

**WILBARGER COUNTY APPRAISAL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

# **WILBARGER COUNTY APPRAISAL DISTRICT**

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## **FINANCIAL SECTION**



## **EDGIN, PARKMAN, FLEMING & FLEMING, PC**

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### **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Wilbarger County Appraisal District  
Vernon, Texas

#### **Opinion**

We have audited the accompanying financial statements of the Wilbarger County Appraisal District, of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Wilbarger County Appraisal 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 Wilbarger County Appraisal District as of December 31, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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 Wilbarger County Appraisal District, and to meet our 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 opinion.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Wilbarger County 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.

## **Auditor's Responsibility for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Wilbarger County Appraisal District's internal control. Therefore, 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 Wilbarger County 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, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios – Texas County and District Retirement System and the Schedule of Employer Contributions – Texas County and District Retirement System information identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wilbarger County Appraisal District's basic financial statements. The Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual – Enterprise Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual – Enterprise Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Edgin, Parkman, Fleming & Fleming, PC*

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas  
February 20, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Wilbarger County Appraisal District, we offer readers of the District's Annual Financial Report this narrative overview and analysis of the District's financial performance during the fiscal year ended December 31, 2023. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at December 31, 2023 by \$492,817 (net position). \$134,217 is restricted for the District's pension plan, (\$535) represents the District's investment in capital assets, while \$359,135 is unrestricted and may be used to meet the District's obligations to taxing entities and creditors.
- During the year, the District's total net position increased by \$65,003. The District's operating expenses of \$599,295 and non-operating expenses of \$1,763 were less than the District's operating revenues of \$655,753 and non-operating revenues of \$10,308.
- The District's total revenues increased \$49,567 from the prior year as the District's 2023 budget was higher than the 2022 budget.
- The District's expenses increased by \$68,637 from the prior year with the largest increase in employee benefits expense due mostly to changes in GASB 68 retirement expense amounts per TCDRS.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of two components: the basic financial statements and the notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

#### Basic Financial Statements

All of the District's services are reported in the basic financial statements. Collections from the taxing entities for appraisal services finance the District's activities.

The basic financial statements are designed to provide readers a broad overview of the District's finances in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* details how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the

underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

#### Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to obtain a full understanding of the data provided in the basic financial statements.

#### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *other supplementary information* concerning the District's budgetary performance.

#### Financial Analysis of the District

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. Exhibited below in Table 1 is the District's net position.

**Table 1 - District's Net Position**

	2023	2022	\$ Change	% Change
Current and other assets	\$ 530,489	\$ 471,474	\$ 59,015	13%
Long-term assets	87,254	153,004	(65,750)	-43%
<b>Total Assets</b>	<b>617,743</b>	<b>624,478</b>	<b>(6,735)</b>	<b>-1%</b>
Deferred outflows	72,073	59,175	12,898	22%
Current liabilities	29,807	15,812	13,995	89%
<b>Total Liabilities</b>	<b>29,807</b>	<b>15,812</b>	<b>13,995</b>	<b>89%</b>
Deferred inflows	167,192	240,027	(72,835)	-30%
Net position:				
Restricted	134,217	129,498	4,719	4%
Net investment in capital assets	(535)	-	(535)	N/A
Unrestricted	359,135	298,316	60,819	20%
<b>Total Net Position</b>	<b>\$ 492,817</b>	<b>\$ 427,814</b>	<b>\$ 65,003</b>	<b>15%</b>

\$359,135 of the District's net position may be used to meet the District's ongoing obligations. Net investment in capital assets is (\$535). The District uses these capital assets to provide services to the taxing entities as well as citizens; consequently, these assets are not available for future spending. The remaining net position of \$134,217 is restricted for the District's participation in the Texas County and District Retirement System.

#### Changes in Net Position

The District's total revenues were \$666,061. The vast majority of the District's revenue comes from billings to the taxing entities. Exhibited below in Table 2 are the District's revenues for the years ended December 31, 2023 and 2022.



**Table 2 - District's Revenues**

	2023	Percent	2022	Percent
Charges for services	\$ 654,795	98%	\$ 607,564	99%
Investment earnings	10,308	2%	7,805	1%
Miscellaneous	958	0%	1,125	0%
<b>Total Revenues</b>	<b>\$ 666,061</b>	<b>100%</b>	<b>\$ 616,494</b>	<b>100%</b>

Charges for services increased from the prior year as the District's 2023 budget (and therefore billings to entities) increased from the 2022 budget.

