

HOOD CENTRAL

APPRAISAL DISTRICT

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2024



Roberts & McGee CPA

HOOD CENTRAL APPRAISAL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of
Hood Central Appraisal District:

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Hood Central Appraisal District (the District), as of and for the year ended December 31, 2024, 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, each major fund and the aggregate remaining fund information of the Hood Central Appraisal District, as of December 31, 2024, 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 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 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension related information on pages 3-7 and 27-32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Roberts & McGee, CPA

Roberts & McGee, CPA

Abilene, Texas,
August 19, 2025

HOOD CENTRAL APPRAISAL DISTRICT

Management Discussion and Analysis

December 31, 2024

As management of Hood Central Appraisal District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2024.

Financial Statement Highlights

- The District's total combined net position decreased by \$93,240 from current year operations.
- At the end of the current fiscal year, total fund balance for the General Fund was \$296,031 and is committed for litigation and operating reserve.

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

The *statement of net position* presents information on all of the District's assets and liabilities, and deferred inflows/outflows of resources with the difference between the two reported as *net position*. *Net position* is equivalent to the equity section of a private-sector balance sheet.

The *statement of activities* presents information showing 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 related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation).

The government-wide financial statements of the District are principally funded by monies provided by local funding sources (*government activities*). The District does not have any business-type activities.

The government-wide financial statements can be found on pages 8-11 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District utilizes governmental funds.

HOOD CENTRAL APPRAISAL DISTRICT

Management Discussion and Analysis

December 31, 2024

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances remaining at year-end are available for spending. These funds are reported using an accounting method called *modified accrual* basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus on governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the general fund with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District adopts an annual budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 8-11 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District is the custodian, or fiduciary, for these funds and is responsible for ensuring that the assets reported in this fund are used for their intended purposes. The basic fiduciary fund financial statements can be found on pages 12 and 13 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-26 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that is required by the Governmental Accounting Standards Board to be a part of the District's basic financial statements. Required supplementary information can be found on page 27-32 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position provide an indication of the District's financial condition and also indicate that the financial condition of the District decreased the last fiscal year. The District's net position reflect the difference between assets and liabilities.

An increase in net positions over time typically indicates an improvement in financial condition. Our analysis focuses on the net position and changes in net positions of the District's governmental activities.

Net position of the District's governmental activities decreased from \$764,745 to \$671,505. 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 \$578,548 at December 31, 2024. This decrease in net position of \$93,240 was the result of the district's refund to the taxing entities of \$374,342 and operating revenues being more than its operating expense by \$281,102.

HOOD CENTRAL APPRAISAL DISTRICT

Management Discussion and Analysis

December 31, 2024

Hood County Appraisal District
Summary of Statements of Net Position
Governmental Activities

	2024	2023 Restated
Current and other assets	\$ 1,164,247	\$ 1,187,259
Net pension asset	94,100	-
Capital assets, net	366,093	316,038
Total assets	1,624,440	1,503,297
Deferred outflows of resources	637,594	768,241
Current liabilities	249,924	17,103
Long-term liabilities	160,542	238,169
Net pension liability	-	168,364
Total liabilities	410,466	423,636
Deferred inflows of resources	1,180,063	1,083,157
Net position:		
Net investment in capital assets	92,957	104,256
Unrestricted	578,548	660,489
Total net position	\$ 671,505	\$ 764,745

GOVERNMENTAL ACTIVITIES

Revenues for the Hood Central Appraisal District's governmental activities were \$2,875,959 while total expenses from operations was \$2,594,857. Change in net position for operations was an increase of \$281,102. During 2024 the District provided refunds to the taxing entities of \$374,342. Total change in net position after the refund to the taxing entities was a decrease of \$93,240.

HOOD CENTRAL APPRAISAL DISTRICT
Management Discussion and Analysis
December 31, 2024

Hood Central Appraisal District
Changes in Net Position
For the Fiscal Years Ended December 31
Governmental Activities

	2024	2023 Restated
Revenues		
Appraisal and collection income	\$ 2,844,696	\$ 2,937,398
Interest and other income	31,263	26,234
Total revenues	<u>2,875,959</u>	<u>2,963,632</u>
Expenses		
Appraisal and collection office expenses	2,594,857	2,686,197
Loss on disposal of assets		163,292
Refund to the taxing entities	374,342	1,908,318
Total expenses	<u>2,969,199</u>	<u>4,757,807</u>
Change in net position	(93,240)	(1,794,175)
Net position, beginning	<u>764,745</u>	<u>2,558,920</u>
Net position, ending	<u>\$ 671,505</u>	<u>\$ 764,745</u>

The District's Board approved to return \$374,240 of the previous and current year's surplus.

FINANCIAL ANALYSIS OF THE DISTRICTS FUNDS

As previously noted, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's governmental funds are discussed below:

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operation fund of the District. At the end of the fiscal year, the District's general fund reported an ending fund balance of \$296,031.

General Fund Budgetary Highlights

The original budget presented a balanced budget. Revenues and expenditures were budgeted \$2,863,413. There were budget amendments during the year which used committed funds from prior periods and increased expenditures so that the amended budget shows a deficit balance of \$60,019. Actual revenues were \$12,545 more than the final budget, actual expenses were \$69,949 less than budgeted. The District experienced an overall favorable budget surplus of \$82,514 before other financing sources and uses.

