

EL PASO CENTRAL APPRAISAL DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

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**EL PASO CENTRAL APPRAISAL DISTRICT
MANAGEMENT DISCUSSION & ANALYSIS**

This is an introduction, overview and analysis of the 2023/2024 year end external financial audit by Pena, Briones, McDaniel and Company. This report is made in accordance with Governmental Accounting Standards Board Statement 34 (GASB 34).

CONDENSED STATEMENT OF ASSETS, LIABILITIES & EXPENDITURES

As of September 30, 2024, the Total assets and deferred outflow of resources of El Paso Central Appraisal District (EPCAD) are \$19,335,197. This represents an increase of \$506,778 or 2.69% from \$18,828,419 as of September 30, 2023. This is caused by an increase in Current assets and Fixed assets, net of \$234,186 and \$631,300 respectively, partially offset by a decrease of \$358,708 in Deferred outflow of resources – Pension.

| | 2024 | 2023 | 2022 |
|---|----------------------|----------------------|----------------------|
| <u>Assets</u> | | | |
| Current assets | \$ 11,831,721 | \$ 11,597,535 | \$ 8,611,804 |
| Fixed assets, net | 3,872,158 | 3,240,858 | 3,041,654 |
| Deferred outflow of resources - Pension, net | 3,631,318 | 3,990,026 | 1,966,700 |
| Total assets and deferred outflow of resources | <u>\$ 19,335,197</u> | <u>\$ 18,828,419</u> | <u>\$ 13,620,158</u> |
| <u>Liabilities</u> | | | |
| Current liabilities | 9,530,835 | 8,992,818 | 6,252,156 |
| Net Pension Liability | 3,161,132 | 4,264,609 | (1,309,772) |
| Lease payable - long-term portion | 721,465 | 411,580 | 69,177 |
| Deferred inflow of resources - Pension, net | 908,799 | 1,169,960 | 2,009,042 |
| Total liabilities and deferred outflow of resources | <u>14,322,231</u> | <u>14,838,967</u> | <u>7,020,603</u> |
| Net Position, 2021 Restated | <u>\$ 5,012,966</u> | <u>\$ 3,989,452</u> | <u>\$ 6,599,555</u> |
| <u>Revenues</u> | | | |
| Taxing jurisdictions, net of refunds | 20,547,548 | 18,436,420 | \$ 17,342,841 |
| Other revenue | 458,434 | 334,024 | 109,520 |
| Total revenue | <u>\$ 21,005,982</u> | <u>\$ 18,770,444</u> | <u>\$ 17,452,361</u> |
| <u>Expenditures / Expenses</u> | | | |
| Personnel services | 13,528,191 | 16,194,807 | 10,830,508 |
| Materials and services | 4,473,134 | 3,491,357 | 3,441,554 |
| Professional Fees | 1,312,588 | 1,214,476 | 1,243,848 |
| Depreciation and amortization | 610,892 | 471,033 | 397,043 |
| Interest expense | 52,815 | 8,780 | 14,271 |
| Capital Outlay, net of loss on disposal | 4,848 | 94 | (2,847) |
| Total expenditures / expenses | <u>19,982,468</u> | <u>21,380,547</u> | <u>15,924,377</u> |
| Change in net position | 1,023,514 | (2,610,103) | 1,527,984 |
| <u>Fund Balances / Net Position</u> | | | |
| Beginning of the year fund balances / Net position | 3,989,452 | 6,599,555 | 5,071,571 |
| End of the year | <u>\$ 5,012,966</u> | <u>\$ 3,989,452</u> | <u>\$ 6,599,555</u> |

The net position (total assets less total liabilities) as of September 30, 2024 is \$5,012,966. This represents an increase of \$1,023,514 or 25.66 % from \$3,989,452 as of September 30, 2023. This

is primarily due to a decrease in Total liabilities and deferred inflow of resources of \$516,736 and an increase in Total assets and deferred outflow of resources of \$506,778.

