

Central Appraisal District of Bandera County

**Annual Financial Report
For the Year Ended December 31, 2015**

Ede & Company, LLC
Certified Public Accountants

CENTRAL APPRASIAL DISTRICT OF BANDERA COUNTY

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

Central Appraisal District of Bandera County
Annual Financial Report
For the Year Ended December 31, 2015

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EDE & COMPANY, LLC

Certified Public Accountants

Eric Ede
Donna Ede Jones

P. O. Box 219
Knippa, Texas 78870
Telephone (830) 934-2148
Fax (830) 934-2799
Email: edecpa@hotmail.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Central Appraisal District of Bandera County
P. O. Box 1119
Bandera, TX 78003

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Central Appraisal District of Bandera County, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Central Appraisal District of Bandera County, as of December 31, 2015, 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.

Emphasis of Matter

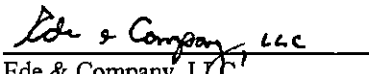
Change in Accounting Principal

During fiscal year 2015, the District adopted GASB Statement No. 68 for Accounting and Reporting for Pensions. With GASB 68, the District must record the Net Pension Liability of the Texas County & District Retirement System. Our opinion is not modified with respect to this matter.

Other Matters

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


Ede & Company, LLC
Certified Public Accountants
Knippa, Texas

April 20, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Central Appraisal District of Bandera County's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended December 31, 2015. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$237,809.81 at December 31, 2015.
- During the year, the District's expenses were \$61,909.43 less than the \$812,057.23 generated in service fees and other revenues for governmental activities.
- The total cost of the District's programs was virtually unchanged from last year, and no new programs were added this year.
- The general fund reported a fund balance this year of \$89,093.39.
- The District's net position increased \$81,749.43 which represents a 52.4 percent increase from 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District: The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer term view of the district's finances. All of the District's activities are accounted for in the General Fund.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's population.

The government-wide financial statements of the District include the *Governmental activities*. All of the District's basic services are included here.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was \$237.8 thousand at December 31, 2015. (See Table A-1).

Table A-1
 Central Appraisal District of Bandera County
 (in thousands dollars)

	Governmental Activities		Total Change
	2015	2014	2015 - 2014
Current assets:			
Cash and cash equivalents	\$ 230.0	\$ 64.6	\$ 165.4
Prepayments	4.1	4.8	-
Total current assets	<u>234.1</u>	<u>69.4</u>	<u>165.4</u>
Noncurrent assets:			
Capital Assets	445.1	434.0	11.1
Less accumulated depreciation	(342.6)	(335.2)	(7.4)
Total noncurrent assets	<u>102.5</u>	<u>98.8</u>	<u>3.7</u>
Total Assets	<u>336.6</u>	<u>168.2</u>	<u>169.1</u>
Deferred Outflows of Resources			
Deferred Outflow - Pensions	93.3	-	93.3
Total Deferred Outflows of Resources	<u>93.3</u>	<u>-</u>	<u>93.3</u>
Current liabilities:			
Accounts payable and accrued liabilities	11.4	6.7	4.7
Deffered Revenue	133.6	5.3	128.3
Net Pension Liability	47.1	-	47.1
Total Liabilities	<u>192.1</u>	<u>12.0</u>	<u>180.1</u>
Net Position			
Invested in capital assets	102.5	98.7	3.8
Unrestricted	<u>135.3</u>	<u>57.3</u>	<u>78.0</u>
Total Net Positions	<u>\$ 237.8</u>	<u>\$ 156.0</u>	<u>\$ 81.8</u>