HOOD CENTRAL APPRAISAL DISTRICT

Management Discussion and Analysis

December 31, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets for its governmental activities as of December 31, 2024, amounts to \$366,093 (net of accumulated depreciation). This investment in capital assets includes buildings improvements, furniture and equipment, right of use assets and subscription assets.

Capital Assets Schedule (net of depreciation)

	Governmental Activities	
	2024	2023 Restated
Land	\$ 7,010	\$ 7,010
Buildings and improvements	395,211	382,133
Furniture and Fixtures	16,512	16,512
Improvements other than Building	15,447	15,447
Office equipment	213,914	213,914
Right of use assets	42,406	32,279
Subscription assets	455,108	276,664
Total depreciable assets	1,145,608	943,959
Less: accumulated depreciation and amortization	(779,515)	(627,920)
Total capital assets, net	\$ 366,093	\$ 316,039

Additional information on the District's capital assets can be found in Note 7 on page 19 of this report.

Long-term debt. At the end of the current fiscal year, the Hood Central Appraisal District had long-term debt consisting of lease liabilities and subscription liabilities.

Economic Factor and Next Year's Budget and Assessments

The board of Directors adopted the District's final 2025 budget during 2024 after a public hearing. The approval of a budget provides funding for the district's operating and capital costs for the year 2025. This funding comes from assessments for appraisal and collection services provided to the various taxing entities served by the District. The District's 2025 adopted budget is \$3,075,389 for appraisal and collection services.

Requests for Information

This financial report is designed to provide the District's taxing entities and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact Meg Boomer, Hood Central Appraisal District's Administrative Assistant at 1902 W Pearl St, Granbury, TX 76048.

BASIC FINANCIAL STATEMENTS

HOOD CENTRAL APPRAISAL DISTRICT
Statement of Net Position and Governmental Fund Balance Sheet
December 31, 2024

	General Fund	Adjustments (Note A)	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 1,156,745	\$	\$ 1,156,745
Accounts receivable	2,307		2,307
Due from custodial fund	5,120		5,120
Other assets	75		75
Net pension asset		94,100	94,100
Capital assets, net		366,093	366,093
Total Assets	<u>1,164,247</u>	<u>460,193</u>	<u>1,624,440</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension		637,594	637,594
TOTAL ASSETS & DEFERRED			
OUTFLOWS OF RESOURCES	<u>\$ 1,164,247</u>	<u>1,097,787</u>	<u>2,262,034</u>
LIABILITIES			
Accounts payable	\$ 12,882		12,882
Refunds due to the taxing entities	79,913		79,913
Accrued expenses	9,568		9,568
Accrued compensated absences		34,967	34,967
Noncurrent liabilities			
Due within one year		147,561	147,561
Due in more than one year		125,575	125,575
Total Liabilities	<u>102,363</u>	<u>308,103</u>	<u>410,466</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	765,853		765,853
Deferred inflows - pension		414,210	414,210
Total Deferred Inflows of Resources	765,853	414,210	1,180,063
TOTAL LIABILITIES AND DEFERRED			
INFLOWS OF RESOURCES	<u>868,216</u>	<u>722,313</u>	<u>1,590,529</u>
FUND BALANCE/NET POSITION			
Fund balances			
Committed for:			
Litigation	50,000	(50,000)	
Operating reserve	246,031	(246,031)	
Unassigned fund balance			
Total Fund Balance	<u>296,031</u>	<u>(296,031)</u>	
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,164,247</u>		
Net Position			
Net investment in capital assets		92,957	92,957
Unrestricted		578,548	578,548
Total Net Position		<u>\$ 671,505</u>	<u>\$ 671,505</u>

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

HOOD CENTRAL APPRAISAL DISTRICT
Adjustments to the Governmental Fund Balance Sheet – Note A
December 31, 2024

Total Fund Balances - Governmental Funds	\$ 296,031
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in governmental funds. The cost of these assets was \$1,145,608, and the accumulated depreciation and amortization was \$779,515. The net effect of capital assets (net of depreciation) in the governmental activities is an increase to net position.	366,093
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Accrued liabilities for compensated absences for personal leave are not due and payable in the current period and therefore have not been included in the fund financial statements. The net effect of including the accrual for compensated absences in the governmental activities is a decrease to net position.	(34,967)
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Accrued liabilities for lease liabilities are not due and payable in the current period and therefore have not been included in the fund financial statements. The net effect of including the accrual for lease liabilities in the governmental activities is a decrease to net position.	(30,186)
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Accrued liabilities for subscription based information technology arrangements (SBITA) are not due and payable in the current period and therefore have not been included in the fund financial statements. The net effect of including the accrual for SBITA in the governmental activities is a decrease to net position.	(242,950)
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Included in the items related to debt is the recognition of the District's net pension asset of \$94,100, deferred inflows of resources of \$414,210 deferred outflows of resources of \$637,594 which is an increase in net position.	<u>317,484</u>
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Net Position of Governmental Activities	\$ <u><u>671,505</u></u>
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The accompanying notes are an integral part of these financial statements.