Expenditures requiring taxing jurisdiction funding (does not include depreciation and amortization, as they are not charged back to the taxing entities) as of September 30, 2024 are \$20,547,548. This represents an increase of \$2,111,128 or 11.45% from \$18,436,420 as of September 30, 2023. This increase resulted from an increase in budgeted expenditures of \$2,199,874 or 11.06% from fiscal year budget ended on September 30, 2023 to fiscal year budget ended on September 30, 2024.

BUDGET TO ACTUAL OVERVIEW

The EPCAD is returning to the Taxing Entities \$1,490,750 for the 2023/2024 Fiscal Year, which ended September 30, 2024. For the 2022/2023 Fiscal Year, which ended September 30, 2023, \$1,402,004 was returned to the Taxing Entities. EPCAD strives to be cost conscious, and during current fiscal year expenditures were lower than anticipated in most accounts. In compliance with Section 6.06 (j) of the Texas Property Tax Code, all unused funds are returned to the Taxing Entities. The returned funds will reflect as a credit on the third quarter payment due from the Taxing Entities for Fiscal Year 2024/2025.

Salaries and Employee benefits was under budget by \$310,333 and \$592,790 respectively, with a total under budget of \$903,123 in this category. Five new positions were added for fiscal year 2023/2024. The under budget was caused by not all budgeted positions in the organization being filled for the entire fiscal year.

Software support and licensing was under budget by \$156,641. This was due to replacing some software for lower cost software, the budgeted customization of the CAMA (Computer assisted mass appraisal) software was not needed this fiscal year, some minor software was not acquired, and overall budgeting a bit higher following the upward trend on costs.

Building utilities was under budget by \$31,810 due to budgeting higher following the upward trend on costs. Building maintenance was over budget by \$76,725 due to some security and plumbing costs being higher than budgeted. Additional maintenance was done on building, such as painting walls, enclosing network equipment, etc. Building janitorial was under budget by \$6,193.

Fixed asset acquisitions was over budget by \$294,488 due to paying off a lease acquired to do cabling throughout the building. The over budget amount in this line item was supplied from the contingency fund. Small furniture and equipment purchase was under budget by \$25,403 due to not purchasing some items that had been budgeted. Lease payments are over budget due to acquiring a lease to do the cabling throughout the building. This lease was paid off at the end of the fiscal year using contingency funds. Equipment maintenance was under budget by \$64,400 due to reclassifying some budgeted expenses on this account to leases and budgeting higher following upward trend on costs.

Supplies, printing, and advertising was under budget by \$31,181. This was due to expecting higher costs based on historical trends and less advertising than anticipated. Postage was under budget by \$149,056. In the past this account had been severely over budget due to rising postage costs and additional required mailings, so we budgeted a higher amount this year; however, there were notices that were no longer required to be mailed, such as the SB2 postcards.

Education for staff was under budget by \$10,978 due to less travel and anticipating higher costs. The Education for the Executive Director/Chief Appraiser was under budget by \$13,057. This is due to some courses still being held virtually.

Legal Fees account was over budget by \$741,003. This was the result of lawsuit settlements. This account still has a fund of \$823,225 set up by the Board of Directors to contest property value lawsuits. The Arbitration account was under budget by \$8,550.

Professional services were under budget by \$72,824. This is the result of lower police officer cost, changes in provider for data recovery service and homestead analysis resulting in lower cost. Additionally, a budgeted outsourced appraisal service was not needed this fiscal year, and another had a lower cost than budgeted.

Appraisal Review Board (ARB) was over budget by \$469. This overage is so small that it reflects the accuracy in the budgeted amount.

The revenue from interest and miscellaneous accounts was \$306,327 higher than budgeted. Interest received from investing was higher than budgeted reflecting the overall financial markets. Business Personal Property Rendition penalties collected by and received from the City of El Paso Consolidated Tax Office totaled \$97,868 and Dealer's Motor Vehicle Inventory Tax Statement penalties collected by and received from El Paso County Tax Assessor-Collector totaled \$9,250.

Fiscal Year 2022/2023

This is an introduction, overview and analysis of the 2022/2023 year end external financial audit by Pena, Briones, McDaniel and Company. This report is made in accordance with Governmental Accounting Standards Board Statement 34 (GASB 34).