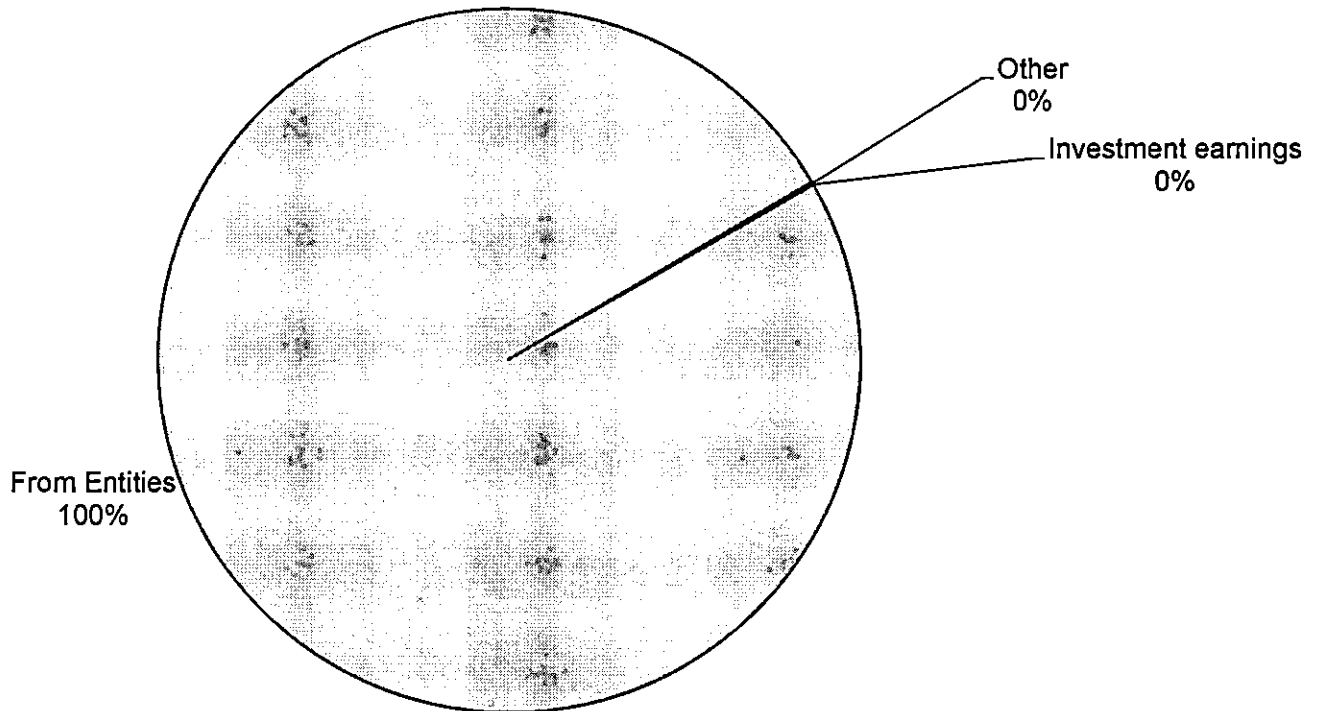
Changes in net position. The District's total revenues were \$812.1 thousand. A significant portion, 99 percent, of the District's revenue comes from contributions from the taxing entities. (See Figure A-3.) Less than 1 percent comes from other income, and less than 1 percent relates investment earnings.

The total cost of all programs and services was \$750.1 thousand; 100 percent of these costs are for General Government.

Table A-2
Changes in Central Appraisal District of Bandera County's Net Position
(In thousands dollars)

	Governmental Activities		Total Change 2015-2014
	2015	2014	
General Revenue			
From Entities	810.8	658.0	152.8
Investment Earnings	-	-	-
Other	1.3	1.3	-
Total Revenue	<u>812.1</u>	<u>659.3</u>	<u>152.8</u>
Program Expenses			
General Government	750.1	652.2	97.9
Total Expense	<u>750.1</u>	<u>652.2</u>	<u>97.9</u>
Increase (Decrease) in Net Position	<u>\$ 62.0</u>	<u>\$ 7.1</u>	<u>\$ 54.9</u>

