
Professional services	133,805	217,805	204,491	13,314	276,488
Office supplies and printing	39,742	49,342	18,747	30,595	22,033
Other	3,344,495	3,338,495	3,280,552	57,943	3,268,005
Total Administration	<u>10,035,593</u>	<u>10,152,593</u>	<u>9,922,267</u>	<u>230,326</u>	<u>9,568,176</u>
Administration Services					
Personnel	2,215,977	2,088,576	2,086,753	1,823	2,121,712 *
Professional services	300,000	278,000	267,779	10,221	266,098 *
Office supplies and printing	103,350	350	-	350	-
Rent and utilities	502,000	502,000	465,467	36,533	350,168
Other	2,005,457	2,047,457	1,901,915	145,542	2,139,843 *
Total Administration Services	<u>5,126,784</u>	<u>4,916,383</u>	<u>4,721,914</u>	<u>194,469</u>	<u>4,877,821</u>
Legal Services					
Personnel	96,885	148,885	141,889	6,996	108,456 *
Professional services	11,593,967	10,792,467	10,474,206	318,261	10,057,128 *
Other	60,000	112,000	74,537	37,463	55,676 *
Total Legal Services	<u>11,750,852</u>	<u>11,053,352</u>	<u>10,690,632</u>	<u>362,720</u>	<u>10,221,260</u>
Debt Service:					
Principal retirement and interest charges	3,744,789	1,734,789	1,734,789	-	2,429,270
Capital Outlay	75,000	285,000	282,080	2,920	385,333
Total Expenditures	<u>100,506,291</u>	<u>100,506,291</u>	<u>97,235,737</u>	<u>2,971,100</u>	<u>91,181,831</u>
Net Change in Fund Balance	<u>\$ (1,500,000)</u>	<u>\$ (1,500,000)</u>	4,263,471	<u>\$ 5,763,471</u>	<u>\$ 4,672,911</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	1,802,383
Encumbrances at the beginning of the year that were incurred	(1,329,497)

Perspective differences:

Elevator improvements related to capital reserve account	(362,035)
Building notes payable payment from operating reserves	(6,232,606)
Subscriptions issued	2,273,244
Subscriptions capital outlay	(2,273,244)
Interest income (operating reserve fund)	715,128

Net Change in Fund Balance \$ (1,143,156)

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

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

December 31, 2023

	Measurement Year*			
	2014	2015	2016	2017
Total Pension Liability				
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
Changes in assumptions	-	2,201,240	-	1,091,615
Difference between expected and actual experience	2,160,168	9,737,885	(429,780)	(309,104)
Benefit payments, including refunds of employee contributions	(5,858,003)	(6,947,254)	(7,836,659)	(9,264,496)
Net Change in Total Pension Liability	13,574,716	24,102,715	14,021,511	16,548,867
Beginning total pension liability	157,294,981	170,869,697	194,972,412	208,993,923
Ending Total Pension Liability	<u>\$ 170,869,697</u>	<u>\$ 194,972,412</u>	<u>\$ 208,993,923</u>	<u>\$ 225,542,790</u>
Plan Fiduciary Net Position				
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
Net Change in Plan Fiduciary Net Position	12,516,788	(823,356)	14,054,238	27,728,569
Beginning plan fiduciary net position	161,299,467	173,816,255	172,992,899	187,047,137
Ending Plan Fiduciary Net Position	<u>\$ 173,816,255</u>	<u>\$ 172,992,899</u>	<u>\$ 187,047,137</u>	<u>\$ 214,775,706</u>
Net Pension Liability / (Asset)	<u>\$ (2,946,558)</u>	<u>\$ 21,979,513</u>	<u>\$ 21,946,786</u>	<u>\$ 10,767,084</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability / (Asset)	101.72%	88.73%	89.50%	95.23%
Covered Payroll	\$ 31,343,022	\$ 33,330,139	\$ 34,359,355	\$ 35,756,082
Net Pension Liability / (Asset) as a Percentage of Covered Payroll	(9.40%)	65.94%	63.87%	30.11%