CONDENSED STATEMENT OF ASSETS, LIABILITIES & EXPENDITURES

As of September 30, 2023, the Total assets and deferred outflow of resources of El Paso Central Appraisal District (EPCAD) are \$18,828,419. This represents an increase of \$5,208,261 or 38.24% from \$13,620,158 as of September 30, 2022. This is caused by an increase in Current assets of \$2,985,731 offset by an increase in Current liabilities of \$2,740,662, an increase in Fixed assets, net of \$199,204 due to implementation of GASB Statement 87, which resulted in an increase in Right to use assets – Leases, and an increase of \$2,023,326 in Deferred outflow of resources – Pension.

The net position (total assets less total liabilities) as of September 30, 2023 is \$3,989,452. This represents a decrease of \$2,610,103 or 39.55 % from \$6,599,555 as of September 30, 2022. This is primarily due to a larger increase in Liabilities than in Assets resulted from a significant increase in Net pension liability – Pension. Pension related amounts are actuarially determined by TCDRS actuaries and need to be reported per GASB Statement 68. An increase in Lease payable – long term portion caused by reclassification of certain leases due to implementing GASB Statement 87 – Leases was also a factor in the increase in Total liabilities and the decrease in Net position.

Expenditures requiring taxing jurisdiction funding (does not include depreciation and amortization, as they are not charged back to the taxing entities) as of September 30, 2023 are \$18,436,420. This represents an increase of \$1,093,579 or 6.31% from \$17,342,841 as of September 30, 2022. This increase resulted from an increase in budgeted expenditures of \$1,801,291 or 9.99% from fiscal year budget ended on September 30, 2022 to fiscal year budget ended on September 30, 2023.

BUDGET TO ACTUAL OVERVIEW

The EPCAD is returning to the Taxing Entities \$1,402,004 for the 2022/2023 Fiscal Year, which ended September 30, 2023. For the 2021/2022 Fiscal Year, which ended September 30, 2022, \$694,291 was returned to the Taxing Entities. The increase in funds to be returned to Taxing

Entities is primarily due to having lower expenditures than anticipated in most accounts. In compliance with Section 6.06 (j) of the Texas Property Tax Code, all unused funds are returned to the Taxing Entities. The returned funds will be reflected as a credit on the third quarter payment due from the Taxing Entities for Fiscal Year 2023/2024.

Salaries and Employee benefits were under budget by \$268,013 and \$494,830 respectively, with a total under budget of \$762,843 in this category. The reason for the under budget in the salaries and benefits was due to an increase in budget for fiscal year 2022/2023 of ten positions, which were not all filled during the fiscal year.

Software support and licensing was under budget by \$25,313 due to budgeting a bit higher following the upward trend on costs. However, this variance represents that budgeted and actual amounts were close.

Building utilities was under budget by \$4,154, which shows the actual and the budgeted amounts being very close. Building maintenance was under budget by \$75,019, due to budgeting \$50,000 for landscaping, which was not done, and \$50,000 budgeted for parking lot resurfacing, which was about \$30,000 lower than budgeted. Building janitorial was under budget by \$2,357, which also shows how close the actual expenses were to the budgeted.

Fixed asset acquisitions were over budget by \$32,544. The building equipment was over budget by \$33,943 due to building cameras that cost more than budgeted, partially offset by computer equipment being under budget, and Small furniture and equipment purchase under budget by \$37,147 due to not purchasing some items that had been budgeted. Lease payments were under budget by \$51,937 due to new leases contracted for less than budgeted and budgeted leases that were consolidated or equipment purchased instead of leased. Equipment maintenance was under budget by \$22,796 due to anticipating higher cost.

Supplies, printing, and advertising were under budget by \$19,400. This was due to anticipating higher costs as the trend had been. Postage was under budget by \$28,047. In the previous two fiscal years this account had been severely over budget due to rising postage costs and additional required mailings, so we budgeted this year a higher amount. Also, we anticipated an increase in protests, which did not happen. This saved the mailing of appraisal review board appointment letters, which are certified mailed.