2014 Revenue Sources



2015 Expenses

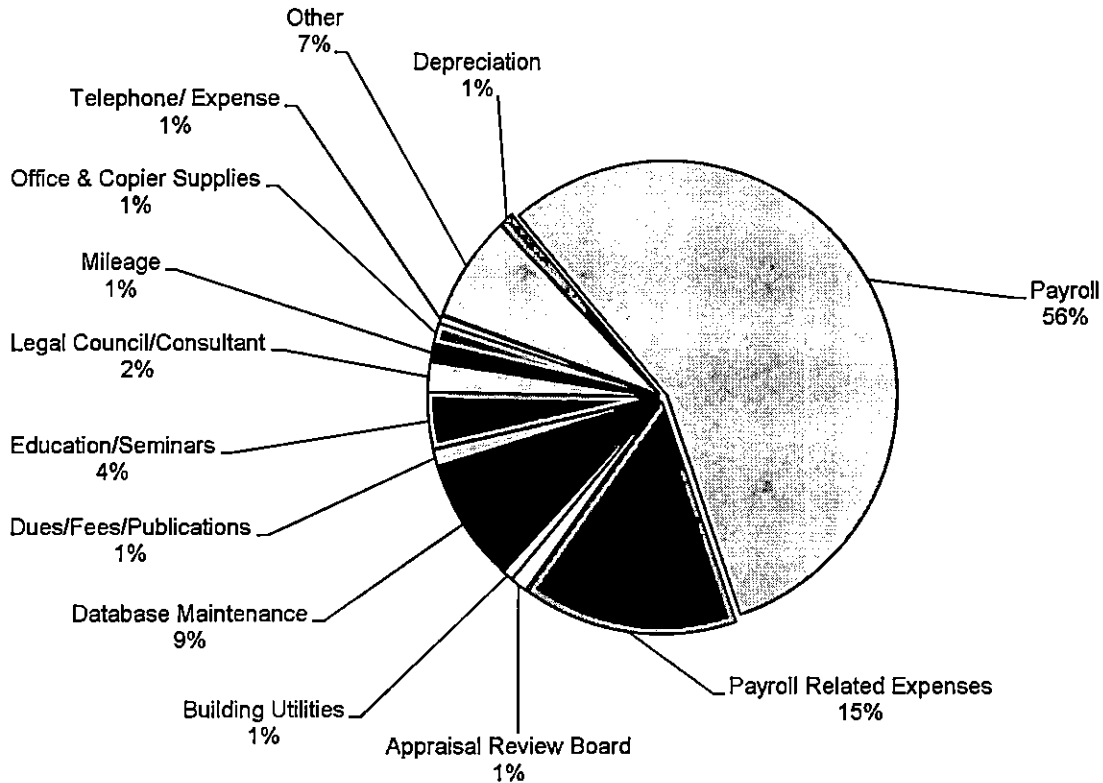


Table A-3 presents the cost of each of the District's largest functions as well as the major administrative categories.

- The cost of all *governmental* activities this year was \$750.1 thousand.
- The cost of all *governmental* activities in the previous year was \$652.2 thousand.

Table A-3
 Net Cost of Selected District Functions & Major Administrative Categories
(in thousands of dollars)

	Total Costs of Services		
	2015	2014	Total Change
Payroll	\$ 419.1	\$ 364.0	\$ 55.1
Payroll related	63.8	63.7	0.1
Health Insurance	49.6	46.1	3.5
Database Maint	63.3	38.2	25.1
Office Equipment Rental	3.6	4.1	(0.5)
Education	29.1	20.2	8.9
Other Expenditures	121.6	115.9	5.7

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues generated decreased 23.2% and expenses increases 15.0%.

General Fund Budgetary Highlights

- Actual expenditures were \$30,505.27 below final budget amounts. Also, resources available were \$1,249.56 more than the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, the District had invested \$424.2 in buildings, equipment & furniture. (See Table A-4.)

Table A-4
District's Capital Assets
(in thousands of dollars)

	Governmental Activities		Total Change
	2015	2014	2015-2014
Buildings	\$ 162.7	\$ 162.7	\$ -
Equipment & furniture	282.5	271.3	-
Totals at historical cost	<u>445.2</u>	<u>434.0</u>	-
Total Accumulated Depreciation	<u>(342.6)</u>	<u>(335.2)</u>	<u>(7.4)</u>
Net Capital Assets	<u>\$ 102.6</u>	<u>\$ 98.8</u>	<u>\$ (7.4)</u>

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Services Department.