HOOD CENTRAL APPRAISAL DISTRICT
Statements of Activities and Governmental Fund Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2024

	General Fund	Adjustments (Note B)	Statement of Activities
REVENUES:			
Appraisal and collections income	\$ 2,844,696	\$	\$ 2,844,696
Other services	4,461		4,461
Interest income	23,254		23,254
Miscellaneous	3,548		3,548
Total Revenues	<u>2,875,959</u>		<u>2,875,959</u>
EXPENDITURES:			
Current:			
Services	163,968		163,968
Maintenance	15,770		15,770
Data processing	104,625		104,625
Salaries	1,854,241	(71,029)	1,783,212
Utilities	27,324		27,324
Other	319,304		319,304
Capital outlay	211,955	(211,955)	
Debt service principal	137,524	(137,524)	
Debt service interest	18,753		18,753
Depreciation and amortization		161,901	161,901
Total Expenditures	<u>2,853,464</u>	<u>(258,607)</u>	<u>2,594,857</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	22,495	258,607	281,102
OTHER FINANCING SOURCES AND USES			
Proceeds from financing leases	198,877	(198,877)	
Refund to the taxing entities	<u>(374,342)</u>		<u>(374,342)</u>
Total Other Financing Sources and Uses	<u>(175,465)</u>	<u>(198,877)</u>	<u>(374,342)</u>
CHANGE IN FUND BALANCE	(152,970)		
CHANGE IN NET POSITION		59,730	(93,240)
FUND BALANCE/NET POSITION BEGINNING OF YEAR - RESTATED	<u>449,001</u>	<u>315,744</u>	<u>764,745</u>
FUND BALANCE/NET POSITION END OF YEAR	\$ <u>296,031</u>	\$ <u>375,474</u>	\$ <u>671,505</u>

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

HOOD CENTRAL APPRAISAL DISTRICT
Adjustments to the Governmental Fund Revenues, Expenditures,
And Changes in Fund Balance – Note B
For the Year Ended December 31, 2024

Net Change in Fund Balances - Governmental Funds \$ (152,970)

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

Depreciation and amortization expense is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation and amortization. The net effect of the current year depreciation and amortization expense is to decrease net position. (161,901)

Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The effect is an increase in net position. 211,955

The addition of new long-term lease liabilities and SBITA liabilities are shown as revenues in the governmental funds but are an increase to liabilities in the government-wide financial statement. This is a decrease to net position. (198,877)

Liabilities for compensated absences are reported in the fund financial statements. The net effect of the current year's increase in the liability is to decrease net position. (8,580)

Payments on lease liabilities and SBITA are reported in the fund financial statements as expenditures. The net effect of the current year's decrease in the liability is to increase net position. 137,524

Certain expenditures for the pension benefits that are recorded to the fund financial statements must be recorded as deferred outflows of resources. The District's unrecognized deferred inflows and outflows for TCDRS as of the measurement date must be amortized and the District's pension must be recognized. These cause the change in net position to decrease. 79,609

Change in Net Position of Governmental Activities \$ (93,240)

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

HOOD CENTRAL APPRAISAL DISTRICT

Statement of Fiduciary Net Position

December 31, 2024

	<u>Custodial Fund</u>
ASSETS	
Cash and cash investments	\$ <u>14,581,804</u>
Total Assets	<u>14,581,804</u>
LIABILITIES	
Due to taxing entities	14,576,684
Due to others	<u>5,120</u>
Total Liabilities	<u>14,581,804</u>
NET POSITION	\$ <u><u>-</u></u>

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

HOOD CENTRAL APPRAISAL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2024

	Custodial Fund
<u>Additions</u>	
Collections from tax payers	\$ 134,048,713
Interest income	13,857
	<hr/>
Total additions	134,062,570
	<hr/>
<u>Deductions</u>	
Disbursements made to the taxing entities	131,842,578
Refunds to tax payers	2,206,135
Interest paid to HCAD Operations	13,857
	<hr/>
Total deductions	134,062,570
	<hr/>
Net increase in liabilities	-
Liabilities - beginning	-
	<hr/>
Liabilities - ending	\$ -
	<hr/> <hr/>

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

HOOD CENTRAL APPRAISAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 1: Reporting Entity

The District was organized in 1980 as a result of the constitutional mandate from the sixty-sixth Texas Legislature's enactment of the Property Tax Code in 1979. Senate Bill 621 created the Consolidated Tax Appraisal District concept and was later amended by House Bill 30. The District consists of a five member board of directors, five member review board, and the chief appraiser. The board members are appointed by the taxing entity and the chief appraiser is appointed by the board of directors. The District's responsibility is to appraise all taxable property in the District for ad valorem tax purposes for all taxing units.

The District is a political subdivision of the State of Texas and is considered a primary government. The financial statements of the District consist only of the funds of the District. The District has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

The financial statements included in the accompanying basic financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the District's Basic Financial Statements

Note 2: Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all activities of the government. The effect of interfund activity has been removed from these statements. The government-wide financial statements are combined with the fund financial statements because this is allowed reporting under a special purpose governmental entity.

Note 3: Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of 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 District considers revenue 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.

HOOD CENTRAL APPRAISAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 3: Measurement Focus, Basis of Accounting, and Financial Statement Presentation – continued

The District reports the following major governmental fund:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the District reports the following fund type:

The Custodial Fund is a fiduciary fund type which includes tax collections held for taxing authorities. The fund is purely custodial and does not involve the measurement of the results of operations.

Note 4: Assets, Liabilities, and Net Position or Fund Balance

Deposits and Investments

The District'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.

State statutes authorize the District to invest in certificates of deposit, fully collateralized repurchase agreements, public funds investment pools, obligations of the United States or its agencies, direct obligations of the State of Texas or its agencies, prime domestic bankers - acceptances, commercial paper, SEC registered no-load money market mutual funds, other obligations which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, and obligations of states, agencies, counties, cities and other political subdivisions having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent. During the year ended December 31, 2024, the District did not own any types of securities other than those permitted by statute.