Education for staff was over budget by \$6,460, which reflects the budget being very close to the actual. The Education for the Executive Director/Chief Appraiser was under budget by \$8,336. This is due to some courses still being held virtually.

Legal Fees account was under budget by \$4,149, which reflects the actual expense being very close to the budgeted. This account still has a reserve fund of \$914,228 set up by the Board of Directors to contest lawsuits to defend values. The Arbitration account was under budget by \$18,850.

Professional services were under budget by \$98,994. This is the result of lower police officer cost due to lower protests than anticipated, changed provider of homestead analysis resulting in lower cost, not engaging budgeted appraisal services, and reclassification of expenses budgeted on this account.

Appraisal Review Board (ARB) was over budget by \$45,326. This was caused by budgeted scheduling being lower than actual scheduling.

The revenue from interest and miscellaneous accounts was \$212,168 higher than budgeted. Interest received from investing was higher than budgeted reflecting the overall financial markets. Business Personal Property Rendition penalties collected by and received from the City of El Paso

Consolidated Tax Office totaled \$62,756 and Dealer's Motor Vehicle Inventory Tax Statement penalties collected by and received from El Paso County Tax Assessor-Collector totaled \$9,100.

Fiscal Year 2021/2022

This is an introduction, overview and analysis of the 2021/2022 year end external financial audit by Pena, Briones, McDaniel and Company. This report is made in accordance with Governmental Accounting Standards Board Statement 34 (GASB 34).

CONDENSED STATEMENT OF ASSETS, LIABILITIES & EXPENDITURES

As of September 30, 2022, the total assets of El Paso Central Appraisal District (EPCAD) are \$13,620,158. This represents a decrease of \$351,880 or 2.52% from \$13,972,038 as of September 30, 2021. This is caused by a restatement of Fixed Assets as of September 30, 2021, which resulted in an increase of \$396,266 due to implementation of GASB Statement 87. The Deferred outflow of resources – Pension is \$1,966,700 as of September 30, 2022. It had a decrease of \$126,580 or 6.05% from \$2,093,280 as of September 30, 2021.

The net position (total assets less total liabilities) as of September 30, 2022 is \$6,599,555. This represents an increase of \$1,527,984 or 30.13% from \$5,071,571 as of September 30, 2021. This is primarily due to a significant decrease in net pension liability account of \$2,386,153. Pension related amounts are actuarially determined by TCDRS actuaries and need to be reported per GASB Statement 68. An increase in fixed assets caused by reclassification of certain leases as fixed assets due to implementing GASB Statement 87 - Leases was also a factor in the increase in net position.

Expenditures requiring taxing jurisdiction funding (does not include depreciation and amortization, as they are not charged back to the taxing entities) as of September 30, 2022 are \$17,342,841. This represents an increase of \$1,678,494 or 10.72% from \$15,664,347 as of September 30, 2021. This increase resulted from an increase in budgeted expenditures of \$2,004,346 or 12.50% from fiscal year budget ended on September 30, 2021 to fiscal year budget ended on September 30, 2022.

BUDGET TO ACTUAL OVERVIEW

The EPCAD is returning to the Taxing Entities \$694,290 for the 2021/2022 Fiscal Year, which ended September 30, 2022. For the 2020/2021 Fiscal Year, which ended September 30, 2021, \$368,440 was returned to the Taxing Entities. The increase in funds to be returned to Taxing Entities is primarily due to encumbering \$900,000 in the litigation fund as of September 30, 2021. In compliance with Section 6.06 (j) of the Texas Property Tax Code, all unused funds are returned to the Taxing Entities. The returned funds will reflect as a credit on the third quarter payment due from the Taxing Entities for Fiscal Year 2022/2023.

Salaries and Employee benefits was under budget by \$226,790 and \$258,692 respectively, with a total under budget of \$485,482 in this category. The reason for the under budget in the salaries was due to several vacancies not filled during the fiscal year. The under budget in the benefits was due to cost of health insurance being lower than anticipated.

Software support and licensing was under budget by \$181,084. This was primarily due to the cost of a few software packages being lower than budgeted, such as the Microsoft Enterprise agreement and CAMA maintenance and customization. The consumption of cloud computing resources was also lower than anticipated.