BASIC FINANCIAL STATEMENTS

**CENTRAL APPRAISAL DISTRICT OF
BANDERA COUNTY**

**Statement of Net Positions and Governmental Funds Balance Sheet
December 31, 2015**

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and investments	\$ 229,980.24	\$ -	\$ 229,980.24
Prepayments	4,085.05	-	4,085.05
Capital assets (net of accumulated depreciation)			
Building & Improvements	-	87,430.90	87,430.90
Office Equipment and Furniture	-	15,121.52	15,121.52
Total assets	\$ 234,065.29	102,552.42	336,617.71
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	-	93,270.00	93,270.00
Total Deferred Outflows of Resources	-	93,270.00	93,270.00
LIABILITIES			
Accounts payable	\$ 10,187.51	-	10,187.51
Unearned Revenue - Advanced Collections	133,607.27	-	133,607.27
Payroll taxes payable	1,177.12		1,177.12
Net Pension Liability	-	47,106.00	47,106.00
Total liabilities	144,971.90	47,106.00	192,077.90
FUND BALANCES/NET POSITION			
Fund balances:			
Committed	89,093.39	(89,093.39)	-
Unreserved	-	-	-
Total liabilities and fund balances	\$ 234,065.29	(41,987.39)	192,077.90
Net Poition:			
Invested in capital assets, net of related debt		102,552.42	102,552.42
Unassigned		135,257.39	135,257.39
Total net position		\$ 237,809.81	\$ 237,809.81

The accompanying notes are an integral part of this statement.

**CENTRAL APPRAISAL DISTRICT OF
BANDERA COUNTY**
Statement of Activities and Governmental Funds
Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2015

	General Fund	Adjustments	Statement of Activities
Revenues:			
City of Bandera	\$ 8,164.62	\$ -	\$ 8,164.62
Bandera County	297,908.95	-	297,908.95
Bandera ISD	395,209.11	-	395,209.11
Flying "L" PUD	3,746.99	-	3,746.99
Medina ISD	52,459.10	-	52,459.10
Bandera River Authority	13,991.62	-	13,991.62
Utopia ISD	27,537.46	-	27,537.46
Utopia/Vanderpool ESD#1	2,531.38	-	2,531.38
Northside ISD	9,258.44	-	9,258.44
Investment earnings	252.21	-	252.21
Other income	997.35	-	997.35
Total revenues	<u>812,057.23</u>	<u>-</u>	<u>812,057.23</u>
Expenditures/expenses:			
Service operations:			
Salary	419,080.01	-	419,080.01
Contract Labor	-	-	-
Retirement	56,167.22	(26,324.00)	29,843.22
Unemployment	1,874.81	-	1,874.81
Payroll Taxes	32,035.94	-	32,035.94
Appraisal Review Board	8,987.68	-	8,987.68
Audit	2,500.00	-	2,500.00
Building Janitorial	1,494.00	-	1,494.00
Building Utilities	5,844.79	-	5,844.79
Capital Improvements < \$5,000	9,618.46	-	9,618.46
Records Management	983.78	-	983.78
Database Maintenance	63,334.64	-	63,334.64
Dues/Fees/Publications	8,910.65	-	8,910.65
Education/Seminars/Conference Exp	29,109.44	-	29,109.44
Mapping Maintenance	400.00	-	400.00
Health Insurance Exp	49,599.53	-	49,599.53
Legal Council/Consultant	15,567.64	-	15,567.64
Liability & Property Insurance	3,340.80	-	3,340.80
Appraisal Notices	3,423.19	-	3,423.19
Mileage	8,889.41	-	8,889.41
Newspaper Notices	2,326.50	-	2,326.50
Office Equip Maint	3,952.83	-	3,952.83
Office Equipment Rental	3,557.64	-	3,557.64

**CENTRAL APPRAISAL DISTRICT OF
BANDERA COUNTY**
Statement of Activities and Governmental Funds
Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2015

