

REPORT OF EXAMINATION

**BANDERA CENTRAL
APPRAISAL DISTRICT**

Bandera, Texas

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

**BANDERA CENTRAL APPRAISAL DISTRICT
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

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NEFFENDORF & BLOCKER, P.C.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bandera Central Appraisal District
Bandera, TX 78003

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design and 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 and events, considered in the aggregate, that raise substantial doubt about the Bandera Central Appraisal District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement 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 Bandera Central Appraisal 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 Bandera Central Appraisal 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 liability and related ratios, and the schedule of employer pension contributions on pages 3-7 and 27-32 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.

Neffendorf & Blocker, P.C.
NEFFENDORF & BLOCKER, P.C.
Fredericksburg, Texas
August 5, 2024

BANDERA CENTRAL APPRAISAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR YEAR ENDED DECEMBER 31, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Bandera Central Appraisal District, we offer readers of the District's financial statements this narrative overview and analysis of the financial statements of the District for the year ended December 31, 2023. Please read it in conjunction with the independent auditors' report on page 1, and the District's Basic Financial Statements which begin on page 9.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$458,956 (net position).
- The District's net position increased by \$65,269, an increase of \$153,611 as a result of this year's operations and a decrease of \$88,342 as a result of refund to taxing entities.
- At December 31, 2023, the District's general fund reported an ending fund balance of \$241,769, an increase of \$25,161 in comparison with the prior period.
- The District refunded \$88,342 to the taxing units for 2021 and 2022.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 9 and 10). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (also on pages 9 & 10) report the District's operations by individual funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources.

The notes to the financial statements (starting on page 11) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 9. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider other factors as well, such as changes in legislation which may affect appraisal district operations.

In the Statement of Net Position and the Statement of Activities, the District has one kind of activity:

➤ Governmental activity - The District's basic services are reported here, including the administration and tax appraisal. Assessing Fees (payments from each participating taxing unit) finance these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements on pages 9 & 10 provide detailed information about the most significant funds - not the District as a whole. Governmental fund types include the general fund.

➤ Governmental funds - All of the District's basic services are reported in governmental funds. They use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the adjustments column and Note 2 to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities increased from \$388,985 to \$458,956. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - was \$392,565 at December 31, 2023. This increase in governmental net position was the result of six factors. First, the District's revenues exceeded the expenditures by \$108,801. Second, the District purchased fixed assets and paid principal payments on right-to-use lease assets in the amount of \$38,049. Third, the District recorded depreciation and amortization on right-to-use lease assets of \$27,984. Fourth, the District refunded to the taxing entities in the amount of \$88,342. Fifth, the District had \$10,771 in right-to-use lease proceeds. Sixth, a net increase of \$50,313 due to the required entries of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Table I
Bandera Central Appraisal District

NET POSITION

	Governmental Activities	
	2023	2022
Current and Other Assets	\$ 593,307	\$ 409,833
Capital Assets	117,164	72,464
Net Pension Asset	67,269	284,494
Total Assets	\$ 777,740	\$ 766,791
Deferred Resource Outflows	\$ 118,834	\$ 86,226
Long-Term Liabilities	\$ 63,076	\$ 31,363
Other Liabilities	374,306	197,503
Total Liabilities	\$ 437,382	\$ 228,866
Deferred Resource Inflows	\$ 236	\$ 235,166
Net Position:		
Invested in Capital Assets	\$ 66,391	\$ 36,323
Net of Related Debt		
Unrestricted	392,565	352,662
Total Net Position	\$ 458,956	\$ 388,985

Table II
Bandera Central Appraisal District

CHANGES IN NET POSITION

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Revenues:		
Assessing Fees	\$ 1,274,952	\$ 1,125,168
Miscellaneous	8,163	510
Interest	<u>5</u>	<u>157</u>
Total Revenues	\$ <u>1,283,120</u>	\$ <u>1,125,835</u>
Expenses:		
Salaries and Benefits	\$ 648,280	\$ 596,186
ARB	31,062	30,294
Building	8,876	10,475
Computer/Software Support	83,796	131,470
Legal/Professional	55,515	15,644
Appraisal Services	17,216	21,043
Office Supplies	9,974	13,807
Mailing and Postage	44,120	29,774
School/Education	29,756	23,967
Telephone/Internet	14,853	16,751
Insurance	5,607	5,127
Other Operating	75,976	115,485
Interest	1,494	-
Claim Settlement	75,000	-
Depreciation	<u>27,984</u>	<u>17,763</u>
Total Expenses	\$ <u>1,129,509</u>	\$ <u>1,027,786</u>
 Increase (Decrease) in Net Position	 \$ 153,611	 \$ 98,049
Net Position - Beginning	388,985	290,936
Refund to Taxing Entities - Excess	(88,342)	-
Prior Period Adjustment	<u>4,702</u>	<u>-</u>
Net Position - Ending	\$ <u>458,956</u>	\$ <u>388,985</u>

The cost of all governmental activities this year was \$1,129,509. As shown in the Statement of Activities on page 10, these activities were funded by assessing fees (\$1,274,952), miscellaneous income (\$8,163) and interest income (\$5).

THE DISTRICT'S FUNDS

As the District completed the year, its general fund (as presented in the balance sheet on page 9) reported a fund balance of \$241,769 which is more than last year's total of \$216,608. Included in this year's total change in fund balance is an increase of \$108,801 in the District's General Fund.