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

Measurement Year*

2018	2019	2020	2021	2022
\$ 5,467,300	\$ 5,498,799	\$ 5,704,788	\$ 6,838,057	\$ 6,458,548
18,311,619	19,382,502	20,373,486	21,479,853	22,982,738
-	-	-	5,624,948	-
-	-	16,330,667	(90,290)	-
185,499	(1,077,360)	22,784	(50,154)	128,631
(10,077,633)	(11,500,359)	(12,061,694)	(12,858,631)	(14,467,048)
13,886,785	12,303,582	30,370,031	20,943,783	15,102,869
225,542,790	239,429,575	251,733,157	282,103,188	303,046,971
<u>\$ 239,429,575</u>	<u>\$ 251,733,157</u>	<u>\$ 282,103,188</u>	<u>\$ 303,046,971</u>	<u>\$ 318,149,840</u>
\$ 7,601,849	\$ 7,716,301	\$ 12,845,325	\$ 9,285,950	\$ 8,441,951
2,564,616	2,615,305	2,810,818	2,784,806	2,853,825
(4,000,233)	34,605,560	25,210,520	59,808,345	(19,168,126)
(10,077,633)	(11,500,359)	(12,061,694)	(12,858,631)	(14,467,048)
(169,251)	(185,910)	(199,540)	(179,396)	(181,024)
24,634	(6,029)	130,541	52,778	(169,379)
(4,056,018)	33,244,868	28,735,970	58,893,852	(22,689,801)
214,775,706	210,719,688	243,964,556	272,700,526	331,594,378
<u>\$ 210,719,688</u>	<u>\$ 243,964,556</u>	<u>\$ 272,700,526</u>	<u>\$ 331,594,378</u>	<u>\$ 308,904,577</u>
<u>\$ 28,709,887</u>	<u>\$ 7,768,601</u>	<u>\$ 9,402,662</u>	<u>\$ (28,547,407)</u>	<u>\$ 9,245,263</u>
88.01%	96.91%	96.67%	109.42%	97.09%
\$ 36,637,339	\$ 37,361,503	\$ 40,154,542	\$ 39,782,939	\$ 40,768,927
78.36%	20.79%	23.42%	(71.76%)	22.68%

HARRIS CENTRAL APPRAISAL DISTRICT
SCHEDULE OF CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
December 31, 2023

	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 nine years of information are currently available. The district will build this schedule over the next one-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	11.6 years
Asset Valuation Method	5-year smoothed fair value
Inflation	2.5%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.5%, net of investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the PUB-2010 Healthy Annuitant Mortality Table for males and 120% of the PUB-2010 Healthy Annuitant Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the 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. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions**	2016: Employer contributions reflect that the current service matching rate was increased to 245%. 2017: Employer contributions reflect that a 60% CPI COLA was adopted. Also, new Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: Employer contributions reflect that the current service matching rate was increased to 250%. 2022: Employer contributions reflect that a 60% CPI COLA was adopted.

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

Fiscal Year*

2018	2019	2020	2021	2022	2023
\$ 5,601,849	\$ 5,488,397	\$ 6,065,771	\$ 4,870,011	\$ 6,310,227	\$ 6,364,139
7,601,849	7,716,301	12,845,325	9,285,950	8,441,951	9,119,191
<u>\$ (2,000,000)</u>	<u>\$ (2,227,904)</u>	<u>\$ (6,779,554)</u>	<u>\$ (4,415,939)</u>	<u>\$ (2,131,724)</u>	<u>\$ (2,755,052)</u>
\$ 36,637,339	\$ 37,361,453	\$ 40,170,666	\$ 39,885,432	\$ 40,895,834	\$ 44,944,483
20.75%	20.65%	31.98%	23.28%	20.64%	20.29%

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

December 31, 2023

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

* Only six years of information are currently available. The district will build this schedule over the next four-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	3.72%
Administrative expenses	N/A
Mortality - depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Mortality - service retirees	135% of Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Mortality - disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

3. Other Information:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

The discount rate was based on 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2022.

There were no benefit changes during the year.

Measurement Year*	
2021	2022
\$ 54,124	\$ 56,237
37,192	37,932
39,812	(507,302)
(14,001)	8,007
<u>(31,826)</u>	<u>(32,615)</u>
85,301	(437,741)
<u>1,716,061</u>	<u>1,801,362</u>
<u>\$ 1,801,362</u>	<u>\$ 1,363,621</u>
\$ 39,782,939	\$ 40,768,927
4.53%	3.34%

HARRIS CENTRAL APPRAISAL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
RETIREE HEALTHCARE BENEFITS
December 31, 2023

	Measurement Year*			
	2017	2018	2019	2020
Total OPEB Liability				
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)
Net Change in Total OPEB Liability	<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>
Ending Total OPEB Liability	<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>
Covered-employee Payroll	\$ 34,029,405	\$ 36,637,373	\$ 36,727,946	\$ 39,728,141
Total OPEB Liability as a Percentage of Covered-employee Payroll	51.52%	47.78%	53.14%	56.41%

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

Notes to Required Supplementary Information:

1. Changes of Assumptions

Changes of assumptions reflect a change in the discount rate from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022. Additionally, the participation rate assumptions were updated to reflect retiree experience with the District.