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Office & Copier Supplies	10,765.95	-	10,765.95
Bank Service Charge	2,159.21	-	2,159.21
Postage /Env/Ect	10,083.95	-	10,083.95
Storage Rental	1,813.81	-	1,813.81
Telephone/ Expense	4,093.34	-	4,093.34
Utilities Appraisal	5,402.44	-	5,402.44
MAP Support Contract	3,815.00	-	3,815.00
Capital outlay	11,169.74	(11,169.74)	-
Depreciation	-	7,339.14	7,339.14
Total expenditures/expenses	<u>780,302.40</u>	<u>(30,154.60)</u>	<u>750,147.80</u>
 Excess (deficiency) of revenues over expenditures	 31,754.83	 30,154.60	 61,909.43
Change in net position			
 Fund balance/net position			
Beginning of the year	57,338.56	98,721.82	156,060.38
Prior Period Adjustment Required by GASB 68	-	19,840.00	19,840.00
 End of the year	 <u>\$ 89,093.39</u>	 <u>\$ 148,716.42</u>	 <u>\$ 237,809.81</u>

The accompanying notes are an integral part of this statement.

Central Appraisal District of Bandera County
Notes to the Financial Statements
For the Year Ended December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Central Appraisal District of Bandera County was created January 1, 1980, under provisions of the Texas Property Tax Code. The District operates under a Board of Directors form of government.

The District's Board of Directors, has governance responsibilities over all activities related to the District's operations within the jurisdiction of Central Appraisal District of Bandera County. Because members of the Board of Directors are elected by the taxing entities, they have the primary accountability for fiscal matters. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial reporting Standards.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers who goods or services provided by a given function or segment. Other items not properly included among program revenues are reported instead as general revenues. Since the District chooses to report all of its activities in the general fund, no individual fund statements are presented.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide 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.

The general fund column of the government-wide financial statements is 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 government considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources.

Expendable assets are assigned to the various governmental funds according to the purpose for which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund.

Central Appraisal District of Bandera County
Notes to the Financial Statements
For the Year Ended December 31, 2015

D. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the statement of net position column of the government-wide statement of net position but are not reported in the general fund column.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$5,000 for equipment, and all additions to infrastructure are capitalized. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Buildings, furniture and equipment of the District are depreciated using the straight line method over the estimated useful lives.

E. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

F. Reconciliation of Government-wide and General Fund Financial Statements

**Reconciliation of General Fund Balance to
Net Position of Governmental Activities
December 31, 2015**

Total General Fund Balance	\$ 89,093.39
Amounts reported in governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$433,952 and accumulate depreciation was \$335,231. The net effect of including the beginning balances for the capital assets (net of depreciation) in the governmental activities is to increase net position.	98,721.82
Current year capital outlays are expended in the fund financial statements, but the should be shown as increases in capital assets in the government-wide financial statements. The net effect of including the 2015 capital outlays is to increase net position.	11,169.74
Included in the items related to debt is the recognition of the District's net pension liability required by GASB 68 in the amount of 47,106, and a Deferred Resource Outflow related to TRS in the amount of 93,270 This resulted in a increase in Net Position	46,164.00
The 2015 depreciation expense increases accumulated depreciation. The net effect to the current year's depreciation is to decrease net position.	<u>(7,339.14)</u>
Net Position of Governmental Activities	<u>\$ 237,809.81</u>

Central Appraisal District of Bandera County
Notes to the Financial Statements
For the Year Ended December 31, 2015

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities**

Net Change in Governmental Fund Balances \$ 31,754.83

**Amounts reported for the governmental activities
in the statement of activities are different because:**

Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2015 capital outlays is to increase net position. 11,169.74

The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/30/2014 caused the change in the ending net position to increase in the amount of \$56,167. The District recorded their pension expense during the measurement period as part of the net pension liability. The amounts expended for FY 2015 were (\$29,843). The impact of all of these is to increase the change in net position by \$26,324. 26,324.00

Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of the current year's depreciation is to decrease net position. (7,339.14)

Change in Net Position of Governmental Activities \$ 61,909.43

NOTE 2 – DEPOSITS, SECURITIES AND INVESTMENTS

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by not participating in foreign currency transactions.

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

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

Central Appraisal District of Bandera County
Notes to the Financial Statements
For the Year Ended December 31, 2015

for the portfolio. (8) investment staff quality and capabilities. (9) and bid solicitation preferences for certificates of deposit.