Accounts Receivable

Receivables are recorded for amounts billed to the taxing entities for appraisal and collections fees. The receivables are considered all collectible and no allowance has been recorded.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the statement of net position. The District defines capital assets with an initial, and individual cost of \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Building and Improvements	15-30 years
Furniture and Equipment	3-15 years
Improvements other than Building	20 years
Office Equipment	5-10 years

HOOD CENTRAL APPRAISAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 4: Assets, Liabilities, and Net Position or Fund Balance - continued

Right to use leased assets and subscription based information technology arrangement assets (SBITA assets) are recognized at the lease commencement date and represent the District's right to use an underlying asset for the lease term. Right to use leased assets and SBITA assets are measured at the initial value of the lease liability and SBITA liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right to use leased assets and SBITA assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period for the equipment leases range from 3 to 5.25 years.

Compensated Absences

It is the District's policy to allow employees to accumulate a limited amount of earned vacation which, if not used, will be paid to the employees upon separation from the District's service. The compensated absences balance is \$34,967 at December 31, 2024.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position will report a separate section for deferred outflows of resources and the deferred inflows of resources. These separate financial statement elements, deferred outflows and inflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then or 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 deferred outflows or inflows of resources based on the actuarial valuations for the pension plan. These deferred outflows and inflows of resources include the following items: (1) differences in expected and actual experiences, (2) differences due to changes in actuarial assumptions, (3) difference in projected and actual earnings, and (4) contributions made subsequent to the measurement dates for the pension. The District also has deferred inflows related to the unearned revenue received in the current year for appraisal fees for the first quarter of the following fiscal year.

Pension Liabilities

The fiduciary net position of the Texas County & District Retirement System (TCDRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension 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 TCERS's fiduciary net position. Benefit payments (including refunds or employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

HOOD CENTRAL APPRAISAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 4: Assets, Liabilities, and Net Position or Fund Balance - continued

Fund Balance

In accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54), the entity has reported the fund balances using the defined classifications for financial reporting purposes. The fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- *Nonspendable fund balance* – includes the portion of net resources that cannot be spent because of their form (i.e. inventory, long-term loans, or prepaids) or because they must remain intact such as the principal of an endowment. The District has no nonspendable fund balance at December 31, 2024.
- *Restricted fund balance* – includes the portion of net resources on which limitations are imposed by creditors, grantors, contributors, or by law or regulations of other governments (i.e. externally imposed limitations). Amounts can be spent only for the specific purposes stipulated by external resource providers or as allowed by law through constitutional provisions or enabling legislation. Examples include grant awards and bond proceeds. The District has no restricted fund balance at December 31, 2024.
- *Committed fund balance* – includes the portion of net resources upon which the Board of Directors has imposed limitations on use. Amounts that can be used only for the specific purposes are determined by formal action of the Board of Directors, the District's highest level of decision-making authority. Commitments may be changed or lifted only by the Board taking the same formal action that originally imposed the constraint. The formal action must be approved before the end of the fiscal year in which the commitment will be reflected on the financial statements. The District has total committed funds of \$295,465 as of December 31, 2024:
- *Assigned fund balance* – includes the portion of net resources for which an intended use has been established by the Board of Directors or by an official who has been delegated by official Board action the authority to assign amounts. Assignments of fund balances are much less formal than commitments and do not require formal action for their imposition or removal. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed which indicates that resources are, at a minimum intended to be used for the purpose of that fund. The District has no assigned fund balance at December 31, 2024.
- *Unassigned fund balance* – includes the amount in the general fund in excess of what can properly be classified in one of the other four categories of fund balance. It is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. Negative residual amounts for all other governmental funds are reported in this classification.

The District will typically use restricted, committed, and/or assigned fund balances, in that order, prior to using unassigned fund balance, but it reserves the right to deviate from this general strategy when appropriate.

HOOD CENTRAL APPRAISAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 4: Assets, Liabilities, and Net Position or Fund Balance - continued

Appraisal and Collection income

The District is supported by assessments from the taxing entities in the District and from a collection fee charged to each entity based on the level of collections. The assessment income is calculated using each entity's percentage of the District's operating budget based on each entity's total appraised levy within the District and is normally billed quarterly for each entity. The collections income is calculated monthly and billed to each entity based on the level of collections from the previous month.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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 revenue and expenditures during the reported period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through August 19, 2025, the date the financial statements were available to be issued.

Note 5: Stewardship, Compliance and Accountability

Budgetary Information

The District maintains control over expenditures in the General Fund by the establishment of an annual budget. The annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budget, as formally adopted by the Board of Directors prior to the beginning of the year, establishes the maximum authorization of operating funds to be expended by any fund. Any subsequent amendment thereto must be approved by the Board. Unused appropriations for all of the budgeted funds lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Note 6: Deposits and Investments

Deposits and Investments

Custodial credit risk: Deposits in financial institutions are carried at cost which approximates fair value. At December 31, 2024, the District had cash and cash investments, which represents cash on hand, demand deposits and savings accounts at federally insured local banks. At year end, the District's deposits were fully secured by FDIC coverage and pledged securities.

Statutes authorize the District to invest in obligation of the U.S. Treasury or the State of Texas, certain repurchase agreements, common trust funds, certificates of deposit that are guaranteed or insured by the Federal Deposit Insurance Corporation, and other investments specifically authorized by Chapter 2256 Public Funds Investment Act (PFIA) and Chapter 2257 Collateral for Public Funds of the Texas Government Code. The District is in compliance with the requirements of PFIA, however the District does not have a formal investment policy.