Building utilities was over budget by \$11,906, as a result of utilities expense being higher than anticipated, and an additional Internet service acquired as back up to the primary service and for

voice traffic. Building maintenance was under budget by \$15,656, due to lower maintenance expense than anticipated. Building janitorial was over budget by \$4,924 due to higher cost of supplies and usage necessary to protect staff and Taxpayers from COVID-19 infection.

Fixed asset acquisitions was over budget by \$49,851 due to some equipment purchased and not budgeted, such as shredder and scanners, as well as Apple iPads for the Business Personal Property department to be used on the field that cost more than budgeted. This was slightly offset by small furniture and equipment purchase being under budget by \$2,573. Lease payments were very close to the budgeted amount and over budget by \$787, due to property taxes and other fees. Equipment maintenance was also very close to budget and under budget by \$8,361 due to some copiers and plotters used less than anticipated.

Supplies, printing, and advertising also very close to budget and under budget by \$17,823. Postage was over budget by \$86,651. This was mainly caused by the mailing of SB2 postcards with cost of \$76,796. There was an increase in values, which caused an increase in protests and a higher than anticipated volume of appraisal review board appointment letters, which must be certified mailed.

Education for staff was over budget by \$29,522 due to the purchase of training courses for managers and cost of conferences and travel higher than anticipated. Education for the Executive Director/Chief Appraiser was under budget by \$7,189 caused by some courses being held virtually due to COVID-19.

Legal Fees account was over budget by \$116,013. This is the result of contesting lawsuits to defend values. This amount was taken from the litigation reserve fund set up by the Board of Directors in fiscal year 2017/2018. That amount was carried forward to fiscal year 2020/2021 after \$97,428 was used in fiscal year 2018/2019. The Arbitration account was under budget by \$16,600.

Professional services were under budget by \$109,086. This is the result of a market analysis and a capitalization rate study budgeted and not needed. The cost of other services were lower than anticipated, such as Police officers, mail service, and data recovery service.

Appraisal Review Board (ARB) was over budget by \$61,968. This was caused by having more ARB protests filed due to an increase in values, and therefore a higher number of ARB hearings.

The revenue from interest and miscellaneous accounts was \$59,520 higher than budgeted. Interest received from investing was lower than budgeted reflecting the overall financial markets. Business Personal Property Rendition penalties collected by and received from the City of El Paso Consolidated Tax Office totaled \$69,618 and Dealer's Motor Vehicle Inventory Tax Statement penalties collected by and received from El Paso County Tax Assessor-Collector totaled \$11,946.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
El Paso Central Appraisal District
El Paso, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheet and statement of governmental fund revenue, expenditures, and changes in fund balances of El Paso Central Appraisal District (the District) as of and for the year ended September 30, 2024, and statements of net position and statements of activities as of and for the years ended September 30, 2024 and 2023 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of El Paso Central Appraisal District (the District) as of and for the years ended September 30, 2024 and 2023, and the respective changes in financial position for the years then ended in accordance 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 and *Government 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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

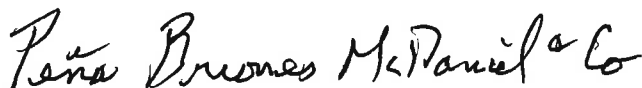
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule, and Schedule of Changes in Net Pension Liability and Schedule of Employer Contributions on pages I-VI and 29-33, respectively, be presented to 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 the District's basic financial statements. The accompanying schedules of expenses and schedules of refunds due to taxing jurisdictions are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures and schedules of refunds due to taxing jurisdictions are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules listed above are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.