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

Additional polices and contractual provisions governing deposits and investments for Central Appraisal District of Bandera County are specified below:

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments to depository bank certificates of deposits and state sponsored investment pools.

Custodial Credit Risk for Investments To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. All of the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District investments in both depository bank certificates of deposits and state sponsored investment pools.

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires the investment portfolio to have maturities of less than one year on a weighted average maturity basis.

Foreign Currency Risk for investments The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not investing in foreign currencies.

NOTE 3 – CAPITAL ASSET ACTIVITY

Capital asset activity for the twelve months ended December 31, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<u>Capital assets being depreciated:</u>				
Buildings and Improvements	162,661	-	-	162,661
Furniture and Equipment	271,293	11,170	-	282,462
Total capital assets being depreciated	443,661	11,170	-	445,123
Less accumulated depreciation for:				
Buildings and Improvements	70,874	4,357		75,231
Furniture and Equipment	264,358	2,983	-	267,341
Total accumulated depreciation	329,489	7,340	-	342,572
Total capital assets being depreciated, net	114,172	3,830	-	102,551
Governmental activities capital assets, net	\$ 114,172	\$ 3,830	\$ -	\$ 102,551

Central Appraisal District of Bandera County
Notes to the Financial Statements
For the Year Ended December 31, 2015

NOTE 4 - PENSION PLAN

A. Plan Description

Central Appraisal District of Bandera County provides retirement, disability, and death benefits for all of its full-time employees through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The board of trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public retirement system consisting of 677 non-traditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at Post Office Box 2034, Austin, TX 78768-2034.

B. Benefits Provided

TCDRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the district, within the options available in the state statutes governing TCDRS.

C. Contributions

The contribution rates for employees is 4%, 5% 6% or 7% of compensation as adopted by the governing body of the district. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees. Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annually basis.

Employees of the district were required to contribute 7% of their annual gross earnings during the fiscal year. The district's contribution to TCDRS for the year ended December 31, 2015 were \$56,167.22 and were greater than the required contribution.

D. Net Pension Liability

The district's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	0.0% per year
Investment rate of return	8.1%

The annual salary increase rates assumed for individual members vary by length of service and by the entry-age group. The annual rates consist of a general wage inflation component of 3.0% (made up of 3.0% inflation and 0.0% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-yr time horizon; the most recent analysis was performed in 2013.

Central Appraisal District of Bandera County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	Dow Jones U.S. Total Stock Market Index	16.50%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	12.00%	8.35%
Global Equities	MSCI World (net) Index	15.0%	5.65%
International Equities - Developed	50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index	11.00%	5.35%
International Equities - Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	9.00%	6.35%
Investment-Grade Bonds	Barclay's Capital Aggregate Bond Index	3.00%	0.55%
High Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.70%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	5.00%	5.54%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.80%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	6.75%
REIT Equities	67% FTSE NAREIT Equity REIT; Index + 33% FRSE EPRA/NAREIT Global Real Estate Fund	2.00%	4.00%
Commodities	Bloomberg Commodities Index	2.00%	-0.20%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	3.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFR) Fund of Funds Composite Index	25.00%	5.5%

D. Discount Rate

The discount rate used to measure the Total Pension Liability was 8.1%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2013	\$ 483,647	\$ 470,220	\$ 13,427
Changes for the year:			
Service cost	44,947	-	44,947
Interest on total pension liability	40,534	-	40,534
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	38,258	-	38,258
Effect of assumptions changes or inputs	-	-	-
Refund of Contributions	(232)	(232)	-
Benefit payments	(10,492)	(10,492)	-
Administrative expenses	-	(394)	394
Member contributions	-	24,932	(24,932)
Net investment income	-	32,232	(32,232)
Employer contributions	-	33,267	(33,267)
Other	-	23	(23)
Balances as of December 31, 2014	\$ 596,662	\$ 549,556	\$ 47,106

Sensitivity Analysis

The following presents the net pension liability of the district, calculated using the discount rate of 8.10%, as well as what the Central Appraisal District of Bandera County net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

Central Appraisal District of Bandera County
Notes to the Financial Statements
For the Year Ended December 31, 2015

	1% Decrease	Current Discount Rate	1% Increase
	7.10%	8.10%	9.10%
Total pension liability	\$ 685,478	\$ 596,662	\$ 523,543
Fiduciary net position	549,555	549,555	549,555
Net pension liability/(Asset)	\$ 135,923	\$ 47,107	\$ (26,012)

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.