The District adopted the budget for the General Fund. Actual expenditures were less than budgeted amounts by \$80,862.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the District had \$117,164 invested in a broad range of capital assets, including buildings & improvements and equipment. This amount represents a decrease of \$13,167 or 10% percent less than last period.

More detailed information about the District's capital assets is presented in Note 5 to the financial statements.

Long-Term Liabilities

At year-end, the District had \$24,287 in right-to-use lease liabilities and \$26,486 in subscription-based information technology arrangement liabilities. More detailed information about the District's long-term liabilities is presented in Note 7, 8 & 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's Board of Directors considered many factors when setting the fiscal-year 2024 budget. Factors considered in establishing a budget are the funding needs of the District operations and programs necessary to meet the objectives of the District. Amounts available for appropriation in the General Fund budget are \$1,388,444 and expenditures are estimated to be \$1,388,444.

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 show 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 office, at Bandera Central Appraisal District, 1206 Main Street, Bandera, TX 78003.

BASIC FINANCIAL STATEMENTS

BANDERA CENTRAL APPRAISAL DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET -
DECEMBER 31, 2023

	General Fund	Total	Adjustments (Note 2)	Statement of Net Assets	2022
ASSETS					
Cash in Bank	\$ 582,688	\$ 582,688	\$ -	\$ 582,688	\$ 405,252
Petty Cash	60	60		60	60
Prepaid Expenses	10,560	10,560	-	10,560	4,521
Capital Assets (Net)		-	117,164	117,164	72,464
Net Pension Asset	-	-	67,269	67,269	284,494
Total Assets	\$ 593,307	\$ 593,307	\$ 184,433	\$ 777,740	\$ 766,791
DEFERRED OUTFLOW OF RESOURCES					
Deferred Outflows Related to Pension	\$ -	\$ -	\$ 118,834	\$ 118,834	\$ 86,226
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 8,998	\$ 8,998	\$ -	\$ 8,998	\$ 14,719
Accrued Payroll	6,927	6,927	-	6,927	7,733
Unearned Revenue	335,613	335,613	-	335,613	170,774
Right-to-Use Liabilities-Current	-	-	22,768	22,768	4,277
Total Current Liabilities	\$ 351,538	\$ 351,538	\$ 22,768	\$ 374,306	\$ 197,503
Noncurrent Liabilities					
Compensated Absences	\$ -	\$ -	\$ 35,071	\$ 35,071	\$ 30,273
Right-to-Use Liabilities-Noncurrent	-	-	28,005	28,005	1,090
Total Noncurrent Liabilities	\$ -	\$ -	\$ 63,076	\$ 63,076	\$ 31,363
Total Liabilities	\$ 351,538	\$ 351,538	\$ 85,844	\$ 437,382	\$ 228,866
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Related to Pension	\$ -	\$ -	\$ 236	\$ 236	\$ 235,166
FUND BALANCES/NET POSITION					
Fund Balances:					
Committed for Contingency	\$ 40,000	\$ 40,000	\$ (40,000)		
Unassigned	201,769	201,769	(201,769)		
Total Fund Balances	\$ 241,769	\$ 241,769	\$ (241,769)		
Total Liabilities & Fund Balances	\$ 593,307	\$ 593,307			
Net Position:					
Invested in Capital Assets,			\$ 66,391	\$ 66,391	\$ 36,323
Net of Related Debt					
Unrestricted			392,565	392,565	352,662
Total Net Position			\$ 458,956	\$ 458,956	\$ 388,985

The accompanying notes are an integral part of this financial statement.