2. Changes in Benefits

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

3. Other Information:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

Measurement Year*	
2021	2022
\$ 1,447,372	\$ 1,251,681
452,587	443,608
-	-
(858,475)	(307,192)
1,239,867	(4,222,369)
<u>(1,012,884)</u>	<u>(394,598)</u>
1,268,467	(3,228,870)
<u>22,412,116</u>	<u>23,680,583</u>
<u>\$ 23,680,583</u>	<u>\$ 20,451,713</u>
\$ 38,739,995	\$ 38,739,995
61.13%	52.79%

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SUPPLEMENTARY INFORMATION

HARRIS CENTRAL 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, 2023

	2023			Variance Final Budget Positive (Negative)
	Budgeted Amounts		Actual (Budget Basis)	
	Original Budget	Final Budget		
Revenues				
Assessments	\$ 99,006,291	\$ 99,006,291	\$ 99,006,329	\$ 38
Investment income, net	-	-	1,567,055	1,567,055
Other revenue	-	-	461,823	461,823
Rendition penalty fee	-	-	464,001	464,001
Total Revenues	99,006,291	99,006,291	101,499,208	2,492,917
Expenditures				
Current:				
Salaries, Wages, and Related				
Net salaries and wages	45,282,800	44,746,500	44,473,241	273,259
ARB board members	3,081,000	2,381,000	2,183,567	197,433
Shift differential	32,000	402,000	399,537	2,463
Overtime	634,501	413,300	326,290	87,010
Part-time and seasonal wages	448,636	495,636	400,086	95,550
Total Salaries, Wages, and Related	49,478,937	48,438,436	47,782,721	655,715
Employee Benefits and Related				
Group health insurance	9,831,210	9,831,210	9,831,481	(271)
Workers' compensation insurance	100,925	86,925	86,753	172
Group life and LTD insurance	160,822	173,222	162,035	11,187
Group dental insurance	268,860	268,860	268,860	-
Group vision insurance	73,548	73,548	36,419	37,129
Unemployment insurance	235,168	234,168	26,103	208,065
Retirement	7,365,677	9,434,277	9,200,084	234,193
FICA Medicare	717,444	717,244	666,233	51,011
Social security	217,494	225,194	152,148	73,046
Total Employee Benefits and Related	18,971,148	21,044,648	20,430,116	614,532
Computer Operations				
Minor equipment - office and field op	396,850	401,850	379,779	22,071
Minor equipment - infrastructure	925,000	705,000	183,410	521,590
Hardware maintenance and support	333,800	353,800	345,440	8,360
Software maintenance and support	1,588,320	1,563,320	1,489,428	73,892
Computer supplies	28,000	-	-	-
Software lease and maintenance	1,734,435	1,940,536	1,886,778	53,758
Software purchases	73,100	58,100	49,025	9,075
Total Computer Operations	5,079,505	5,022,606	4,333,860	688,746
Professional Services				
Financial auditing	67,080	67,080	55,125	11,955
Legal services	10,983,967	10,609,467	10,304,081	305,386
Arbitration fees and services	600,000	175,000	170,125	4,875
State office of admin hearings	5,000	5,000	-	5,000
Appraisal services	1,643,114	1,614,114	1,608,552	5,562
Other professional services	2,505,375	4,099,275	3,633,799	465,476
Total Professional Services	15,804,536	16,569,936	15,771,682	798,254

HARRIS CENTRAL 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, 2023

	2023			Variance Final Budget Positive (Negative)
	Budgeted Amounts		Actual (Budget Basis)	
	Original Budget	Final Budget		
Expenditures				
Office and Field Operations				
Office supplies	\$ 162,724	\$ 139,624	\$ 101,913	\$ 37,711
Office equipment maintenance	52,200	47,200	38,859	8,341
Telephone and communication service	423,304	412,504	388,731	23,773
Copier leases	139,000	55,000	54,008	992
Copier supplies and maintenance	134,350	109,350	97,495	11,855
Mapping reproduction and supplies	3,250	250	-	250
Public notice advertising	18,000	4,000	3,545	455
Security services	350,000	328,000	315,200	12,800
Field travel, vanpool, and other expense	489,460	260,560	226,709	33,851
Appraisal supplies	12,560	25,960	24,735	1,225
Vehicle gasoline and maintenance	34,000	34,000	12,958	21,042
Records storage and supplies	25,000	19,000	12,949	6,051
Employee recognition activities	60,000	110,000	73,437	36,563
Postage, mailing, and handling services	3,153,042	3,128,042	3,127,735	307
Professional registration and dues	90,000	112,000	110,368	1,632
Seminars and other tuition	381,926	476,226	415,505	60,721
Education travel and expenses	246,652	355,252	315,734	39,518
Books, manuals, and publications	360,134	497,534	468,596	28,938
Printing, forms, and stationery	28,400	48,000	34,739	13,261
Paper, copier, and printer	65,000	55,000	49,994	5,006
Total Office and Field Operations	<u>6,229,002</u>	<u>6,217,502</u>	<u>5,873,210</u>	<u>344,292</u>
Office Space, Utilities, and Related				
Office space	2,692,620	682,620	682,190	430
Utilities	502,000	502,000	465,467	36,533
Building and fixture maintenance	1,520,043	1,505,043	1,380,844	124,199
Casualty and liability insurance	153,500	238,500	233,567	4,933
Total Office Space, Utilities, and Related	<u>4,868,163</u>	<u>2,928,163</u>	<u>2,762,068</u>	<u>166,095</u>
Capital Outlay	75,000	285,000	282,080	2,920
Total Expenditures	<u>100,506,291</u>	<u>100,506,291</u>	<u>97,235,737</u>	<u>3,270,554</u>
Net Change in Fund Balance	<u>\$ (1,500,000)</u>	<u>\$ (1,500,000)</u>	4,263,471	<u>\$ 5,763,471</u>