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the current year, the district recognized pension expense of \$29,843.

As of December 31, 2014, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 30,606
Changes in assumptions	-	-
Net difference between projected and actual earnings	-	6,497
Contributions made subsequent to measurement date	N/A	56,167
Total	<u>\$ -</u>	<u>\$ 93,270</u>

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

Year ended December 31:	
2015	9,276
2016	9,276
2017	9,276
2018	9,276
2019	0
Thereafter	0

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Various lawsuits have been filed against the District. All cases relate to the valuation of the properties of the plaintiffs for the purpose of ad valorem taxation. These suits seek to reduce the appraised values prepared by the District. The plaintiffs are not seeking monetary damages against the District except for the recovery of attorney's fees if the plaintiffs are successful in the lawsuits. The constituent taxing units, rather than the district, would be potentially liable for refunds, interest, and attorney fees for any lawsuits settled in favor of the plaintiffs. In the opinion of the District's legal counsel, the likelihood of a significant loss in these lawsuits is minimal.

Central Appraisal District of Bandera County
Notes to the Financial Statements
For the Year Ended December 31, 2015

NOTE 6 – ECONOMIC DEPENDENCY

The District receives all of its revenue from eight taxing entities.

NOTE 7 – FUND BALANCES

This balance represents interest and miscellaneous revenue earned by the District and unexpended for this and prior years, and the unexpended revenues received from the taxing units. The proration of this fund balance among the taxing units is as follows:

	Entity Allocation Subject to Refund	Unexpended Interest & Misc. Revenue	Total Fund Balance Allocation
City of Bandera	\$ 693.20	\$ 215.77	\$ 908.97
Bandera County	25,185.27	6,861.44	32,046.71
Bandera ISD	33,477.84	10,498.55	43,976.39
Flying "L" PUD	322.63	106.96	429.59
Medina ISD	4,431.15	1,408.98	5,840.13
Bandera River Authority	1,144.77	295.25	1,440.02
Utopia ISD	2,268.71	990.46	3,259.17
Utopia/Vanderpool ESD#1	210.81	60.87	271.68
Northside ISD	799.85	120.88	920.73
Fund Balance	68,534.23	20,559.16	89,093.39

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Required Supplementary Information

**CENTRAL APPRAISAL DISTRICT OF
BANDERA COUNTY**
Budgetary Comparison Statement - General Fund
For the Year Ended December 31, 2015

	Actual	Original Budget	Final Amended Budget	Variance Positive (Negative)
Revenues:				
City of Bandera	\$ 8,164.62	\$ 8,164.62	\$ 8,164.62	\$ -
Bandera County	297,908.95	297,908.95	297,908.95	-
Bandera ISD	395,209.11	395,209.11	395,209.11	-
Flying "L" PUD	3,746.99	3,746.99	3,746.99	-
Medina ISD	52,459.10	52,459.10	52,459.10	-
Bandera River Authority	13,991.62	13,991.62	13,991.62	-
Utopia ISD	27,537.46	27,537.46	27,537.46	-
Utopia/Vanderpool ESD#1	2,531.38	2,531.38	2,531.38	-
Northside ISD	9,258.44	9,258.44	9,258.44	-
Investment earnings	252.21	-	-	252.21
Other income	997.35	-	-	997.35
Total revenues	<u>812,057.23</u>	<u>810,807.67</u>	<u>810,807.67</u>	<u>1,249.56</u>
Expenditures/expenses:				
Service operations:				
Salary	419,080.01	474,170.94	422,770.94	3,690.93
Contract Labor	-	-	-	-
Retirement	56,167.22	39,378.83	59,378.83	3,211.61
Unemployment	1,874.81	1,932.00	1,932.00	57.19
Payroll Taxes	32,035.94	35,582.08	35,582.08	3,546.14
Appraisal Review Board	8,987.68	14,938.98	14,938.98	5,951.30
Audit	2,500.00	2,400.00	2,500.00	-
Building Janitorial	1,494.00	1,500.00	1,550.00	56.00
Building Utilities	5,844.79	5,800.00	6,200.00	355.21
Capital Improvements < \$5,000	9,618.46	4,000.00	11,909.00	2,290.54
Records Management	983.78	-	1,100.00	116.22
Database Maintenance	63,334.64	36,762.34	63,462.34	127.70
Dues/Fees/Publications	8,910.65	9,000.00	9,000.00	89.35
Education/Seminars/Conference Exp	29,109.44	26,706.00	29,206.00	96.56
Mapping Maintenance	400.00	4,150.00	400.00	-
Health Insurance Exp	49,599.53	55,923.12	49,923.12	323.59
Legal Council/Consultant	15,567.64	20,500.00	20,500.00	4,932.36
Liability & Property Insurance	3,340.80	3,200.00	3,720.00	379.20
Appraisal Notices	3,423.19	7,200.00	4,449.00	1,025.81
Mileage	8,889.41	13,700.00	9,700.00	810.59
Newspaper Notices	2,326.50	3,300.00	3,300.00	973.50
Office Equip Maint	3,952.83	2,500.00	4,000.00	47.17
Office Equipment Rental	3,557.64	3,600.00	3,600.00	42.36