BANDERA CENTRAL APPRAISAL DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Total	Adjustments (Note 2)	Statement of Activities	2022
Revenues:					
Assessing Fees (Note 4)	\$ 1,274,952	\$ 1,274,952	\$ -	\$ 1,274,952	\$ 1,125,168
Miscellaneous	8,163	8,163	-	8,163	510
Interest	5	5	-	5	157
Total Revenues	<u>1,283,120</u>	<u>1,283,120</u>	<u>-</u>	<u>1,283,120</u>	<u>1,125,835</u>
Expenditures/Expenses:					
Operations:					
Mailing/Postage	\$ 44,120	\$ 44,120	\$ -	\$ 44,120	\$ 29,774
ARB Expenses	31,062	31,062	-	31,062	30,294
Audit	4,200	4,200	-	4,200	3,750
Building-Janitorial	1,573	1,573	-	1,573	2,823
Building-Utilities	7,303	7,303	-	7,303	7,652
Account Management/Payroll Services	3,786	3,786	-	3,786	3,525
Capital Expenditures	14,817	14,817	(14,817)	-	510
Computer Software/Support Maint.	83,796	83,796	-	83,796	131,470
Dues/Fees/Publications	14,632	14,632	-	14,632	15,832
Education	29,756	29,756	-	29,756	23,967
Legal Services	51,315	51,315	-	51,315	11,894
Insurance	5,607	5,607	-	5,607	5,127
GIS/Mapping/Deed Processing	21,700	21,700	-	21,700	34,972
Mileage	8,810	8,810	-	8,810	19,305
Newspaper Postings	4,875	4,875	-	4,875	875
Office Equipment/Lease Purchase	15,793	15,793	-	15,793	16,072
Building/Equipment Maintenance	2,038	2,038	-	2,038	18,434
Office Supplies	9,974	9,974	-	9,974	13,807
Records Maintenance	4,341	4,341	-	4,341	5,960
Telephone/Wireless/Internet	14,853	14,853	-	14,853	16,751
Appraisal Services	17,216	17,216	-	17,216	21,043
Claim Settlement (Note 11)	75,000	75,000	-	75,000	-
Salary & Longevity	501,285	501,285	4,797	506,082	469,893
Payroll Tax	38,523	38,523	-	38,523	39,107
Retirement	55,412	55,412	(50,313)	5,099	(12,664)
Health Insurance	88,325	88,325	-	88,325	82,085
Contract Labor	10,250	10,250	-	10,250	17,765
Debt Service - Principal	23,231	23,231	(23,231)	-	-
Debt Service - Interest	1,494	1,494	-	1,494	-
Depreciation and Amortization	-	-	27,984	27,984	17,763
Total Expenditures/Expenses	\$ 1,185,090	\$ 1,185,090	\$ (55,581)	\$ 1,129,509	\$ 1,027,786
Other Financing Sources (Uses)					
Sale of Assets	-	-	-	-	-
Proceeds from Right-to-Use Leases	10,771	10,771	(10,771)	-	-
Excess (Deficiency) of Revenues over Expenditures	108,801	108,801	(108,801)	-	-
Change in Net Position	-	-	153,611	153,611	98,049
Fund Balance/Net Position:					
Beginning of the Year	216,608	216,608	172,377	388,985	290,936
Refund to Taxing Entities (Note 1) -	-	-	-	-	-
Excess - Prior Year	(88,342)	(88,342)	-	(88,342)	-
Prior Period Adjustment	4,702	4,702	-	4,702	-
End of the Year	<u>\$ 241,769</u>	<u>\$ 241,769</u>	<u>\$ 217,187</u>	<u>\$ 458,956</u>	<u>\$ 388,985</u>

The accompanying notes are an integral part of this financial statement.

BANDERA CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The Bandera Central Appraisal District was created January 1, 1980, under provisions of the Texas Property Tax Code. The Bandera Central Appraisal District is governed by a Board of Directors consisting of five voting members who are appointed by the participating governmental taxing entities within Bandera County and one non-voting member (Tax Assessor-Collector). The primary function of the District is to provide uniform property values to the governmental taxing entities within Bandera County.

The District's Board of Directors has governance responsibilities over all activities related to the District's operations within the jurisdiction of Bandera Central Appraisal District. Because members of the Board of Directors are elected by the taxing entities, they have primary accountability for fiscal matters.

The accounting policies of the district conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The District has developed criteria to determine if the activities of any outside agencies or organizations should be included within its financial statements. The criteria includes the amount of oversight responsibility exercised by the District over the activities of an agency or organization, the scope of public service of an agency or organization, and the nature of any special financing relationships which may exist between the District and an agency or organization. Oversight responsibility includes financial interdependency, selection of the governing authority, designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The District's financial statements include all funds over which the District exercises oversight responsibility. The District does not exercise oversight responsibility over any other reporting entity. Also, the District is not included as a part of any other reporting entity.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Bandera Central Appraisal District nonfiduciary activities. *Governmental activities* include sources supported by allocations from entities, fees and interest on investments.

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 includes charges to customers or participating entities for goods or services provided by a given function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Governmental Funds

The government reports the following major governmental fund:

The general fund is the government's operating fund and accounts for all financial resources of the general government.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Revenues from local sources consist primarily of assessing fees from each participating taxing unit. The assessing fees and investment earnings are recorded as earned, since they are both measurable and available. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position

1. Deposits

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Prepaid Expenses

Certain payments to vendors reflect expenses applicable to future accounting periods and are recorded as prepaid expenses.

3. Fixed Assets

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable. The District maintains a capitalization threshold of \$500 for equipment. 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.

Donated assets are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings & Improvements	15-50 years
Furniture & Fixtures	7-10 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

4. Unearned Revenues

Unearned revenues represent funds received in advance for the subsequent year operations from the taxing entities.

5. Compensated Absences

Vacation and Sick Leave

The District accrues vacation depending on length of service. The maximum number of hours which can be carried forward from one fiscal year to another is 80 hours.

The District accrues sick leave at a rate of eight hours per month. Employees may accrue up to 288 hours of sick leave time. Upon retirement or termination, any unused sick leave is forfeited.

The District accrues Personal Leave time at the rate of 24 hours per calendar year. A Maximum of 24 hours of personal leave time may be carried over to the next year.

All Personal Leave, Vacation and Sick hours accrued will be viewed as total available hours and the District may pay up to a maximum of 160 hours of accrued PTO to a regular fulltime employee who leaves the District in good standing and has been employed by the District for no less than 12 months.

At December 31, 2023, the accumulated PTO amount to \$35,071. This amount will be liquidated in future years and is reported as a liability in the government-wide statement of net position.

6. Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

a. Invested in capital assets, net of related debt- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction or improvement of those assets.

b. Restricted net position- Consists of net position with constraints placed on the use wither by (1) external groups such as creditors, grantors, or laws or regulations of other

governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position- All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance – amounts that are not in non-spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest- level action to remove or change the constraint.
- Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Pursuant to Texas Property Tax Code Section 6.06(j), prior fund balances must be paid or credited to the taxing entities in the subsequent year unless the various entities authorized the District's retention of surplus for specific uses, such as capital purchasing or future legal cost. During the year ended December 31, 2023, the District refunded \$88,342 to the taxing entities for unspent funds for the 2021 and 2022 budget years.