El Paso, Texas
January 30, 2025

EL PASO CENTRAL APPRAISAL DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET - SEPTEMBER 30, 2024
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2024 AND 2023

| | General Fund | Adjustments (See Note 1) | 2024 Statement of Net Position | 2023 Statement of Net Position |
|--|----------------------|-----------------------------|--------------------------------------|--------------------------------------|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 11,558,638 | \$ - | \$ 11,558,638 | \$ 6,846,815 |
| Investments | - | - | - | 4,544,261 |
| Prepaid expenses | 273,083 | - | 273,083 | 206,459 |
| Total current assets | <u>11,831,721</u> | <u>-</u> | <u>11,831,721</u> | <u>11,597,535</u> |
| Noncurrent assets | | | | |
| Right to use assets, net | - | 1,018,322 | 1,018,322 | 531,941 |
| Property and equipment, net | - | 2,853,836 | 2,853,836 | 2,708,917 |
| Total noncurrent assets | <u>-</u> | <u>3,872,158</u> | <u>3,872,158</u> | <u>3,240,858</u> |
| Total assets | 11,831,721 | 3,872,158 | 15,703,879 | 14,838,393 |
| Deferred outflows of resources | | | | |
| pension, net | - | 3,631,318 | 3,631,318 | 3,990,026 |
| Total assets and deferred outflows of resources | <u>\$ 11,831,721</u> | <u>\$ 7,503,476</u> | <u>\$ 19,335,197</u> | <u>\$ 18,828,419</u> |
| LIABILITIES | | | | |
| Advanced revenue from taxing jurisdictions | | | | |
| Due to taxing jurisdictions | \$ 5,034,550 | \$ - | \$ 5,034,550 | \$ 5,509,019 |
| Accounts payable | 1,490,750 | - | 1,490,750 | 1,402,004 |
| Accrued pension plan contributions | 944,303 | - | 944,303 | 310,771 |
| Accrued payroll and benefits | 352,564 | - | 352,564 | 415,334 |
| Lease payable, current portion | 1,369,541 | - | 1,369,541 | 1,229,399 |
| Total current liabilities | <u>-</u> | <u>339,127</u> | <u>339,127</u> | <u>126,291</u> |
| Total long term liabilities | <u>9,191,708</u> | <u>339,127</u> | <u>9,530,835</u> | <u>8,992,818</u> |
| Net Pension Liability (Asset) | - | 3,161,132 | 3,161,132 | 4,264,609 |
| Lease payable, long-term portion | - | 721,465 | 721,465 | 411,580 |
| Total long term liabilities | <u>-</u> | <u>3,882,597</u> | <u>3,882,597</u> | <u>4,676,189</u> |
| Total liabilities | 9,191,708 | 4,221,724 | 13,413,432 | 13,669,007 |
| Deferred inflows of resources | | | | |
| Pension, net | - | 908,799 | 908,799 | 1,169,960 |
| Total liabilities and deferred inflows of resources | <u>-</u> | <u>908,799</u> | <u>908,799</u> | <u>1,169,960</u> |
| Total liabilities and deferred inflows of resources | <u>9,191,708</u> | <u>5,130,523</u> | <u>14,322,231</u> | <u>14,838,967</u> |
| FUND BALANCE / NET POSITION | | | | |
| Fund balances: | | | | |
| Committed | 1,351,111 | (1,351,111) | - | - |
| Nonspendable | 273,083 | (273,083) | - | - |
| Unassigned | 1,015,819 | (1,015,819) | - | - |
| Total fund balance | <u>2,640,013</u> | <u>(2,640,013)</u> | <u>-</u> | <u>-</u> |
| Total liabilities and fund balances | <u>\$ 11,831,721</u> | | | |
| Net position | | <u>\$ 5,012,966</u> | <u>\$ 5,012,966</u> | <u>\$ 3,989,452</u> |

See independent auditor's report and notes to financial statements.

EL PASO CENTRAL APPRAISAL DISTRICT

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - YEAR ENDED SEPTEMBER 30, 2024
 STATEMENTS OF ACTIVITIES
 YEARS ENDED SEPTEMBER 30, 2024 AND 2023