**CENTRAL APPRAISAL DISTRICT OF
BANDERA COUNTY**
Budgetary Comparison Statement - General Fund
For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Variance Positive (Negative)</u>
Office & Copier Supplies	10,765.95	8,500.00	10,960.00	194.05
Bank Service Charge	2,159.21	2,400.00	2,400.00	240.79
Postage /Env/Ect	10,083.95	10,500.00	10,500.00	416.05
Storage Rental	1,813.81	660.00	2,152.00	338.19
Telephone/ Expense	4,093.34	4,600.00	4,600.00	506.66
Utilities Appraisal	5,402.44	5,403.38	5,403.38	0.94
MAP Support Contract	3,815.00	7,500.00	4,500.00	685.00
Contingency	-	5,000.00	-	-
Capital Outlay	11,169.74	-	11,170.00	0.26
Total expenditures/expenses	<u>780,302.40</u>	<u>810,807.67</u>	<u>810,807.67</u>	<u>30,505.27</u>
 Excess (deficiency) of revenues over expenditures	 31,754.83	 -	 -	 31,754.83
 Fund balance				
Beginning of the year	57,338.56	57,338.56	57,338.56	-
End of the year	<u>\$ 89,093.39</u>	<u>\$ 57,338.56</u>	<u>\$ 57,338.56</u>	<u>\$ 31,754.83</u>

CENTRAL APPRAISAL DISTRICT OF BANDERA COUNTY
Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total Pension Liability										
Service cost	\$ 44,947	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	40,534	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or input	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic gains or losses	38,258	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refund of contributions	(10,724)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	113,015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	483,647	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending	\$ 596,662	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	\$ 33,267	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	24,932	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	32,232	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(10,724)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(394)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	(24)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	79,289	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	470,220	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending	\$ 549,509	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability/asset	\$ 47,153	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	92.10%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pension covered payroll	\$ 356172	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	13.24%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

CENTRAL APPRAISAL DISTRICT OF BANDERA COUNTY
Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pension Covered Payroll (1)	Actual Contribution as a % of Covered Payroll
2005	Not Aavailable	Not Aavailable	Not Aavailable	Not Aavailable	Not Aavailable
2006	\$ 9,516	\$ 9,516	-	\$ 234,972	4.0%
2007	10,179	10,179	-	258,356	3.9%
2008	22,098	22,098	-	267,858	8.2%
2009	22,966	23,595	(629)	286,000	8.3%
2010	24,343	24,343	-	300,162	8.1%
2011	24,043	24,043	-	283,515	8.5%
2012	26,209	26,209	-	291,863	9.0%
2013	29,669	29,669	-	326,031	9.1%
2014	33,267	33,267	-	356,172	9.3%

(1) Payroll is calculatd based on contributions as reported to TCDRS