The District has committed the following:

The **Contingency Fund Reserve** are amounts constrained for contingencies that the District may occur during the year. These funds can be expended at the discretion of the Board for contingencies.

7. Use of Estimates

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

8. Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

The District's deferred outflows of resources consist of differences between expected and actual actuarial experience (pension), changes in actuarial assumptions (pension), change in proportion and differences between employer's contributions and the proportionate share of contributions, and contribution paid to TCDRS subsequent to the measurement date (pension).

The District reports a deferred inflow of resources for differences between expected and actual actuarial experience (pension), changes in actuarial assumptions (pension), differences between projected and actual investment earnings (pension), and changes in proportion and differences between employer's contributions and the proportionate share of contributions (pension).

9. Budget - The District follows these procedures in adopting a budget for the year:

By June 15 of each year, the chief appraiser prepares a budget for District operations for the following tax year and submits copies to each participating taxing unit and to the board of directors. An estimate of the budgetary costs to be allocated to each taxing unit must be included.

By September 15 the board must hold a public hearing on and make any amendments to and finally approve the budget. Each participating taxing unit must receive at least 10 days written notice of the place, date and time for such hearing.

The board may amend the approved budget at any time, but the secretary of the board must deliver a written copy of the proposed amendment to each participating taxing unit not later than the 30th day before the date the board acts on it.

10. Pensions

For 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 TCDRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. GASB Statement No. 87, Leases

As of January 1, 2022, the District adopted GASB Standard No. 87, *Leases*. The implementation of this standard established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. The additional disclosures required by this standard are included in Notes 5, 7, and 8.

12. Implementation of GASB Statement No. 96, SBITA

As of January 1, 2023, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The implementation of this standard establishes a SBITA results in a right-to-use subscription assets (an intangible asset) and a corresponding subscription liability. The standard requires recognition of right-to-use subscription assets and liabilities for SBITAs that previously were classified as operating expenditures based on the payment provisions of the contract. The disclosures required by this standard are included in Notes 5,7, and 9.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Total Fund Balance - Governmental Fund	\$ 241,769
1 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 \$588,930 and the accumulated depreciation was \$458,599. In addition, long-term liabilities such as right-to-use leases and SBITAs payable are not due and payable in the current period, and therefore are not reported as liabilities in the funds. The effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	56,326
2 Current year capital outlays and right-to-use asset principal payments 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 including the 2023 capital outlays is to increase net position.	38,049
3 The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position. Please note this includes the amortization on the right-to-use lease and SBITA assets.	(27,984)
4 Deferred outflow of resources related to pension is not recorded in the fund financial statements.	118,834
5 Net pension asset is not recorded in the fund financial statements.	67,269
6 Deferred inflows of resources related to pension is not recorded in the fund financial statements.	(236)
7 Long-term debt (compensated absences) are not due and payable in the current period, and therefore, is not reported as a liability in the fund. Compensated Absences	<u>(35,071)</u>
Net Position of Governmental Activities	\$ <u>458,956</u>

Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

Total Net Change in Fund Balances - Governmental Funds	\$ 108,801
1 Current year capital outlays and right-to-use asset principal payments 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 current year's capital outlays is to increase net position.	38,049
2 Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position. Please note this includes the amortization on the right-to-use assets.	(27,984)
3 Change in net pension liability and related accounts is not recorded on the governmental funds.	50,313
4 Certain long-term liabilities are accrued at the government-wide level but not at the fund level. This is the current year change in those liabilities - reported as expense in the statement of activities (compensated absences) and the reclassification of right-to-use lease liabilities to long-term debt.	(15,568)
	<hr/>
Change in Net Position of Governmental Activities	\$ <u>153,611</u>

NOTE 3. DEPOSITS

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At December 31, 2023, the carrying amount of the District's deposits was \$582,688 in the General Fund and the bank balance was \$594,509. The District's cash deposits at December 31, 2023 were entirely covered by FDIC insurance and pledged securities.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

The **Public Funds Investment Act** addresses the following risks:

Custodial Credit Risk - Deposits: This is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District was not exposed to custodial credit risk since its deposits at year-end were covered by depository insurance or by pledged collateral held by the District's agent bank in the District's name.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2023, the District was not exposed to concentration of credit risk, interest rate risk or foreign currency risk.