Exhibited below in Table 3 are the District's expenses for the years ended December 31, 2023 and 2022 for the District.

**Table 3 - District's Expenses**

	2023	Percent	2022	Percent
Salaries and wages	\$ 308,614	51%	\$ 284,820	53%
Employee benefits	124,810	21%	77,225	15%
Contracted mineral appraisal services	46,000	8%	46,000	9%
Computer software services	21,522	4%	22,750	4%
Other professional services	31,172	5%	37,499	7%
Board and ARB expenses	3,053	0%	2,768	0%
Rent	4,874	1%	4,645	1%
Education	11,461	2%	8,904	2%
Insurance	5,045	1%	4,422	1%
General office expenses	42,744	7%	43,388	8%
<b>Total Expenses</b>	<b>\$ 599,295</b>	<b>100%</b>	<b>\$ 532,421</b>	<b>100%</b>

The District's operating expenses increased by \$66,874 from the prior year with the largest increase in employee benefits expense due mostly to changes in GASB 68 retirement expense amounts per TCDRS.

## **CAPITAL ASSETS**

At December 31, 2023, the District had invested in capital assets totaling \$21,522, net of accumulated depreciation. The District's capital assets consist of subscription-based information technology arrangements (SBITAs). Additional information about the District's capital assets is presented in the notes to the financial statements.

## **LONG-TERM LIABILITIES**

At December 31, 2023, the District's long-term liabilities consisted of \$22,057 in subscription liabilities.

Additional information about the District's long-term liabilities is presented in the notes to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S FINANCIAL OUTLOOK**

Total revenues and expenses budgeted for 2024 are very similar to the 2023 budget. In 2023, budgeted revenues were \$654,795 while budgeted revenues for 2024 are \$680,796, an increase of approximately 4%. Budgeted expenses increased from \$654,795 in 2023 to \$680,796 in 2024. If these estimates are realized, the District's net position should not change appreciably by December 31, 2023.

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

This financial report is designed to provide 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, please contact the Chief Appraiser.

## ***BASIC FINANCIAL STATEMENTS***

# WILBARGER COUNTY APPRAISAL DISTRICT

## STATEMENT OF NET POSITION DECEMBER 31, 2023

	Enterprise Fund
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 526,247
Prepaid expenses	4,242
Total current assets	<u>530,489</u>
Long-term assets:	
Net pension asset	65,732
Capital assets, net of accumulated amortization	21,522
Total long-term assets	<u>87,254</u>
Total assets	<u>617,743</u>
<b>Deferred outflows of resources</b>	
Pension-related	<u>72,073</u>
<b>Liabilities</b>	
Accrued liabilities	7,750
Subscription liabilities, due within one year	22,057
Total liabilities	<u>29,807</u>
<b>Deferred inflows of resources</b>	
Payments received in advance	163,604
Pension-related	3,588
Total deferred inflows of resources	<u>167,192</u>
<b>Net position</b>	
Restricted for pension plan	134,217
Net investment in capital assets	(535)
Unrestricted	359,135
Total net position	<u>\$ 492,817</u>

The accompanying notes are an integral part of these financial statements.

# **WILBARGER COUNTY APPRAISAL DISTRICT**

## **STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2023**

	Enterprise Fund
Operating revenues:	
Taxing authority assessments	\$ 654,795
Miscellaneous	958
Total operating revenues	<u>655,753</u>
Operating expenses:	
Salaries and wages	308,613
Employee benefits	124,810
Contracted mineral appraisal services	46,000
Computer software services	21,523
Other professional services	31,172
Board and ARB expenses	3,053
Rent	4,874
Education	11,461
Insurance	5,045
General office expenses	42,744
Total operating expenses	<u>599,295</u>
Operating income	<u>56,458</u>
Non-operating revenues (expenses):	
Interest income	10,308
Interest expense	(1,763)
Total non-operating revenues (expenses)	<u>8,545</u>
Change in net position	65,003
Net position, beginning	<u>427,814</u>
Net position, ending	<u><u>\$ 492,817</u></u>

The accompanying notes are an integral part of these financial statements.