Notes to Supplementary Information:

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

Timing differences:

Encumbrances at the end of the year	1,802,383
Encumbrances at the beginning of the year that were incurred	(1,329,497)

Perspective differences:

Elevator improvements related to capital reserve account	(362,035)
Building notes payable payment from operating reserves	(6,232,606)
Subscriptions issued	2,273,244
Subscriptions capital outlay	(2,273,244)
Interest income (operating reserve fund)	715,128

Net Change in Fund Balance \$ (1,143,156)

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.

<u>Contents</u>	<u>Page</u>
Financial Trends	104
<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	112
<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	116
<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	117
<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	122
<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 CENTRAL APPRAISAL DISTRICT

NET POSITION BY COMPONENT

Last Ten Years
(accrual basis of accounting)

	Year			
	2014	2015	2016	2017
Governmental Activities				
Net investment in capital assets	\$ 9,648,405	\$ 10,097,874	\$ 10,982,048	\$ 14,298,164
Restricted	151,277	151,549	-	-
Unrestricted	12,111,859	17,667,023	20,002,285	5,288,214
Total Governmental Activities Net Position	\$ 21,911,541	\$ 27,916,446	\$ 30,984,333	\$ 19,586,378

*Restated with implementation of GASB 75.

Year

2018*	2019	2020	2021	2022	2023
\$ 14,851,497	\$ 15,714,000	\$ 17,410,175	\$ 18,661,694	\$ 20,332,032	\$ 25,758,200
-	-	-	-	-	-
6,716,741	7,563,196	10,784,948	14,273,997	24,938,162	29,059,253
<u>\$ 21,568,238</u>	<u>\$ 23,277,196</u>	<u>\$ 28,195,123</u>	<u>\$ 32,935,691</u>	<u>\$ 45,270,194</u>	<u>\$ 54,817,453</u>

HARRIS CENTRAL APPRAISAL DISTRICT

CHANGES IN NET POSITION

Last Ten Years

(accrual basis of accounting)

	Year			
	2014	2015	2016	2017
Expenses				
Governmental activities				
Appraisal services	\$ 67,564,694	\$ 68,906,283	\$ 74,632,806	\$ 81,226,501
Interest and fiscal agent fees on long-term debt	1,123,581	1,052,562	977,425	897,927
Total Governmental Activities Expenses	<u>68,688,275</u>	<u>69,958,845</u>	<u>75,610,231</u>	<u>82,124,428</u>
Program Revenues				
Governmental activities				
Charges for services				
Appraisal services	1,153,984	1,041,448	891,183	797,994
Total Governmental Activities Program Revenues	<u>1,153,984</u>	<u>1,041,448</u>	<u>891,183</u>	<u>797,994</u>
Net (Expense)				
Governmental activities	<u>\$ (67,534,291)</u>	<u>\$ (68,917,397)</u>	<u>\$ (74,719,048)</u>	<u>\$ (81,326,434)</u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Assessments	\$ 64,367,413	\$ 74,902,803	\$ 77,706,956	\$ 81,496,875
Investment income	19,564	19,499	79,979	273,054
Total Governmental Activities	<u>\$ 64,386,977</u>	<u>\$ 74,922,302</u>	<u>\$ 77,786,935</u>	<u>\$ 81,769,929</u>
Change in Net Position				
Governmental activities	<u>\$ (3,147,314)</u>	<u>\$ 6,004,905</u>	<u>\$ 3,067,887</u>	<u>\$ 443,495</u>