NOTE 4. OPERATIONS

The district's operations are financed by payments from each participating taxing unit. Each unit's portion of the total cost is determined by the proportion its number of parcels bears to the total number of parcels in the District by all participating units. A summary of the allocation for year follows:

Taxing Unit/Entity	Budget		
	2022		
	Levy	%	Amount
Bandera County	\$ 18,371,315	38.22%	\$ 487,300
City of Bandera	585,586	1.22%	15,533
Bandera County River Authority & Groundwater District	1,388,373	2.89%	36,827
Flying "L" Public Utility District	261,554	0.54%	6,938
Bandera ISD	22,313,023	46.42%	591,854
Medina ISD	3,173,122	6.60%	84,167
Utopia ISD	1,383,968	2.88%	36,710
Utopia/ Vanderpool Area ESD #1	139,982	0.29%	3,713
Northside ISD	449,003	0.93%	11,910
Totals	\$ 48,065,926	100.00%	\$ 1,274,952

NOTE 5. GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance 12/31/22	Additions	Deletions	Balance 12/31/23
Buildings & Improvements	\$ 188,288	\$ -	\$ -	\$ 188,288
Furniture & Equipment	333,258	4,046	(36,051)	301,253
Totals	\$ 521,546	\$ 4,046	\$ (36,051)	\$ 489,541
Less Accumulated Depreciation	(454,369)	(5,466)	36,051	(423,784)
Capital Assets, Net	\$ 67,177	\$ (1,420)	\$ -	\$ 65,757
Right-to-Use Assets Being Amortized				
Equipment	\$ 32,533	\$ 10,771	\$ -	\$ 43,304
SBITA*	34,851	-	-	34,851
Total Right-to-Use Assets	\$ 67,384	\$ 10,771	\$ -	\$ 78,155
Less Accumulated Amortization				
Equipment	\$ (4,230)	(13,805)	-	(18,035)
SBITA	-	(8,713)	-	(8,713)
Total Accumulated Amortization	\$ (4,230)	(22,518)	-	(26,748)
Total Right-to-Use Assets Being Amortized, Net	\$ 63,154	\$ (11,747)	\$ -	\$ 51,407
Governmental Activities Capital Assets, Net				
	\$ 130,331	\$ (13,167)	\$ -	\$ 117,164

*Restated balance the result of implementation of GASB Statement 96, *SBITAs*.

NOTE 6. RETIREMENT PLAN

Plan Description

A description of the pension plan pursuant to Paragraph 40 of GASB Statement No 68 is as follows:

a. Bandera Central Appraisal District participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.

b. A brief description of the benefit terms:

1. All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
2. The plan provides retirement, disability and survivor benefits.
3. TCERS is a savings-based plan. For the district's plan, 7% of each employee's pay is deposited into his or her TCERS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 225%) and is then converted to an annuity.
4. There are no automatic COLAs. Each year, the district may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
5. Benefit terms are established under the TCERS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.

c. Membership information is shown in chart below.

d. The district's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Bandera Central Appraisal District contribution rate is based on the TCERS funding policy adopted by the TCERS Board of Trustees and must conform with the TCERS Act. The employee contribution rates are set by the district and are currently 7%. Contributions to the pension plan from the district for 2022 are shown in the Schedule of Employer Contributions.

e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, TCDRS.org/Employer.

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	6
Inactive employees entitled to but not yet receiving benefits	19
Active employees	10
	<hr/>
	35

Contributions

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

- The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, as adopted by the employer's governing body.
- 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.
- Investment income funds a large part of the benefits employees earn.

Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis.

Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience.

In addition, employers annually review their plans and may adjust benefits and costs based on their local needs and budgets. Although accrued benefits may not be reduced, employers may reduce future benefit accrual and immediately reduce costs.

The contribution rate payable by the employee members for calendar year 2023 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. The District's contributions to TCDRS for the year ended December 31, 2023 were \$55,412, and were equal to the required contributions.

Net Pension Liability

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

Actuarial assumptions:

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

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

Actuarial Cost Method	Entry Age Normal (level of percent of pay) ⁽¹⁾
Amortization Method	
Recognition of economic/ demographic gain or losses	Straight-Line amortization over Expected Working Life
Recognition of assumption changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smooth Period	5 years
Recognition Method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	7.50% (Gross of administrative expenses)
Cost of Living Adjustments	Cost-of-Living Adjustments for Bandera Central Appraisal 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.
Mortality	Pub-2010 General Employees Amount-Weighted Mortality Tables
Retirement Age	Deferred members are assumed to retire (100% probability) at the later of: a) age 60; b) earliest retirement eligibility.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Adjustment for Plans with the Partial-Lump Sum Payment Option	Same as funding valuation. For employers who have elected this option, a 0.75% increase is applied to the TPL related to the member deposit portion of the estimated monthly benefit for future retirees.

(1) Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2023 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in the assessment.

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
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) Index	5.00%	4.95%
International Equities- Emerging	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment- Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay	9.00%	3.39%
Direct Lending	Morningstar LTSA US Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	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	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	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%

⁽¹⁾ Target asset allocation adopted at the March 2023 TCORS Board Meeting

⁽²⁾ Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.3%,
per Cliffwater's 2023 capital market assumptions

⁽³⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes 7.50%, increased by .10% to be gross of administrative expenses. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances as of December 31, 2021	1,480,254	1,764,749	(284,494)
Changes for the Year:			
Service Cost	66,026		66,026
Interest on Total Pension Liability ⁽¹⁾	116,170		116,170
Effect of Plan Changes ⁽²⁾	-		-
Effects of Economic/Demographic Gains or Losses	19,335		19,335
Effect of Assumptions Changes or Inputs	-		-
Refund of Contributions	(2,042)	(2,042)	-
Benefit Payments	(34,077)	(34,077)	-
Administrative Expenses		(1,004)	1,004
Member Contributions		32,148	(32,148)
Net Investment Income		(107,586)	107,586
Employer Contributions		52,448	(52,448)
Other ⁽³⁾		8,300	(8,300)
Balances as of December 31, 2022	1,645,666	\$ 1,712,934	\$ (67,269)

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ No plan changes valued.