**EXHIBIT A-3****WILBARGER COUNTY APPRAISAL DISTRICT****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Enterprise Fund
Cash flows from operating activities:	
Received from customers and users	\$ 662,011
Payments to suppliers	(282,337)
Payments to employees	(308,613)
Net cash provided by operating activities	<u>71,061</u>
Cash flows from capital and related financing activities:	
Principal payments on subscription liabilities	(20,987)
Interest expense	(1,763)
Net cash used by capital and related financing activities	<u>(22,750)</u>
Cash flows from investing activities:	
Interest on investments	<u>10,308</u>
Net increase in cash and cash equivalents	58,619
Cash and cash equivalents - beginning	467,628
Cash and cash equivalents - ending	<u><u>\$ 526,247</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 56,458</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	21,523
(Increase) decrease in assets and deferred outflows of resources:	
Prepaid expenses	(396)
Net pension asset	87,272
Deferred outflows of resources	(12,898)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	(5,155)
Accrued liabilities	(2,908)
Deferred inflows of resources	(72,835)
Total adjustments	<u>14,603</u>
Net cash provided by operating activities	<u><u>\$ 71,061</u></u>
Noncash capital and related financing activities:	
Issuance of subscription liabilities	<u><u>\$ 43,045</u></u>

The accompanying notes are an integral part of these financial statements.

# **WILBARGER COUNTY APPRAISAL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023**

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

Wilbarger County Appraisal District (District) was created in 1979 by Senate Bill Number 621, which was passed by the 66<sup>th</sup> Texas State Legislature and signed by the Governor. This act created local appraisal districts in the State of Texas and specified the powers, duties, functions, and financing of these local appraisal districts. Each district has the responsibility for listing and appraising taxable property within the district and providing local remedies for dissatisfied property owners. The District determines property values for ad valorem taxes in the following taxing units: Chillicothe Independent School District, City of Vernon, Harrold Independent School District, Northside Independent School District, Vernon College, Vernon Independent School District, Wilbarger County and Wilbarger General Hospital.

The accompanying basic financial statements of the District are prepared in conformity with generally accepted accounting principles for governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

#### **A. Reporting Entity**

The reporting entity of the District includes funds under the authority of the Board of Directors of the District. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the ability of the Board of Directors to exercise oversight responsibility. The most significant manifestation of this ability is financial inter-dependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. Another criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. There are no related organizations that are required to be included within the reporting entity of the District.

#### **B. Basis of Presentation**

The District's financial statements consist of business-type activities. The basic financial statements (i.e., the statement of net position and the statement of revenues, expenses and changes in net position) report information on all activities of the District.

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

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

The basic 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.

# **WILBARGER COUNTY APPRAISAL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS (CONT'D.) DECEMBER 31, 2023**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary fund are providing appraisal and collection services to the taxing entities within Wilbarger County. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

#### **D. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the District considers all deposits with original maturities of three months or less at the time of acquisition to be cash equivalents.

#### **E. Inventories and Prepaid Expenses**

The District records purchases of supplies as expenses, utilizing the purchase method of accounting for inventory.

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

#### **F. Capital Assets**

Capital assets, which include software and equipment, are reported in the District's financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the time received.

Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the assets as follows:

Subscription-based information technology arrangements	2 years
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#### **G. Subscription-Based Information Technology Agreements (SBITAs)**

The District implemented GASB Statement No. 96, "Subscription-Based Information Technology Arrangements (SBITAs)" in the current year. This statement requires recognition of certain right-to-use subscription assets and liabilities for SBITAs in the financial statements. has noncancellable contracts with an information technology vendor for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). Implementation of this standard did not have an impact on the District's beginning net position.



# **WILBARGER COUNTY APPRAISAL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS (CONT'D.) DECEMBER 31, 2023**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

The District has a noncancellable contract with an information technology vendor for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The District recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the District's financial statements. The District recognizes subscription liabilities with an initial individual value of \$5,000 or more.

At the commencement of a SBITA, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

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

The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.

The subscription term includes the noncancellable period of the SBITA.

Subscription payments included in the measurement of the subscription liability is composed of fixed payments and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The District monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

#### **G. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the year ended December 31, 2023, the District reports deferred outflows of resources for amounts related to the District's defined benefit pension plan (See Note 5).

# WILBARGER COUNTY APPRAISAL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT'D.) DECEMBER 31, 2023

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflow of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category. At December 31, 2023, certain taxing authorities made advance payments on the 2023 assessments and the aggregate amount of \$163,604 is reported as a deferred inflow of resources. The District also reports deferred inflows of resources for amounts related to the District's defined benefit pension plan (See Note 5).