| | General Fund | Adjustments (See Note 1) | 2024 Statement of Activities | 2023 Statement of Activities |
|---|---------------------|-----------------------------|------------------------------------|------------------------------------|
| REVENUES | | | | |
| Taxing jurisdictions, net of refunds due taxing jurisdictions of \$1,490,750 and \$1,402,004 for the years ended September 30, 2024 and 2023 | \$ 20,547,548 | \$ - | \$ 20,547,548 | \$ 18,436,420 |
| Interest income | 348,118 | - | 348,118 | 259,520 |
| Rendition penalties | 107,118 | - | 107,118 | 71,856 |
| Miscellaneous | 3,198 | - | 3,198 | 2,648 |
| Total revenues | <u>21,005,982</u> | <u>-</u> | <u>21,005,982</u> | <u>18,770,444</u> |
| EXPENDITURES / EXPENSES | | | | |
| Current: | | | | |
| Personnel services | 14,534,120 | (1,005,929) | 13,528,191 | 16,194,807 |
| Materials and services | 4,473,134 | - | 4,473,134 | 3,491,357 |
| Professional fees | 1,312,588 | - | 1,312,588 | 1,214,476 |
| Depreciation and amortization | - | 610,892 | 610,892 | 471,033 |
| Interest expense | 52,815 | - | 52,815 | 8,780 |
| Capital Outlay, net of (gain) loss on disposal | 724,320 | (719,472) | 4,848 | 94 |
| Total expenditures / expenses | <u>21,096,977</u> | <u>(1,114,509)</u> | <u>19,982,468</u> | <u>21,380,547</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | | |
| Change in net position | (90,995) | 1,114,509 | 1,023,514 | (2,610,103) |
| FUND BALANCES / NET POSITION: | | | | |
| Beginning of the year | <u>2,731,008</u> | | <u>3,989,452</u> | <u>6,599,555</u> |
| End of the year | <u>\$ 2,640,013</u> | | <u>\$ 5,012,966</u> | <u>\$ 3,989,452</u> |

See independent auditor's report and notes to financial statements.

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of El Paso Central Appraisal District (the District) is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Organization

The District was established in 1981 after State Law S.B. 621 was enacted by the Texas legislature. This law required all counties in Texas to create appraisal districts. El Paso Central Appraisal District is responsible for maintaining and appraising all property, both personal and real, at one hundred percent market value, providing staff support and documentation of said values to the Appraisal Review Board, and ultimately providing a tax roll for each of the member taxing jurisdictions in El Paso County. There are currently forty-three taxing jurisdictions.

The governing body of the District is the Board of Directors, which is comprised of individuals appointed by the member taxing jurisdictions. Its primary responsibilities are the selection of the Chief Appraiser, the establishment of an appraisal office, the adoption of the operating budget, the appointment of the Taxpayer Liaison Officer, and approval of the reappraisal plan.

Reporting Entity

The District is not included in any other governmental reporting entity as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since the Board of Directors has decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

Fund Accounting

El Paso Central Appraisal District maintains its accounting records in accordance with the principles of fund accounting. The operations of each fund are accounted for by providing a separate set of self-balancing accounts. Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent. El Paso Central Appraisal District operates as a special service district utilizing only governmental funds, which consist of the general fund.

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The El Paso Central Appraisal District reports the following fund balances:

Unassigned Fund Balance

The Unassigned Fund Balance represents resources over which the Board of Directors has discretionary control and is used to carry out the operations of the District in accordance with its by-laws. The principal sources for the Unassigned Fund Balance are reimbursements from taxing jurisdictions, business personal property rendition penalties, dealer's motor vehicle inventory tax statement penalties, interest income, and documentation copying fees.

Committed Fund Balance

The Committed Fund Balance represents funds the Board of Directors has approved to encumber for specific purposes from the current fiscal year end budget.

Nonspendable Fund Balance

The Nonspendable Fund Balance represents funds that are amounts not in spendable form including inventories and prepaid items.

Generally, the El Paso Central Appraisal District would first apply committed, then assigned and unassigned resources when expenditures are incurred for purpose for which more than one classification of fund balance is available.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Gross receipts are considered "measurable" when in the hands of intermediary collecting agents. All major revenues are susceptible to accrual. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget Policy

The District prepares an annual operating budget which, by law, must be approved by the Board of Directors by June 15 of the prior year. The budget is based on expected expenditures and asset acquisition requirements for the year. Depreciation expense is not budgeted. In the budgetary comparison schedule, actual revenues and expenditures are presented in accordance with Generally Accepted Accounting Principles. As of September 30, 2024 and 2023, revenues included the refunds due to taxing jurisdictions of \$1,490,750 and \$1,402,004, respectively.