HOOD CENTRAL APPRAISAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 7: Capital Assets

Capital Assets

Capital asset activity for the year ended December 31, 2024 is as follows:

	January 1, 2024	Additions	Retirements	December 31, 2024
Capital assets not being depreciated				
Land	\$ 7,010	\$	\$	\$ 7,010
Total capital assets not being depreciated	<u>7,010</u>	<u>-</u>	<u>-</u>	<u>7,010</u>
Depreciable assets:				
Building and improvements	\$ 382,133	\$ 13,078	\$	\$ 395,211
Furniture and fixtures	16,512			16,512
Improvements other than buildings	15,447			15,447
Office equipment	213,914			213,914
Right of use assets	32,279	20,433	(10,306)	42,406
Subscription assets	<u>276,664</u>	<u>178,444</u>	<u>(10,306)</u>	<u>455,108</u>
Total depreciable assets	<u>936,949</u>	<u>211,955</u>	<u>(10,306)</u>	<u>1,138,598</u>
Less: accumulated depreciation and amortization				
Building and improvements	(286,595)	(13,154)		(299,749)
Furniture and fixtures	(16,512)			(16,512)
Improvements other than buildings	(15,447)			(15,447)
Office equipment	(201,990)	(6,140)		(208,130)
Right of use assets	(15,155)	(7,274)	10,306	(12,123)
Subscription assets	<u>(92,221)</u>	<u>(135,333)</u>	<u></u>	<u>(227,554)</u>
Total accumulated depreciation and amortization	<u>(627,920)</u>	<u>(161,901)</u>	<u>10,306</u>	<u>(779,515)</u>
Total capital assets, net	<u>\$ 316,039</u>	<u>\$ 50,054</u>	<u>\$ -</u>	<u>\$ 366,093</u>

The District recognized depreciation and amortization expense of \$161,901 during the year ended December 31, 2024.

HOOD CENTRAL APPRAISAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 8: Right of use liabilities and subscription liabilities

Leases Liabilities

The District is a lessee in noncancelable operating leases for the right to use office equipment. The District has recorded a right to use asset and liability at the lease commencement date based on the present value of the future lease payments over the expected lease terms. The right of use asset is amortized on a straight-line basis over the life of the lease, and the asset is recognized on the statement of net position with the depreciable capital assets. The lease liability is calculated based on the present value of the non-cancelable payments over the term of the lease and is recognized as a right to use liability on the statement of net position.

The details of the lease agreements are as follows:

Description	Beginning Lease Date	Payment Terms	Payment Amount	Imputed Interest Rate	Balance at December 31, 2024
Pitney Bowes Postage Machine	6/13/2022	15 quarterly	\$ 1,104	3.56%	\$ 11,522
Pitney Bowes Folding Machine	6/15/2024	22 quarterly	425	4.22%	7,278
Xerox Copier	9/13/2024	60 months	220	4.20%	11,387
					<u>\$ 30,187</u>

Subscription Liabilities

The District entered into long-term agreements to utilize software. The software agreements met the requirements from Governmental Accounting Standards Board (GASB) No. 96, *Subscription-Based Technology Arrangements*. The District has recorded a subscription asset and a subscription liability at the contract commencement date based on the present value of the future payments over the expected agreement terms. The subscription asset is amortized on a straight-line basis over the life of the contract, and the asset is recognized on the statement of net position with the depreciable capital assets. The subscription liability is calculated based on the present value of the non-cancelable payments over the term of the agreements and is recognized as a subscription liability on the statement of net position.

The details of the subscription-based technology arrangements are as follows:

Description	Date	Payment Terms	Payment Amount	Imputed Interest Rate	Balance at December 31, 2024
Pictometry Software	11/16/2022	6 annual	56,263	6.00%	\$ 150,392
Prichard & Abbott	1/1/2024	8 quarterly	23,010	4.20%	92,558
					<u>\$ 242,950</u>

HOOD CENTRAL APPRAISAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 8: Right of use liabilities and subscription liabilities - continued

Annual requirements to amortize the lease liability and subscription liability are as follows:

Year Ending December 31	Principal	Interest	Total
2025	\$ 147,561	\$ 12,462	\$160,023
2026	58,124	6,898	65,022
2027	60,323	3,597	63,920
2028	4,141	202	4,343
2029	2,988	49	3,037
	<u>\$ 273,137</u>	<u>\$ 23,208</u>	<u>\$296,345</u>

Note 9: Unearned Revenue

Prior to year-end, the District assesses appraisal and collections fees for the first quarter of the following fiscal year. At December 31, 2024, the District had recorded unearned revenue of \$765,853.

Note 10: Retirement Plan

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 Texas County and District Retirement System (the TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of nearly 800 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

Benefits Provided

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

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing board of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer'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 employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. There are no automatic post-employment benefit changes; including automatic COLA's. Ad hoc post-employment benefit changes, including ad hoc COLA's, can be granted by the District's Board within certain guidelines.

HOOD CENTRAL APPRAISAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 10: Retirement Plan - continued

Membership

District membership in the TCDRS plan at December 31, 2023 consisted of the following:

Inactive Employees Receiving Benefits	11
Inactive Employees Not Yet Receiving Benefits	5
Current Employee's Accounts	16
Active Employee Accounts	20

Contributions

The District has elected the annually determined contribution rate (Variable-Rate) 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 District is actuarially determined annually. The employee contribution rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act.