⁽³⁾ Relates to allocation of system-wide items.

Sensitivity Analysis

The following presents the net pension liability of the District, calculated using the discount rate of 7.60%, as well as what the Bandera Central Appraisal District net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
\$ 1,909,628	\$ 1,645,666	\$ 1,428,074
\$ 1,712,934	\$ 1,712,934	\$ 1,712,934
\$ 196,694	\$ (67,269)	\$ (284,860)

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

For the year ended December 31, 2022 the District recognized pension expense of \$5,099.

Prepaid Expense/(Income)	January 1, 2022 to December 31, 2022
Service Cost	\$ 66,026
Interest on Total Pension Liability ⁽¹⁾	116,170
Effect of Plan Changes	-
Administrative Expenses	1,004
Member Contributions	(32,148)
Expected Investment Return Net of Investment Expenses	(136,201)
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of Economic/Demographic Gains or Losses	(33,665)
Recognition of Assumption Changes or Inputs	26,834
Recognition of Investment Gains or Losses	5,380
Other ⁽²⁾	(8,300)
Pension Expense/(Income)	\$ 5,099

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ Relates to allocation of system-wide items.

As of December 31, 2023, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 18,678
Changes of assumptions	236	-
Net difference between projected and actual earnings	-	44,744
Contributions made subsequent to measurement date	N/A	55,412
	\$ 236	\$ 118,834

Amounts currently reported as 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	
2023	\$ (6,865)
2024	6,057
2025	11,371
2026	52,623
2027	-
Thereafter ^(a)	-

(a) Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

Payables to the pension plan. None as of December 31, 2023.

NOTE 7. CHANGES IN LONG-TERM LIABILITIES

A summary of long-term liabilities follows:

	Outstanding 12/31/2022	Issued	Retired	Outstanding 12/31/2023	Due Within One Year
Right-to-Use Lease Liability \$	28,382	\$ 10,771	\$ 14,866	\$ 24,287	\$ 14,175
SBITA Liability*	34,851	-	8,365	26,486	8,593
Compensated Absences	30,273	4,798	-	35,071	-
TOTALS	\$ 93,506	\$ 15,569	\$ 23,231	\$ 85,844	22,768

*Restated balance the result of implementation of GASB Statement No. 96, *SBITAs*.

All long-term liabilities will be liquidated by the general fund.

NOTE 8. LEASES

At January 1, 2022, the District had a 41-month lease agreement with BIS Consulting for computer equipment and a server. An initial lease liability was recorded in the amount of \$6,667 for the computer equipment and \$16,348 for the server. As of December 31, 2023, the value of the lease liability for the computer equipment was \$2,798 and \$11,668 for the server. The District pays a annual fee of \$6,758 for the computer equipment with an interest rate of 2.50% and \$8,400 for the server with an interest rate of 2.63%.

In December 2021, District entered into a 27-month lease agreement with Xerox for the use of a copy machine. An initial lease liability was recorded in the amount of \$9,518. As of December 31, 2023, the value of the lease liability was \$1,090. Under the terms of the lease, the district pays a monthly fee of \$365 and includes interest at 3.0%. This lease terminates in March 2025.

In January 2023 the District entered into a 60-month lease agreement with Pitney Bowes for a postage machine. An initial lease liability was recorded in the amount of \$10,771. As of December 31, 2023, the value of the lease liability was \$8,731. Lease payments are due in monthly installments of \$192 and include an interest at 2.69%. The lease terminates in December 2027.

Remaining obligations associated with the leases as of December 31, 2023 are as follows:

For the Year Ending December 31,	Principal	Interest	Total
2024	14,175	441	14,616
2025	5,630	175	5,805
2026	2,211	94	2,305
2027	2,271	34	2,305
TOTALS	\$ 24,287	\$ 744	\$ 25,031

NOTE 9. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

At January 1, 2023, District had a 48-month subscription agreement with Pictometry for the use of a software. An initial SBITA liability was recorded in the amount of \$34,851. As of December 31, 2023, the value of the SBITA liability was \$26,486. Under the terms of the subscription, the district pays an annual fee of \$9,199 and includes interest at 2.69%. This subscription terminates in December 2026.

Remaining obligations associated with SBITAs as of December 31, 2023 are as follows:

For the Year Ending December 31,	Principal	Interest	Total
2024	8,593	606	9,199
2025	8,826	373	9,199
2026	9,067	132	9,199
TOTALS	\$ 26,486	\$ 1,111	\$ 27,597

NOTE 10. RISK MANAGEMENT

The Appraisal District is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to District assets, error and omissions and personnel risks which relate to workers compensation. The District carries commercial insurance in order to manage the above listed risks. The District also provides group health insurance coverage for full time employees through a commercial insurance carrier.

NOTE 11. CONTINGENCIES AND COMMITMENTS

Several lawsuits have been filed against the District. These 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 direct potential loss to the District itself, other than attorney's fees, is remote.

The District settled a claim (contribution for disputed liability with Texas Municipal League Intergovernmental Risk Pool) from 2018 for \$75,000 in February, 2023.

The District entered into a license agreement with Pictometry International Corporation in 2021. The District's obligation was \$38,169 in 2023 and will be \$38,169 for the years 2024-2026.