Year

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 84,569,564	\$ 87,282,857	\$ 86,365,759	\$ 88,274,738	\$ 83,477,222	\$ 94,291,645
919,867	828,399	720,530	606,447	485,796	337,531
<u>85,489,431</u>	<u>88,111,256</u>	<u>87,086,289</u>	<u>88,881,185</u>	<u>83,963,018</u>	<u>94,629,176</u>
1,215,652	716,939	1,019,735	1,078,218	1,048,119	976,453
<u>1,215,652</u>	<u>716,939</u>	<u>1,019,735</u>	<u>1,078,218</u>	<u>1,048,119</u>	<u>976,453</u>
<u>\$ (84,273,779)</u>	<u>\$ (87,394,317)</u>	<u>\$ (86,066,554)</u>	<u>\$ (87,802,967)</u>	<u>\$ (82,914,899)</u>	<u>\$ (93,652,723)</u>
\$ 85,563,002	\$ 88,094,554	\$ 90,728,851	\$ 92,518,567	\$ 94,373,871	\$ 99,006,329
712,637	1,008,721	255,630	24,968	775,531	2,553,653
<u>\$ 86,275,639</u>	<u>\$ 89,103,275</u>	<u>\$ 90,984,481</u>	<u>\$ 92,543,535</u>	<u>\$ 95,149,402</u>	<u>\$ 101,559,982</u>
<u>\$ 2,001,860</u>	<u>\$ 1,708,958</u>	<u>\$ 4,917,927</u>	<u>\$ 4,740,568</u>	<u>\$ 12,234,503</u>	<u>\$ 7,907,259</u>

HARRIS CENTRAL APPRAISAL DISTRICT

FUND BALANCE, GOVERNMENTAL FUND

Last Ten Years

(modified accrual basis of accounting)

	Year			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund				
Nonspendable	\$ 355,921	\$ 321,572	\$ 368,870	\$ 487,968
Restricted	151,277	151,549	-	-
Assigned	3,228,282	4,082,434	6,466,307	7,816,962
Unassigned	7,665,983	9,222,422	12,287,923	11,378,514
Total General Fund	<u>\$ 11,401,463</u>	<u>\$ 13,777,977</u>	<u>\$ 19,123,100</u>	<u>\$ 19,683,444</u>

Year					
2018	2019	2020	2021	2022	2023
\$ 624,132	\$ 640,926	\$ 606,406	\$ 1,616,519	\$ 1,035,681	\$ 1,743,681
-	-	-	-	-	-
10,932,693	12,809,033	25,506,383	27,423,030	29,592,672	25,479,354
13,332,403	15,114,230	1,159,984	1,341,071	3,419,805	5,681,967
<u>\$ 24,889,228</u>	<u>\$ 28,564,189</u>	<u>\$ 27,272,773</u>	<u>\$ 30,380,620</u>	<u>\$ 34,048,158</u>	<u>\$ 32,905,002</u>

HARRIS CENTRAL APPRAISAL DISTRICT

CHANGES IN FUND BALANCE, GOVERNMENTAL FUND

Last Ten Years

(modified accrual basis of accounting)

	Year			
	2014	2015	2016	2017
Revenues				
Assessments	\$ 64,367,413	\$ 74,902,803	\$ 77,706,956	\$ 81,496,875
Investment income	18,934	17,957	74,272	256,406
Other revenues	760,459	669,741	481,123	422,498
Rendition penalty fee	349,402	334,664	391,930	324,366
Total Revenues	<u>65,496,208</u>	<u>75,925,165</u>	<u>78,654,281</u>	<u>82,500,145</u>
Expenditures				
Board of Directors	-	-	-	-
Office of Chief Appraiser	12,195,547	13,421,461	11,587,428	12,310,648
Appraisal review board	-	-	-	-
Appraisal support	11,119,331	12,584,529	12,549,219	14,993,839
Appraisal	25,595,462	26,768,745	27,679,141	29,767,205
Information technology	7,851,749	7,803,603	7,874,275	6,858,842
Administration	6,551,032	6,590,564	6,704,181	7,389,849
Administration services/building services	2,826,193	3,932,801	4,424,778	5,250,513
Legal	-	-	-	-
Capital outlay	219,642	78,044	121,231	2,000,000
Debt service				
Principal	1,245,324	1,316,342	1,391,480	1,470,978
Interest	1,123,581	1,052,562	977,425	897,927
Total Expenditures	<u>68,727,861</u>	<u>73,548,651</u>	<u>73,309,158</u>	<u>80,939,801</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,231,653)	2,376,514	5,345,123	1,560,344
Other Financing Sources (Uses)				
Leases issued	-	-	-	-
Subscriptions issued	-	-	-	-
Transfers (out)	-	-	-	(1,000,000)
Total Other Financing (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>
Net Change in Fund Balance	<u>\$ (3,231,653)</u>	<u>\$ 2,376,514</u>	<u>\$ 5,345,123</u>	<u>\$ 560,344</u>
Debt service as a percentage of noncapital expenditures	3.46%	3.23%	3.26%	3.04%