#### H. Vacation and Sick Leave

Employees are entitled to certain compensated absences based upon their length of employment. Vacation leave and sick leave benefits are accrued during the year. The District has not recorded any liability for these absences as any such accrual would be immaterial to the financial statements.

#### I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### J. Pensions

The fiduciary net position of the Texas County and District Retirement System (TCDRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting, the same basis as is reported by TCDRS in their Annual Comprehensive Financial Report. This includes for purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCDRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

#### Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions are reported below, along with actions taken to address such violations.

#### Violation

None

#### Action Taken

None

# **WILBARGER COUNTY APPRAISAL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS (CONT'D.) DECEMBER 31, 2023**

### **NOTE 3 - DEPOSITS**

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities 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.

#### **Cash Deposits**

At December 31, 2023, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$526,247 and the bank balance was \$526,789. The District's cash deposits at December 31, 2023 were entirely covered by FDIC insurance, which includes FDIC coverage through the Deposit Insurance Coverage Program.

#### **Analysis of Specific Deposit Risks**

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

##### **a. Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

##### **b. Custodial Credit Risk**

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

##### **c. Concentration of Credit Risk**

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

##### **d. Interest Rate Risk**

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

# WILBARGER COUNTY APPRAISAL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT'D.) DECEMBER 31, 2023

### NOTE 3 - DEPOSITS (CONT'D.)

#### e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

### NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

	Restated Balance January 1, 2023	Increases	Decreases	Balance December 31, 2023
Capital assets being depreciated:				
Subscription assets	\$ -	\$43,045	\$ -	\$43,045
Total capital assets being depreciated	-	43,045	-	43,045
Less accumulated depreciation for:				
Subscription assets	-	21,523	-	21,523
Total accumulated depreciation	-	21,523	-	21,523
Total capital assets being depreciated, net	\$ -	\$21,522	\$ -	\$21,522

Depreciation expense of \$21,523 related to subscription assets is included in "Computer software services" expense on the Statement of Revenues, Expenses and Changes in Net Position.

### NOTE 5 - LONG-TERM LIABILITIES

Long-term liabilities transactions for the year ended December 31, 2023, are summarized as follows:

	Balance January 1, 2023	Issued	Retired	Balance December 31, 2023	Due Within One Year
Subscription liabilities	\$ -	\$43,045	\$20,987	\$22,057	\$22,057

#### Subscription Liabilities

The District also entered into an information technology agreement with Pritchard & Abbott, Inc. for the use of appraisal and collection software for the period from January 1, 2023 through December 31, 2024. The contract calls for total payments of \$45,500, with \$22,750 due in 2023 and \$22,750 due in 2024. The contract has an imputed interest rate of 5% and a term of two years.

# WILBARGER COUNTY APPRAISAL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT'D.) DECEMBER 31, 2023

### NOTE 5 - LONG-TERM LIABILITIES (CONT'D.)

Debt service requirements on the subscription liabilities as of December 31, 2023 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$22,057	\$693	\$22,750

### NOTE 6 - RISK MANAGEMENT AND LITIGATION

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the past several years, the District has purchased coverage from commercial insurance companies for most risks except for litigation concerning appraisal value. There have been no significant reductions in coverage during the year and there were no settlements exceeding insurance coverage for the past three fiscal years.

All risk management activities are accounted for in the Enterprise Fund. Expenses and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

### NOTE 7 - DEFINED BENEFIT PENSION PLAN

#### A. Plan Description

The District provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional, defined benefit pension plan in the statewide TCDRS. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of more than 830 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a Annual Comprehensive Financial Report (ACFR) on a calendar year basis that is publicly available at [www.tcdrs.org](http://www.tcdrs.org).

The plan provisions are adopted by the governing body of the District, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service or with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 10 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the District.

#### B. Benefits Provided

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and the District-financed monetary credits. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the District's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the District-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

# WILBARGER COUNTY APPRAISAL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT'D.) DECEMBER 31, 2023

### NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONT'D.)

#### *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	3
Inactive employees entitled to but not yet receiving benefits	5
Active employees	5

#### C. Contributions

The District has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the District based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The District contributed 12.15% of participant's salaries for 2023. The actuarially determined rate was 12.15% for 2023.

The contribution rate payable by the employee members for calendar year 2022 is the rate of 7% as adopted by the Board of Directors of the District. The employee contribution rate and the District contribution rate may be changed by the Board of Directors of the District within the options available in the TCDRS Act.