The District entered into a two-year agreement with Hugh L. Landrum & Associates, Inc. for appraisal services. The District's obligation was \$6,000 in 2023 and will be \$6,000 in 2024.

NOTE 12. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was necessary in the amount of \$4,702 due to the correction of old outstanding items on the closure of the First State Bank of Uvalde account during 2023. The prior period adjustment restated the beginning fund balance from \$216,608 to \$221,310.

NOTE 13. SUBSEQUENT EVENTS

The District has evaluated subsequent events through August 5, 2024, the date which the financial statements were available to be issued. The District is not aware of any subsequent events that materially impact the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BANDERA CENTRAL APPRAISAL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND - FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues:				
Assessing Fees (Note 4):				
Bandera County	\$ 487,300	\$ 487,300	\$ 487,300	\$ -
Bandera ISD	591,854	591,854	591,854	-
City of Bandera	15,533	15,533	15,533	-
Flying L PUD	6,938	6,938	6,938	-
Medina ISD	84,167	84,167	84,167	-
BCRAGWD	36,827	36,827	36,827	-
Utopia ISD	36,710	36,710	36,710	-
EDS # 1	3,713	3,713	3,713	-
Northside ISD	11,910	11,910	11,910	-
Miscellaneous	-	-	8,163	8,163
Interest	-	-	5	5
Total Revenues	\$ 1,274,952	\$ 1,274,952	\$ 1,283,120	\$ 8,168
Expenditures:				
Entities Budget:				
Mailing/Postage	\$ 41,400	\$ 46,400	\$ 44,120	\$ 2,280
ARB Expenses	18,400	28,400	31,062	(2,662)
Audit	3,750	4,200	4,200	-
Building-Janitorial	4,200	4,200	1,573	2,627
Building-Utilities	8,650	8,900	7,303	1,597
Account Management/Payroll Services	4,800	4,800	3,786	1,014
Capital Expenditures	15,000	15,000	4,046	10,954
Computer Software/Support Maint.	130,607	120,707	83,796	36,911
Dues/Fees/Publications	17,500	14,000	14,632	(632)
Education	25,000	27,000	29,756	(2,756)
Legal Services	60,000	54,000	51,315	2,685
Insurance	6,200	6,400	5,607	793
GIS/Mapping/Deed Processing	35,200	36,700	21,700	15,000
Mileage	25,000	16,100	8,810	7,290
Newspaper Postings	2,000	5,000	4,875	125
Office Equipment/Lease Purchase	32,981	32,981	15,793	17,188
Building/Equipment Maintenance	15,000	6,000	2,038	3,962
Office Supplies	15,000	15,000	9,974	5,026
Records Maintenance	5,750	5,750	4,341	1,409
Telephone/Wireless/Internet	16,250	16,250	14,853	1,397
Appraisal Services	11,750	17,650	17,216	434
General Contingency	10,000	10,000	-	10,000
Salary & Longevity	558,953	558,953	501,285	57,668
Payroll Tax	43,622	43,622	38,523	5,099
Retirement	70,936	70,936	55,412	15,523
Health Insurance	97,003	97,003	88,325	8,678
Contract Labor	-	9,000	10,250	(1,250)
Debt Service - Principal	-	-	23,231	(23,231)
Debt Service - Interest	-	-	1,494	(1,494)
Subtotal - Entities Budget	\$ 1,274,952	\$ 1,274,952	\$ 1,099,319	\$ 175,633

The accompanying notes are an integral part of this financial statement.

**BANDERA CENTRAL APPRAISAL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND - FOR THE YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
Non-Entity Budget				
Claim Settlement (Note 11)	-	-	75,000	(75,000)
Right-to-Use Lease Capital Expenditure	-	-	10,771	(10,771)
Total Expenditures	\$ 1,274,952	\$ 1,274,952	\$ 1,185,090	\$ 89,862
Other Financing Sources (Uses) -				
Sale of Assets	-	-	-	-
Proceeds from ROU Leases	-	-	10,771	10,771
Excess (Deficiency) of Revenues over Expenditures	-	-	108,801	108,801
Fund Balance/Net Position:				
Beginning of the Year	\$ 216,608	\$ 216,608	\$ 216,608	\$ -
Refund to Taxing Entities	-	-	(88,342)	(88,342)
Prior Period Adjustment	-	-	4,702	
End of the Year	\$ 216,608	\$ 216,608	\$ 241,769	\$ 20,459

BANDERA CENTRAL APPRAISAL DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS -
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2023