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

		Year									
		2018	2019	2020	2021⁽¹⁾	2022	2023				
\$	85,563,002	\$	88,094,554	\$	90,728,851	\$	92,518,567	\$	94,373,871	\$	99,006,329
	673,462		961,925		233,225		23,537		732,135		2,282,183
	910,371		535,070		298,799		668,500		441,611		461,823
	453,674		281,578		390,471		399,303		583,744		464,001
	<u>87,600,509</u>		<u>89,873,127</u>		<u>91,651,346</u>		<u>93,609,907</u>		<u>96,131,361</u>		<u>102,214,336</u>
	-		-		-		4,712		24,443		13,438
	14,002,216		13,181,522		12,968,365		12,076,129		2,242,821		2,484,168
	-		-		-		3,132,252		2,854,510		2,381,044
	14,958,051		14,358,192		11,946,497		11,963,055		12,141,492		13,263,866
	30,723,471		31,814,658		32,446,248		32,726,839		33,467,542		36,809,141
	7,397,376		8,677,941		12,795,374		12,621,450		13,303,614		14,290,705
	7,406,834		8,100,378		9,110,006		8,848,000		9,631,280		9,988,495
	4,993,486		6,193,911		9,857,211		5,667,958		15,287,762		4,820,678
	-		-		-		-		-		10,694,447
	438,329		899,061		860,235		1,017,238		1,081,089		3,425,625
	1,555,095		1,644,104		1,738,296		1,837,980		1,943,474		7,629,864
	919,867		828,399		720,530		606,447		485,796		337,531
	<u>82,394,725</u>		<u>85,698,166</u>		<u>92,442,762</u>		<u>90,502,060</u>		<u>92,463,823</u>		<u>106,139,002</u>
	5,205,784		4,174,961		(791,416)		3,107,847		3,667,538		(3,924,666)
	-		-		-		-		-		508,266
	-		-		-		-		-		2,273,244
	-		(500,000)		(500,000)		-		-		-
	-		<u>(500,000)</u>		<u>(500,000)</u>		-		-		<u>2,781,510</u>
\$	<u>5,205,784</u>	\$	<u>3,674,961</u>	\$	<u>(1,291,416)</u>	\$	<u>3,107,847</u>	\$	<u>3,667,538</u>	\$	<u>(1,143,156)</u>
	3.01%		2.90%		2.69%		2.72%		2.66%		7.76%

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

	Year			
	2014	2015	2016	2017
Total adjusted levy for calculation of taxing unit assessments ⁽¹⁾⁽²⁾	\$ 8,458,886,001	\$ 9,385,920,743	\$ 10,270,428,310	\$ 11,053,954,982
Direct rate ⁽⁴⁾	100%	100%	100%	100%
Assessments	\$ 64,367,413	\$ 75,147,518 ⁽³⁾	\$ 77,706,956	\$ 81,496,875

- (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.

Year					
2018	2019	2020	2021	2022	2023
\$ 11,564,280,439	\$ 11,888,313,314	\$ 12,295,974,520	\$ 12,814,950,514	\$ 12,972,489,919	\$ 13,715,322,600
100%	100%	100%	100%	100%	100%
\$ 85,563,002	\$ 88,094,554	\$ 90,728,851	\$ 92,518,567	\$ 94,373,871	\$ 99,006,329

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HARRIS CENTRAL APPRAISAL DISTRICT

PRINCIPAL TAXING JURISDICTIONS

Current Year and Nine Years Ago

Taxing Jurisdictions	2023			2014		
	Tax Levy	Rank	% of Taxable Assessed Value	Tax Levy	Rank	% of Taxable Assessed Value
Houston ISD 001	\$ 2,200,929,386	1	16.05%	\$ 1,430,196,122	1	16.91%
Harris County 040	1,979,473,720	2	14.43%	1,307,217,623	2	15.45%
City of Houston 061	1,507,368,674	3	10.99%	1,061,383,509	3	12.55%
Cypress-Fairbanks ISD 004	859,357,735	4	6.27%	517,636,715	4	6.12%
Harris County Hospital Dist. 043	836,632,274	5	6.10%	517,267,555	5	6.12%
Spring Branch ISD 025	477,740,112	6	3.48%	284,420,766	6	3.36%
Katy ISD 019	401,889,700	7	2.93%	208,402,435	7	2.46%
Klein ISD 017	337,944,295	8	2.46%	196,954,025	9	2.33%
Aldine ISD 009	319,953,150	9	2.33%	196,609,530	8	2.32%
Humble ISD 018	282,907,676	10	2.06%	170,855,103	10	2.02%
Subtotal	9,204,196,722		67.11%	5,890,943,383		69.64%
Other taxing jurisdictions	4,511,125,878		32.89%	2,567,942,618		30.36%
Total	\$ 13,715,322,600		100.00%	\$ 8,458,886,001		100.00%

Source: Harris County Appraisal District's departmental records.