#### D. Net Pension Asset

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

#### *Actuarial Assumptions*

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by Milliman and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were recommended by Milliman and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2022. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

Real rate of return	5.00% per year
Inflation	2.50% per year
Long-term investment return	7.50% per year, net of pension plan investments expenses
Growth in membership	0.0% per year
Payroll growth	0.0% per year

# **WILBARGER COUNTY APPRAISAL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS (CONT'D.) DECEMBER 31, 2023**

### **NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONT'D.)**

Salary increases were based on a service-related table. The mortality rates for active members were based on 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% of Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. The mortality rate for service retirees, beneficiaries, and non-depositing members was based on 135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% of Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. The mortality rates for disabled retirees were based on 160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

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 based on January 2023 information for a 10-year time horizon.

The valuation assumption for long-term expected return is re-assessed 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 this assessment.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

# WILBARGER COUNTY APPRAISAL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT'D.) DECEMBER 31, 2023

### NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONT'D.)

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation <sup>(1)</sup></u>	<u>Geometric Real Rate of Return (Expected minus Inflation) <sup>(2)</sup></u>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities – Emerging Markets	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 Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>(3)</sup>	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 (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(4)</sup>	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(5)</sup>	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%

<sup>(1)</sup> Target asset allocation adopted at the March 2023 TCDRS Board Meeting.

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

<sup>(3)</sup> Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

<sup>(5)</sup> Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

#### **Discount Rate**

The projected fiduciary net position was determined to be sufficient compared to projected benefit payments. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be sufficient to pay projected benefit payments in all future years. Therefore, the



# WILBARGER COUNTY APPRAISAL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT'D.) DECEMBER 31, 2023

### NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONT'D.)

discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments, increased by 0.10% to be gross of administrative expenses (7.60%).

#### Changes in Net Pension Liability / (Asset)

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability / (Asset)
	(a)	(b)	(a) - (b)
Balances as of December 31, 2021	\$552,016	\$705,020	(\$153,004)
Changes for the year:			
Service cost	53,276	-	53,276
Interest on total pension liability <sup>(1)</sup>	45,012	-	45,012
Effect of plan changes <sup>(2)</sup>	-	-	-
Effect of economic/demographic gains or losses	2,821	-	2,821
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	( 19,946)	( 19,946)	-
Benefit payments	( 6,597)	( 6,597)	-
Administrative expense	-	( 406)	406
Member contributions	-	19,894	( 19,894)
Net investment income	-	( 43,627)	43,627
Employer contributions	-	33,593	( 33,593)
Other changes <sup>(3)</sup>	-	4,383	( 4,383)
Balances as of December 31, 2022	<u>\$626,582</u>	<u>\$692,314</u>	<u>(\$ 65,732)</u>

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

<sup>(2)</sup> No plan changes valued.

<sup>(3)</sup> Relates to allocation of system-wide items.

#### Sensitivity Analysis

The following presents the net pension liability (asset) of the District, calculated using the discount rate of 7.60%, as well as what the District's net pension liability / (asset) 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%
Total pension liability	\$704,768	\$626,583	\$559,446
Fiduciary net position	<u>692,314</u>	<u>692,314</u>	<u>692,314</u>
Net pension liability (asset)	<u>\$ 12,454</u>	<u>(\$65,732)</u>	<u>(\$132,868)</u>

# WILBARGER COUNTY APPRAISAL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONT'D.) DECEMBER 31, 2023

### NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONT'D.)

#### Pension Expense

	<u>January 1, 2022 to December 31, 2022</u>
Service cost	\$53,276
Interest on total pension liability <sup>(1)</sup>	45,012
Effect of plan changes	-
Administrative expenses	406
Member contributions	( 19,894)
Expected investment return net of investment expenses	( 54,735)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	2,047
Recognition of assumption changes or inputs	7,880
Recognition of investment gains or losses	2,695
Other <sup>(2)</sup>	( 4,383)
 Pension expense / (income)	 <u>\$32,304</u>

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

<sup>(2)</sup> Relates to allocation of system-wide items.