		Year Ended December 31		
		2022	2021	2020
Total Pension Liability				
Service Cost	\$	66,026	62,852	83,452
Interest on Total Pension Liability		116,170	104,227	104,777
Effect of Plan Changes		-	22,731	-
Effect of Assumption Changes or Inputs		-	(710)	81,215
Effect of Economic/Demographic (Gains) or Losses		19,335	9,630	(123,087)
Benefit Payments/Refunds of Contributions		(36,120)	(53,095)	(42,827)
Net Change in Total Pension Liability	\$	165,411	\$ 145,635	\$ 103,530
Total Pension Liability, Beginning		1,480,254	1,334,619	1,231,089
Total Pension Liability, Ending (a)	\$	1,645,666	\$ 1,480,254	\$ 1,334,619
Fiduciary Net Position				
Employer Contributions	\$	52,448	50,782	49,281
Member Contributions		32,148	31,144	30,207
Investment Income Net of Investment Expenses		(107,586)	315,298	129,613
Benefit Payments/Refunds of Contributions		(36,120)	(53,095)	(42,827)
Administrative Expenses		(1,004)	(955)	(1,039)
Other		8,300	1,208	1,209
Net Change in Fiduciary Net Position	\$	(51,814)	\$ 344,382	\$ 166,444
Fiduciary Net Position, Beginning		1,764,749	1,420,366	1,253,922
Fiduciary Net Position, Ending (b)	\$	1,712,934	\$ 1,764,749	\$ 1,420,366
Net Pension Liability/(Asset), Ending = (a) – (b)	\$	(67,269)	\$ (284,494)	\$ (85,747)
Fiduciary Net Position as a % of Total Pension Liability		104.09%	119.22%	106.42%
Pensionable Covered Payroll	\$	459,260	444,911	431,529
Net Pension Liability as a % of Covered Payroll		-14.65%	-63.94%	-19.87%

Year Ended December 31

2019	2018	2017	2016
88,776	84,641	75,241	67,438
92,823	80,371	67,697	57,300
-	-	-	14,139
-	-	3,827	-
1,148	3,377	15,550	(29,485)
(17,341)	(20,203)	(10,492)	(21,844)
<u>\$ 165,405</u>	<u>\$ 148,186</u>	<u>\$ 151,824</u>	<u>\$ 87,548</u>
1,065,684	917,498	765,674	678,126
<u>\$ 1,231,089</u>	<u>\$ 1,065,684</u>	<u>\$ 917,498</u>	<u>\$ 765,674</u>

65,694	61,968	82,122	53,480
40,042	37,984	36,877	32,781
164,011	(16,516)	106,611	44,984
(17,341)	(20,203)	(10,492)	(21,844)
(956)	(803)	(621)	(496)
3,201	2,470	1,448	(1,855)
<u>\$ 254,650</u>	<u>\$ 64,899</u>	<u>\$ 215,944</u>	<u>\$ 107,050</u>
999,272	934,373	718,428	611,379
<u>\$ 1,253,922</u>	<u>\$ 999,272</u>	<u>\$ 934,373</u>	<u>\$ 718,428</u>
<u>\$ (22,833)</u>	<u>\$ 66,412</u>	<u>\$ (16,875)</u>	<u>\$ 47,245</u>

101.85%	93.77%	101.84%	93.83%
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572,024	542,626	526,807	468,302
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-3.99%	12.24%	-3.20%	10.09%
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**BANDERA CENTRAL APPRAISAL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-
DECEMBER 31, 2023**

Valuation Date:

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age (level of percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	5.5 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, 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 General Retiree 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.
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*	2015: No changes in plan provisions were reflected in the Schedule.
	2016: Employer contributions reflect that the current service matching rate was increased to 200%.
	2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.
	2018: No changes in plan provisions were reflected in the Schedule.
	2019: No changes in plan provisions were reflected in the Schedule.
	2020: No changes in plan provisions were reflected in the Schedule.
	2021: No changes in plan provisions were reflected in the Schedule.
	2022: Employer Contributions reflect that the current service matching rate was increased to 225% for future benefits.

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



NEFFENDORF & BLOCKER, P.C.

August 5, 2024

Board of Directors
Bandera Central Appraisal District
Bandera, TX 78003

We have audited the financial statements of the governmental activities and the major fund of Bandera Central Appraisal District for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 4, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Bandera Central Appraisal District are described in Note 1 to the financial statements. GASB Statement No. 96 *Subscription-Based Information Technology Arrangements* was required to be adopted and implemented. The District failed to implement the Statement and audit adjustments were necessary for the adoption and implementation. The application of existing policies was not changed during the year ended December 31, 2023. We noted no transactions entered into by Bandera Central Appraisal District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant accounting estimates.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements were detected as a result of audit procedures and were corrected by management:

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2023-001- recording right-to-use lease subscription assets in the amount of \$45,622 and the related lease and SBITA liabilities in the amount of \$45,622. The District should properly calculate and make the proper adjustments as required by GASB Statement No. 87 *Lease* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

2023-002- Management failed to accurately post all year end adjustments. Year-end closing procedures should be in place to ensure the trial balance is complete, all accruals have been made and the beginning fund balance reconciles to the prior year ending balance.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 5, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Bandera Central Appraisal District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Bandera Central Appraisal District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Recommendations

Bank Reconciliations

The bank reconciliations did not agree to the general ledger. A review of outstanding items for accuracy and comparison to the general ledger was not performed. We recommend the District correctly reconcile the bank statement to the general ledger and account for any unknown differences.

Retirement Contributions

The amount of payroll reported on the TCDRS contribution reports did not agree to the total amount of compensation. The District did not pay retirement contributions on vacation payouts or bonuses. TCDRS retirement contributions should be paid on all wages including vacation pay and bonuses. We recommend the District reconcile the wages paid during the period to the retirement wages reported.

We appreciate the cooperation and assistance of the Chief Appraiser and staff during our audit.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of Bandera Central Appraisal District and is not intended to be, and should not be, used by anyone other than these specified parties.

Neffendorf & Blocker, P.C.

NEFFENDORF & BLOCKER, P.C.
Fredericksburg, Texas