HARRIS CENTRAL APPRAISAL DISTRICT

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Year			
	2014	2015	2016	2017
Governmental Activities:				
Notes payable	\$ 19,424,619	\$ 18,108,277	\$ 16,716,797	\$ 15,245,819
Lease liability	-	-	-	-
Subscription liability	-	-	-	-
Total	<u>\$ 19,424,619</u>	<u>\$ 18,108,277</u>	<u>\$ 16,716,797</u>	<u>\$ 15,245,819</u>
Taxing jurisdictions in district	501	513	517	525
Debt per taxing unit ⁽¹⁾	\$ 38,772	\$ 35,299	\$ 32,334	\$ 29,040

(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					
2018	2019	2020	2021	2022	2023
\$ 13,690,724	\$ 12,046,620	\$ 10,308,324	\$ 8,470,344	\$ 6,526,870	\$ -
-	-	-	-	-	490,287
-	-	-	-	-	2,096,131
<u>\$ 13,690,724</u>	<u>\$ 12,046,620</u>	<u>\$ 10,308,324</u>	<u>\$ 8,470,344</u>	<u>\$ 6,526,870</u>	<u>\$ 2,586,418</u>
533	538	551	554	567	585
\$ 25,686	\$ 22,391	\$ 18,708	\$ 15,289	\$ 11,511	\$ 4,421

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HARRIS CENTRAL APPRAISAL DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

Year Ended December 31	(a) Estimated Population (In Thousands)	(a) Personal Income (In Thousands)	(a) Per Capita Personal Income	(a) Unemployment Rate
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	\$ 255,361,808	\$ 53,188	4.6%
2018	4,669	\$ 274,514,924	\$ 58,685	4.0%
2019	4,713	\$ 284,905,380	\$ 59,207	3.6%
2020	4,746	\$ 291,723,832	\$ 60,183	8.0%
2021	4,736	\$ 311,430,719	\$ 65,869	4.8%
2022	4,781	\$ 330,617,356	\$ 69,154	4.0%
2023	4,835	not available	not available	4.8%

Data sources:

- (a) Source: <http://www.txcip.org> (Texas Association of Counties)
- Source: <http://www.bls.gov> (Bureau of Labor Statistics)
- Source: <https://www.dshs.texas.gov> (Texas Department of State Health Services)
- Source: <https://www.homefacts.com>
- Source: <https://www.bea.gov>
- Source: <https://worldpopulationreview.com/us-counties>
- Source: <https://fred.stlouisfed.org/series/PI48201>

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HARRIS CENTRAL APPRAISAL DISTRICT

PRINCIPAL CORPORATE EMPLOYERS

Current Year and Nine Years Ago

(amounts in thousands)

Employer	2023			2014		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Wal-Mart Stores	37,000	1	1.1053 %	30,000	1	1.0466 %
Memorial Hermann Health System	24,108	2	0.7202 %	18,574	4	0.6480
H-E-B	23,732	3	0.7090 %	19,175	3	0.6689 %
UT MD Anderson Cancer Center	21,086	4	0.6299 %	19,504	2	0.6804 %
McDonald's Corporation	20,918	5	0.6249 %	15,479	7	0.5400
Houston Methodist	20,000	6	0.5975 %	17,011	5	0.5934
Kroger Co.	16,000	7	0.4780 %	14,197	8	0.4953 %
United Airlines	14,941	8	0.4463 %	15,550	6	0.5425
Schlumberger	12,069	9	0.3605 %	-		-
Shell Oil Co.	11,507	10	0.3438 %	-		-
Exxon Mobil Corp.	-	-	-	12,835	9	0.4478 %
National Oilwell Varco	-	-	-	12,211	10	0.4260 %
Total	<u>201,361</u>			<u>174,536</u>		

Source: Employment numbers were obtained from Houston ISD.