#### Deferred Outflows / Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,332	\$1,723
Changes of assumptions	386	1,865
Net difference between projected and actual earnings	19,332	-
Contributions made subsequent to measurement date	<u>37,023</u>	<u>-</u>
 Total	 <u>\$72,073</u>	 <u>\$3,588</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date of \$37,023, will be recognized in pension expense as follows:

#### Year Ended December 31:

2023	(\$ 3,254)
2024	4,666
2025	6,653
2026	22,926
2027	471
Thereafter	-

# **WILBARGER COUNTY APPRAISAL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS (CONT'D.) DECEMBER 31, 2023**

### ***NOTE 8 - CONTINGENCIES***

From time to time, the District is a defendant in lawsuits contesting appraisal values. Liability to the District, if any, is limited to the cost of the plaintiff's attorney fees. The ultimate liability of the District in the lawsuits cannot be determined at this time. Since the probable range of any potential liability cannot be estimated with any certainty, an expense has not been recorded in the financial statements.

### ***NOTE 9 - ECONOMIC DEPENDENCY***

The District derives approximately 57% of its revenues from two government entities, and the remaining 43% of its revenues from six other taxing authorities. All entities are located in Wilbarger County, Texas.

***REQUIRED SUPPLEMENTARY INFORMATION***

# WILBARGER COUNTY APPRAISAL DISTRICT

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

	2022	2021	2020
<b>Total Pension Liability</b>			
Service cost	\$ 53,276	\$ 33,494	\$ 30,031
Interest on total pension liability	45,012	38,334	34,528
Effect of plan changes	-	-	-
Effect of assumption changes or inputs	-	(2,799)	23,890
Effect of economic/demographic (gains) or losses	2,821	19,471	(1,697)
Benefit payments/refunds of contributions	(26,543)	(14,502)	(9,767)
Net change in total pension liability	<u>74,566</u>	<u>73,998</u>	<u>76,985</u>
Total pension liability (asset), beginning	552,016	478,018	401,033
Total pension liability (asset), ending (a)	<u><u>\$ 626,582</u></u>	<u><u>\$ 552,016</u></u>	<u><u>\$ 478,018</u></u>
<b>Fiduciary Net Position</b>			
Employer contributions	\$ 33,593	\$ 25,976	\$ 17,737
Member contributions	19,894	18,311	12,503
Investment income net of investment expenses	(43,627)	124,302	49,626
Benefit payments/refunds of contributions	(26,543)	(14,502)	(9,767)
Administrative expenses	(406)	(381)	(403)
Other	4,383	995	652
Net change in fiduciary net position	<u>(12,706)</u>	<u>154,701</u>	<u>70,348</u>
Fiduciary net position, beginning	705,020	550,319	479,971
Fiduciary net position, ending (b)	<u><u>\$ 692,314</u></u>	<u><u>\$ 705,020</u></u>	<u><u>\$ 550,319</u></u>
Net pension liability / (asset), ending = (a) - (b)	<u><u>\$ (65,732)</u></u>	<u><u>\$ (153,004)</u></u>	<u><u>\$ (72,301)</u></u>
Fiduciary net position as a % of total pension liability	<u>110.49%</u>	<u>127.72%</u>	<u>115.13%</u>
Pensionable covered payroll	<u><u>\$ 284,201</u></u>	<u><u>\$ 261,592</u></u>	<u><u>\$ 178,616</u></u>
Net pension liability as a % of covered payroll	<u><u>-23.13%</u></u>	<u><u>-58.49%</u></u>	<u><u>-40.48%</u></u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been prepared.

- (1) During 2014 the District amended the plan agreement. The amendment increased the District's matching contribution from 175% to 225% of the member's contribution.