The rate the District contributed for the months of the accounting year in 2023 and 2024 were:

Contribution Rates and Amounts		
	2023	2024
Member	7.00%	7.00%
Employer	12.40%	12.13%
Employer Contributions	\$ 156,689	\$ 167,623
Member Contributions	\$ 88,525	\$ 96,732

Actuarial Assumptions

The total pension liability (asset) at the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Timing	Actuarially determined contributions rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method:	Straight line amortization over Expected Working Life
Remaining Amortization Period	16.4 years
Asset Valuation Method	5 year smoothed market
Discount Rate	7.60%
Inflation	2.50%
Salary Increases	4.70% average
Investment Rate of Return	7.50%
Payroll Growth Rate	0%

HOOD CENTRAL APPRAISAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 10: Retirement Plan - continued

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by the actuaries and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were recommended by the actuaries 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, 2023. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

Refer to the most recent ACFR issued by TCDRS for a complete discussion of all assumptions.

Discount Rate

In order to determine the discount rate to be used, we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under our funding policy and the legal requirements under the TCDRS Act:

- 1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20 year closed layered periods.
- 2) Under the TCRDS Act, the employer is legally required to make the contribution specified in the funding policy
- 3) The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
- 4) Any increased cost due to the adoption of a cost-of-living adjustment is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by .10% to be gross of administrative expenses.

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's investment consultant, Cliffwater LLC. The numbers shown are based on January 2024 information for a 10 year time horizon.

Note that the valuation assumptions 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. The actuary relies on the expertise of Cliffwater LLC in this assessment.

HOOD CENTRAL APPRAISAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 10: Retirement Plan - continued

Best estimates of geometric real rates of return for each major asset class included in the target asset allocation are summarized below:

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected minus inflation)
US Equities	Dow Jones US Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
International Equities – Developed	MSCI Work (net) Index Ex USA	5.00%	4.75%
International Equities – Emerging	MSCI EM Standard (net) index	6.00%	4.75%
Investment Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.65%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REIT's Index + 33% FRSE EPRA/NAREIT Global Rate Estate Index	2.00%	4.10%
Master Limited Partnerships (MLP's)	Alerian MLP Index	2.00%	5.20%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	25.00%	7.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.25%
Cash Equivalents	90-Day U.S. treasury	2.00%	0.60%

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

At December 31, 2024, the District reported a net pension asset of \$94,100 measured at December 31, 2023. For the year ended December 31, 2023, the District recognized pension expense of \$87,958.

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

There were no changes in plan provisions reflected in the December 31, 2023 actuarial valuation.

Discount Rate 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 combined 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.

HOOD CENTRAL APPRAISAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 10: Retirement Plan - continued

	1% Decrease in Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
Total Pension Liability	\$ 4,524,146	\$ 4,002,184	\$ 3,565,752
Fiduciary Net Position	4,096,284	4,096,284	4,096,284
Net Pension Liability/ (Asset)	\$ 427,862	\$ (94,100)	\$ (530,532)

Changes in the net pension liability (asset) for the District's year ended December 31, 2023 are as follows:

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Changes in Net Pension Liability			
Balance at December 31, 2022	\$ 3,796,751	\$ 3,628,387	\$ 168,364
Changes for the year:			
Service Cost	188,714		188,714
Interest on total pension liability	296,205		296,205
Effect of plan changes	-		-
Effect of economic/demographic gains or losses	(100,140)		(100,140)
Effect of assumptions changes or inputs	-		-
Refunds of contributions	-	-	-
Benefit payments	(179,345)	(179,345)	-
Administrative expenses		(2,139)	2,139
Member contributions		88,525	(88,525)
Net investment income		399,415	(399,415)
Employer contributions		156,689	(156,689)
Other		4,753	(4,753)
Balance as of December 31, 2023	<u>\$ 4,002,185</u>	<u>\$ 4,096,285</u>	<u>\$ (94,100)</u>

At December 31, 2023, the District reported its share of the TCDRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Recourses	Deferred Inflows of Recourses
Differences between expected and actual economic experience	\$ 67,845	\$ 118,413
Changes in actuarial assumptions	90,886	9,801
Differences between projected and actual investment earnings	311,240	285,996
Contributions subsequent to the measurement date	167,623	
Total	<u>\$ 637,594</u>	<u>\$ 414,210</u>

\$167,623 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2024.

HOOD CENTRAL APPRAISAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 10: Retirement Plan – continued

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2024	\$ (8,183)
2025	(1,103)
2026	89,875
2027	(15,107)
2028	(9,721)
Thereafter	-
	<u>\$ 55,761</u>

Note 11: Commitments and Contingencies

In the normal course of operations, the District could be named as a defendant in various lawsuits regarding appraised values. The District's exposure is limited to attorney fees for the parties contesting their appraised value.

Note 12: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors and omissions. The District has purchased commercial insurance from independent third parties to insure against these losses. The District also uses Texas Municipal League (TML) Intergovernmental Employee Benefits Pool, a public entity risk pool for the benefit of 2,800 individual governmental units located within the state of Texas, for its employees' health insurance. TML Intergovernmental Employee Benefits Pool is considered a self-sustaining risk pool that will provide coverage for its members. Settled claims have not exceeded insurance coverage limits for the past three years.