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

HARRIS CENTRAL APPRAISAL DISTRICT

EMPLOYED POSITIONS BY FUNCTION⁽¹⁾

Last Ten Years

Function	Year			
	2014	2015	2016	2017
Office of the Chief Appraiser	5	5	3	5
Support Services	166	165	172	168
Appraisal	319	327	340	345
Information Systems	36	45	34	40
Administration	50	41	52	49
Regular Positions	576	583	601	607

Notes:

(1) Data represents employed positions at year end.

Year					
2018	2019	2020	2021	2022	2023
7	6	6	16	17	19
166	166	148	143	166	172
332	336	338	316	371	371
39	40	57	60	63	62
50	52	62	47	55	57
594	600	611	582	672	681

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

<u>Property Category</u>	<u>Year</u>			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Single family residential	n/a	0.99	n/a	0.99
Multi-family residential	n/a	0.97	n/a	0.93
Vacant lots	n/a	n/a	n/a	n/a
Acreage	n/a	n/a	n/a	n/a
Commercial real property	n/a	1.00	n/a	0.95
Utilities	n/a	0.96	n/a	0.90
Commercial personal property	n/a	1.00	n/a	0.97
Overall Median Level	<u>n/a (2)</u>	<u>0.99</u>	<u>n/a (2)</u>	<u>0.98</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					
2018	2019	2020	2021	2022	2023
n/a	0.98	n/a	0.98	n/a	1.00
n/a	0.94	n/a	0.96	n/a	0.97
n/a	0.93	n/a	0.88	n/a	0.95
n/a	n/a	n/a	n/a	n/a	n/a
n/a	0.92	n/a	0.95	n/a	0.95
n/a	0.89	n/a	0.9	n/a	0.94
n/a	0.98	n/a	0.95	n/a	1.02
n/a (2)	0.98	n/a (2)	0.98	n/a (2)	1.00

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

Property Category	Year			
	2014	2015	2016	2017
Reappraisal year	Yes	Yes	Yes	Yes
Accounts protested	346,041	372,584	380,550	389,642
Value of accounts	\$ 247,547,796,763	\$ 285,432,274,329	\$ 311,654,617,880	\$ 318,620,305,094
Average percentage reduction	8.52%	6.29%	10.79%	10.36%
Total lawsuits	4,022	4,133	4,212	4,661
Number of accounts	9,734	10,124	12,018	11,918
Value of accounts	\$ 62,482,106,824	\$ 64,584,698,576	\$ 90,788,838,462	\$ 81,113,534,434
Number of accounts resolved	9,727	10,100	11,979	11,904
Average percentage reduction	9.86%	11.36%	11.88%	11.27%

Data from district's appraisal department.

Year						
2018	2019	2020	2021	2022	2023	
Yes	Yes	Yes	Yes	Yes	Yes	Yes
372,552	421,645	447,203	453,400	494,767	528,170	
\$ 319,572,145,958	\$ 363,658,928,073	\$ 389,034,477,834	\$ 394,506,569,273	\$ 455,377,336,352	\$ 522,564,468,127	
10.01%	10.69%	11.02%	9.88%	9.49%	8.03%	
7,183	6,374	6,584	6,949	7,997	9,601	
16,024	15,054	16,175	15,759	18,332	22,110	
\$ 87,914,852,919	\$ 106,544,983,826	\$ 129,866,823,187	\$ 115,084,993,520	\$ 151,735,082,573	\$ 165,682,480,996	
15,862	14,701	15,002	13,819	13,750	1,333	
10.23%	11.71%	11.31%	10.45%	11.70%	11.32%	

HARRIS CENTRAL APPRAISAL DISTRICT

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Years

<u>Function / Program</u>	Year			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Appraisal				
Appraised value	\$ 449,206,021	\$ 503,278,759	\$ 532,811,166	\$ 562,968,171
Number of accounts	1,593,793	1,604,903	1,624,760	1,640,520

Source: Various district departments.

Year					
2018	2019	2020	2021	2022	2023
\$ 571,596,277	\$ 615,347,614	\$ 646,519,386	\$ 666,018,188	\$ 759,598,910	\$ 851,002,565
1,642,501	1,661,283	1,678,222	1,700,000	1,718,008	1,741,000

HARRIS CENTRAL APPRAISAL DISTRICT

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Years

<u>Function/Program</u>	<u>Year</u>			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund				
Office of the Chief Appraiser	59	57	57	57
Support Services	198	191	191	189
Appraisal	476	471	470	461
Information Systems	1,222	1,158	1,141	1,059
Administration	173	169	168	168

Source: Various district departments.

Figures represent total capital assets by function.

Year					
2018	2019	2020	2021	2022	2023
56	48	48	47	45	45
186	171	169	168	161	161
455	371	371	371	365	365
1,031	1,009	994	996	746	752
161	118	118	118	114	114

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