## EXHIBIT B-1

2019	2018	2017	2016	2015	2014
\$ 28,048	\$ 32,200	\$ 30,970	\$ 32,219	\$ 29,603	\$ 24,782
31,600	29,023	25,525	19,882	16,547	13,447
-	-	-	-	(3,025)	28,020 (1)
-	-	2,684	-	3,863	-
(12,568)	(14,092)	(12,079)	4,355	(6,475)	(13,143)
(15,928)	(6,597)	(3,744)	(250)	(166)	(7,450)
<u>31,152</u>	<u>40,534</u>	<u>43,356</u>	<u>56,206</u>	<u>40,347</u>	<u>45,656</u>
 369,881	 329,347	 285,991	 229,785	 189,438	 143,782
<u>\$ 401,033</u>	<u>\$ 369,881</u>	<u>\$ 329,347</u>	<u>\$ 285,991</u>	<u>\$ 229,785</u>	<u>\$ 189,438</u>
 \$ 16,543	 \$ 15,409	 \$ 17,075	 \$ 16,783	 \$ 15,844	 \$ 14,129
11,662	10,862	12,037	11,831	11,169	9,960
65,943	(7,021)	46,621	19,853	(8,268)	13,956
(15,928)	(6,597)	(3,744)	(250)	(166)	(7,450)
(366)	(323)	(258)	(216)	(186)	(180)
489	626	336	2,140	120	(13)
<u>78,343</u>	<u>12,956</u>	<u>72,067</u>	<u>50,141</u>	<u>18,513</u>	<u>30,402</u>
401,628	388,672	316,605	266,464	247,951	217,549
<u>\$ 479,971</u>	<u>\$ 401,628</u>	<u>\$ 388,672</u>	<u>\$ 316,605</u>	<u>\$ 266,464</u>	<u>\$ 247,951</u>
 \$ (78,938)	 \$ (31,747)	 \$ (59,325)	 \$ (30,614)	 \$ (36,679)	 \$ (58,513)
 119.68%	 108.58%	 118.01%	 110.70%	 115.96%	 130.89%
 \$ 166,601	 \$ 155,177	 \$ 171,952	 \$ 169,008	 \$ 159,554	 \$ 142,288
 -47.38%	 -20.46%	 -34.50%	 -18.11%	 -22.99%	 -41.12%

# WILBARGER COUNTY APPRAISAL DISTRICT

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a % of Covered Payroll
2014	\$ 7,100	\$ 14,129	\$ (7,029)	\$ 142,288	9.93%
2015	14,647	15,844	(1,197)	159,554	9.93%
2016	14,045	16,783	(2,738)	169,008	9.93%
2017	16,404	17,075	(671)	171,952	9.93%
2018	15,083	15,409	(326)	155,177	9.93%
2019	16,443	16,543	(100)	166,601	9.93%
2020	16,647	17,737	(1,090)	178,616	9.93%
2021	23,700	25,976	(2,276)	261,592	9.93%
2022	33,593	33,593	-	284,201	11.82%
2023	37,023	37,023	-	305,314	12.13%

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

### Valuation Date:

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

### Methods and Assumptions Used to Determine Contribution Rates:

<i>Actuarial Cost Method</i>	Entry Age (level percentage of pay)
<i>Amortization Method</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period</i>	0.0 years (based on contribution rate calculated in 12/31/2022 valuation)
<i>Asset Valuation Method</i>	5-year smoothed market
<i>Inflation</i>	2.50%
<i>Salary increases</i>	Varies by age and service. 4.7% average over career, including inflation
<i>Investment rate of return</i>	7.50%, net of administrative and investment expenses, including inflation
<i>Retirement age</i>	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.
<i>Mortality</i>	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
<i>Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions</i>	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.
<i>Changes in Plan Provisions Reflected in the Schedule of Employer Contributions</i>	2015: Employer contributions reflect that the current service matching rate was increased to 225% 2016: No changes in plan provisions were reflected in the Schedule 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: No changes in plan provisions were reflected in the Schedule.

***OTHER SUPPLEMENTARY INFORMATION***



# WILBARGER COUNTY APPRAISAL DISTRICT

## **SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL - ENTERPRISE FUND FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Operating revenues:				
Taxing authority assessments	\$ 654,795	\$ 654,795	\$ 654,795	\$ -
Miscellaneous	-	-	958	958
Total operating revenues	<u>654,795</u>	<u>654,795</u>	<u>655,753</u>	<u>958</u>
Operating expenses:				
Salaries and wages	304,967	308,614	308,613	1
Employee benefits	137,190	133,543	129,529	4,014
Contracted mineral appraisal services	46,000	46,000	46,000	-
Computer software services	22,750	22,750	21,523	1,227
Other professional services	45,209	45,209	31,172	14,037
Board and ARB expenses	15,100	15,100	3,053	12,047
Rent	4,830	4,830	4,874	(44)
Education	14,500	14,500	11,461	3,039
Insurance	5,500	5,500	5,045	455
General office expenses	58,749	58,749	42,744	16,005
Total operating expenses	<u>654,795</u>	<u>654,795</u>	<u>604,014</u>	<u>50,781</u>
Operating income	-	-	51,739	51,739
Non-operating revenues (expenses):				
Interest income	-	-	10,308	10,308
Interest expense	-	-	(1,763)	(1,763)
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>8,545</u>	<u>8,545</u>
Change in net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,284</u>	<u>\$ 60,284</u>