Note 12: Prior Period Adjustment

For the year ended December 31, 2024, it was noted that certain accounts were misstated in error in the previous fiscal year. The beginning fund balance and net position was adjusted to reflect the changes above as follows:

	General Fund	Governmental Activities
Fund Balance / Net Position at December 31, 2023	\$ 426,467	\$ 739,841
Adjustments:		
Net Book Value Leased Asset	-	2,959
Accounts Payable	22,534	22,534
Lease Liability	-	(589)
Restated Fund Balance /		
Net Postion at December 31, 2023	<u>\$ 449,001</u>	<u>\$ 764,745</u>

REQUIRED SUPPLEMENTARY INFORMATION

HOOD CENTRAL APPRAISAL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – General Fund
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Appraisal and collection income	\$ 2,844,692	\$ 2,844,692	\$ 2,844,696	\$ 4
Other services	3,721	3,702	4,461	759
Interest income	12,000	12,000	23,254	11,254
Miscellaneous	3,000	3,000	3,548	548
Total Revenues	2,863,413	2,863,394	2,875,959	12,565
EXPENDITURES				
Current				
Services				
Appraisal fees	95,000	95,000	976	94,024
Legal services	100,000	100,000	72,454	27,546
Audit services	20,000	20,000	15,044	4,956
Payroll services	3,000	3,298	3,298	-
Deed record services	200	200	-	200
Janitorial services	13,500	15,933	15,933	-
Aerial photography	58,000	58,000	56,263	1,737
Total Services	289,700	292,431	163,968	128,463
Maintenance				
Building Maintenance	15,000	35,000	8,187	26,813
Insurance building/contents	3,500	3,500	3,309	191
Equipment repair/maintenance	3,000	3,055	3,055	-
Equipment rental	10,000	10,000	1,219	8,781
Total Maintenance	31,500	51,555	15,770	35,785
Data processing				
Software mapping	6,500	6,539	6,539	-
Software financial	2,000	2,028	2,028	-
Computer hardware	109,060	150,613	96,058	54,555
Total Data Processing	117,560	159,180	104,625	54,555
Salaries				
Salaries	1,341,253	1,312,426	1,281,438	30,988
Workers' compensation	5,500	6,055	6,056	(1)
Group health insurance	305,000	305,000	282,993	22,007
Payroll taxes	117,000	117,000	103,119	13,881
Retirement	175,000	175,000	180,635	(5,635)
Total Salaries	1,943,753	1,915,481	1,854,241	61,240
Utilities				
Electricity	10,000	10,000	8,812	1,188
Water	800	800	550	250
Sewer	800	800	682	118
Telephone	18,000	18,170	17,280	890
Total Utilities	29,600	29,770	27,324	2,446

HOOD CENTRAL APPRAISAL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – General Fund
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance from Final Budget
EXPENDITURES - continued				
Other				
Travel/training/tuition	25,000	26,254	26,254	-
Public and legal notices	5,500	5,500	5,094	406
Appraisal review board	35,000	35,000	25,910	9,090
Auto allowance	110,600	110,600	100,446	10,154
Honesty bond / notary	1,100	1,100	756	344
Public employees crime	2,000	2,000	474	1,526
Directors liability	2,600	3,119	3,119	-
Office Supplies	45,000	46,124	43,432	2,692
Postage	85,000	103,805	93,987	9,818
Miscellaneous supplies	8,000	8,000	2,938	5,062
Memberships / subscriptions	14,000	15,994	15,994	-
Contingency fund	100,000	100,000	-	100,000
Arbitration	7,500	7,500	900	6,600
Engineering fees	10,000	10,000	-	10,000
Total Other	<u>451,300</u>	<u>474,996</u>	<u>319,304</u>	<u>155,692</u>
Capital outlay			211,955	(211,955)
Debt service			<u>156,277</u>	<u>(156,277)</u>
Total Expenditures	<u>2,863,413</u>	<u>2,923,413</u>	<u>2,853,464</u>	<u>69,949</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES		(60,019)	22,495	82,514
OTHER FINANCING SOURCES AND USES				
Proceeds from financing leases			198,877	198,877
Refund to the taxing entities			<u>(374,342)</u>	<u>(374,342)</u>
Total Other Financing Sources and Uses			<u>(175,465)</u>	<u>(175,465)</u>
CHANGE IN FUND BALANCE		(60,019)	(152,970)	(92,951)
Fund Balance at January 1 - restated	<u>449,001</u>	<u>449,001</u>	<u>449,001</u>	-
Fund Balance at December 31	\$ <u><u>449,001</u></u>	\$ <u><u>388,982</u></u>	\$ <u><u>296,031</u></u>	\$ <u><u>(92,951)</u></u>

HOOD CENTRAL APPRAISAL DISTRICT
Schedule of Changes in Net Pension Liability and Related Ratios
Texas County & District Retirement System
Year Ended December 31

	2023	2022	2021	2020
Total Pension Liability				
Service cost	\$ 188,714	\$ 149,032	\$ 137,810	\$ 157,475
Interest (on the Total Pension Liability)	296,205	264,766	247,246	236,365
Effect of plan changes	-	125,405	-	-
Effect of assumption changes or inputs	-	-	(15,681)	179,202
Effect of economic/demographic (gains)losses	(100,140)	20,816	33,849	(69,923)
Benefit payments, including refunds of employee contributions	(179,345)	(192,486)	(175,642)	(121,825)
Net Change in Total Pension Liability	205,434	367,533	227,582	381,294
Total Pension Liability - Beginning	3,796,750	3,429,217	3,201,635	2,820,341
Total Pension Liability - Ending (a)	\$ <u>4,002,184</u>	\$ <u>3,796,750</u>	\$ <u>3,429,217</u>	\$ <u>3,201,635</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 156,689	\$ 112,768	\$ 81,637	\$ 531,878
Contributions - Employee	88,525	80,962	72,890	75,606
Net Investment Income	399,415	(225,903)	695,817	251,926
Benefit payments, including refunds of employee contributions	(179,345)	(192,486)	(175,642)	(121,825)
Administrative Expense	(2,139)	(2,126)	(2,084)	(2,326)
Other	4,753	3,392	279	14,611
Net Change in Plan Fiduciary Net Position	467,898	(223,393)	672,897	749,870
Plan Fiduciary Net Position - Beginning	3,628,386	3,851,779	3,178,882	2,429,012
Plan Fiduciary Net Position - Ending (b)	\$ <u>4,096,284</u>	\$ <u>3,628,386</u>	\$ <u>3,851,779</u>	\$ <u>3,178,882</u>
Net Pension Liability - Ending (a)-(b)	\$ <u>(94,100)</u>	\$ <u>168,364</u>	\$ <u>(422,562)</u>	\$ <u>22,753</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.35%	95.57%	112.32%	99.29%
Covered Employee Payroll	\$ 1,264,638	\$ 1,156,598	\$ 1,041,290	\$ 1,080,081
Net Pension Liability as a Percentage of Covered Employee Payroll	-7.44%	14.56%	-40.58%	2.11%

The District began participation in TCDRS in 2015, therefore only years from 2015 forward will be presented.

HOOD CENTRAL APPRAISAL DISTRICT
Schedule of Changes in Net Pension Liability and Related Ratios
Texas County & District Retirement System
Year Ended December 31

	2019	2018	2017	2016
Total Pension Liability				
Service cost	\$ 144,420	\$ 119,125	\$ 117,072	\$ 475,905
Interest (on the Total Pension Liability)	156,510	88,881	49,595	18,899
Effect of plan changes	715,141	550,718	303,907	-
Effect of assumption changes or inputs	-	-	4,287	-
Effect of economic/demographic (gains) losses	17,269	51,683	8,094	409
Benefit payments, including refunds of employee contributions	(1,574)	-	-	-
Net Change in Total Pension Liability	1,031,766	810,407	482,955	495,213
Total Pension Liability - Beginning	1,788,575	978,168	495,213	-
Total Pension Liability - Ending (a)	<u>\$ 2,820,341</u>	<u>\$ 1,788,575</u>	<u>\$ 978,168</u>	<u>\$ 495,213</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 588,214	\$ 625,579	\$ 266,625	\$ 321,584
Contributions - Employee	78,757	81,773	60,096	57,150
Net Investment Income	245,187	(6,564)	61,374	-
Benefit payments, including refunds of employee contributions	(1,574)	-	-	-
Administrative Expense	(1,851)	(1,203)	(517)	-
Other	23,120	21,153	4,374	5,735
Net Change in Plan Fiduciary Net Position	931,853	720,738	391,952	384,469
Plan Fiduciary Net Position - Beginning	1,497,159	776,421	384,469	-
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,429,012</u>	<u>\$ 1,497,159</u>	<u>\$ 776,421</u>	<u>\$ 384,469</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 391,329</u>	<u>\$ 291,416</u>	<u>\$ 201,747</u>	<u>\$ 110,744</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.12%	83.71%	79.38%	77.64%
Covered Employee Payroll	\$ 1,125,103	\$ 1,168,186	\$ 858,518	816,423
Net Pension Liability as a Percentage of Covered Employee Payroll	34.78%	24.95%	23.50%	13.56%

HOOD CENTRAL APPRAISAL DISTRICT**Schedule of Employer Contributions
Texas County & District Retirement System
For Fiscal Year 2024**

Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a Percentage of Covered Payroll
2014	\$	\$	\$ -	\$	0.00%
2015			-		0.00%
2016	61,640	321,584	(259,944)	816,423	39.39%
2017	70,914	266,625	(195,711)	858,518	31.06%
2018	112,146	625,579	(513,433)	1,168,186	53.55%
2019	114,648	588,214	(473,566)	1,125,103	52.28%
2020	131,878	531,878	(400,000)	1,080,081	49.24%
2021	81,637	81,637	-	1,041,290	7.84%
2022	112,768	112,768	-	1,156,598	9.75%
2023	118,160	156,745	(38,585)	1,265,092	12.39%
2024	167,623	167,623	-	1,381,885	12.13%

HOOD CENTRAL APPRAISAL DISTRICT

Notes to Schedule of Employer Contributions

For the Year Ended December 31, 2024

Net Pension Liability - Texas County & District Retirement System

Assumptions

The following methods and assumptions were used to determine contribution rates:

Valuation date	Actuarially determined contributions rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age (level percentage of pay)
Amortization method	Level percentage of payroll, closed
Remaining amortization period	16.4 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 administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement age 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 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.
Changes in Assumptions and Methods Reflect 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: No changes in plan provisions were reflected in the schedule 2017: Employer contributions reflect that the prior service matching rate was increased to 20%. Also, new Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: Employer contributions reflect that the prior service matching rate was increased to 35%. 2019: Employer contributions reflect that the prior service matching rate was increased to 60%. 2020: Employer contributions reflect that the prior service matching rate was increased to 90%. 2021: No changes in plan provisions were reflected in the schedule 2022: No changes in plan provisions were reflected in the schedule 2023: Employer contributions reflect that the current service matching rate was increased to 200% for future benefits.

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