Reconciliation of budgetary basis results to GAAP basis results shown on Exhibit A-2:

	Budgetary Basis	Pension Plan Adjustments (1)	GAAP Basis
Total operating revenues	\$ 655,753	\$ -	\$ 655,753
Total operating expenses	604,014	(4,719)	599,295
Non-operating revenues (expenses)	<u>8,545</u>	<u>-</u>	<u>8,545</u>
Change in net position	<u>\$ 60,284</u>	<u>\$ 4,719</u>	<u>\$ 65,003</u>

(1) The District budgets pension expenses based on annual contributions to the plan. For GAAP reporting purposes, pension expenses include items other than contributions. These include actuarial calculations and other items that cannot be budgeted as they are not within the District's control.

# **WILBARGER COUNTY APPRAISAL DISTRICT**

## **NOTES TO THE OTHER SUPPLEMENTARY INFORMATION DECEMBER 31, 2023**

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. The District and many other governments revise their original budgets over the course of the year for a variety of reasons.

The District adheres to the following procedures in establishing the operating budget reflected in the basic financial statements:

Prior to the beginning of each fiscal year, the Chief Appraiser submits to the Board of Directors a proposed budget for the calendar year beginning on the following January 1. The operating budget, which represents the financial plan for the ensuing year, includes proposed expenses.

A public hearing is conducted at which all interested persons' comments concerning the budget are heard.

The budget for the next year is approved by the Board of Directors prior to September 15.

Expenses may not exceed appropriations for each legally adopted annual operating budget.

Annual budgets are adopted for the enterprise fund on a basis consistent with generally accepted accounting principles, with the exception of pension expenses. Pension expenses are budgeted based on planned contributions to the plan, not actuarial pension expense.

At the close of each year, any unencumbered appropriation balances (appropriations including prior year encumbrances less current year expenditures and encumbrances) lapse or revert to the unrestricted net position.



## EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

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JOSHUA R. HARMAN, CPA

March 5, 2025

Board of Directors  
Wilbarger County Appraisal District  
Vernon, Texas

We have audited the basic financial statements of Wilbarger County Appraisal District for the year ended December 31, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain other information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 17, 2024. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Wilbarger County Appraisal District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except for the implementation of Governmental Accounting Standards Board Statement (GASB) No. 101, *Compensated Absences*. We noted no transactions entered into by the governmental unit 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. The most sensitive estimate affecting the District's financial statements were:

- Management's estimate of useful lives of capital assets for depreciation purposes is based on known facts and circumstances as well as historical information.
- Management's estimate of the incremental borrowing rate for computing the present value of the subscription-based information technology assets and the related liabilities is based on the known facts and interest rates at the time of the agreements.
- Management's estimates of pension related assets, deferred outflows of resources, liabilities and deferred inflows of resources are based on information provided by the Texas County and District Retirement System.
- Management's estimates of the liabilities related to compensated absences.

**Board of Directors  
Wilbarger County Appraisal District  
March 5, 2025**

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**Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most significant disclosures affecting the financial statements are the summary of significant accounting policies (Note 1), capital assets (Note 4), long-term liabilities (Note 5), the District's pension plan (Note 7), and the change in accounting principle (Note 10).**

**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 trivial, and communicate them to the appropriate level of management. The attached Schedule of Uncorrected Misstatements summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.**

***Disagreements with Management***

**For purposes of this letter, professional standards define a disagreement with management as 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 March 5, 2025.**

***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 the governmental unit'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.**

Board of Directors  
Wilbarger County Appraisal District  
March 5, 2025

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***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 the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We were engaged to report on other supplementary information (Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual – Enterprise Fund) which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Restriction on Use**

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

Very truly yours,

*Edgin, Parkman, Fleming & Fleming, PC*

EDGIN, PARKMAN, FLEMING & FLEMING, PC

**Willbarger County Appraisal District  
Summary of Uncorrected Misstatements  
December 31, 2024**

Description	Increase (Decrease) in				
	Asset	Liability	Equity - 1/1	Revenue	Expenditure
<b>Enterprise Fund</b>					
Prior year passed entries					
None	-	-	-	-	
Current year passed entries					
To record accounts payable found in search	-	2,072	-	-	2,072
<b>Total Enterprise Fund</b>	<u>-</u>	<u>2,072</u>	<u>-</u>	<u>-</u>	<u>2,072</u>