Reconciliation of Basic Financial Statements and Fund Financial Statements

The reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position is due to the fact that capital assets (adjustment column/capital projects) used in governmental activities and their related debt are not financial resources and therefore not reported in the funds. Similarly, cash items related to the acquisition of capital assets are not reported in the funds. The net pension liability is a reconciling item, it is recorded under the flow of economic resources measurement focus and full accrual basis of accounting.

The reconciliation of Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities relates to depreciation expense and the change in the net pension liability not being reported in the funds. Capital acquisitions, principal payments on related debt, and changes in the net pension liability are not considered expenses for purposes of government-wide financial statements.

Cash and Cash Equivalents

Cash equivalents include all highly liquid instruments with original maturities of three months or less.

Investments

Investments are reported at fair market value. The fair market values are based on published market rates.

Property and Equipment

Depreciation of property and equipment is computed utilizing the straight-line method over estimated useful lives of three to ten years. The building is depreciated over forty years.

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The District is a lessee for certain leases of equipment. The District recognized a lease liability and a right-of-use lease asset in the government-wide financial statements. The District recognized lease liabilities with an initial individual value of \$10,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. A lease asset is recorded equal to the imputed principal portion of the lease liability. The liability and asset are adjusted for lease payments made at or before the lease commencement, plus certain initial direct costs, if any.

Subsequently, the lease liability is amortized using the interest rate provided by the lessor or an interest rate calculated by management that approximates the interest rate the District would be charged if the District sought financing with a financial institution (the incremental borrowing rate). The lease asset is amortized on a straight-line basis over the term of the lease.

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

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

The District monitors changes in circumstances that would require a remeasurement of its lease assets and liabilities. The District will adjust the lease assets and liabilities if circumstances arise that significantly impacts the usefulness of the asset or the amount of the liability.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of net position reports a separate section for deferred outflows and inflows of resources. These are separate financial statement elements. The deferred outflows and inflows of resources are related to pensions. See footnote 6, Employees' Retirement Plans-Defined Benefit Pension Plan for additional information.

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advanced Revenue from Taxing Jurisdictions

Member taxing jurisdictions reimburse the District one-fourth of the approved budgeted expenditures, on a quarterly basis. The first quarter payment for the following fiscal year is due by September 30 of the current year. This amount is recorded as advanced revenue.

Income Taxes

The District is a political subdivision of the State of Texas and is thereby exempt from federal income taxes.

New Pronouncements

Effective 2024, the District implemented the following pronouncements:

Accounting Changes and Error Corrections

In June 2022, The Governmental Accounting Standards Board (GASB) released a Statement No 100 (GASB 100) to account for accounting changes and error corrections. Statement No. 100 amends GASB Statement No. 62 to improve accounting and financial reporting for accounting changes and error corrections. It establishes requirements for retroactive reporting of changes in accounting principles and error corrections, prospective reporting for changes in accounting estimates, and provides disclosure requirements to enhance transparency. The statement, effective for fiscal years beginning after June 15, 2023, aims to provide more understandable, reliable, relevant, and consistent financial information, balancing expected benefits with the perceived costs of implementation. During the report periods, the District did not have any accounting changes or error corrections that met recognition requirements.

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

2. CASH AND CASH EQUIVALENTS

Cash equivalents include all highly liquid instruments with original maturities of three months or less, in which cost represents fair market value. A summary of the cash and cash equivalents as of September 30, 2024 and 2023 are as follow:

| | <u>2024</u> | <u>2023</u> |
|--|-----------------------------|----------------------------|
| Cash | \$ 9,647,403 | \$ 5,090,164 |
| Cash equivalents | | |
| Money market mutual fund | <u>1,911,235</u> | <u>1,756,651</u> |
| Total cash and cash equivalents | <u>\$ 11,558,638</u> | <u>\$ 6,846,815</u> |

Of this balance, \$250,000 was covered by Federal Depository Insurance Corporation (FDIC) as of September 30, 2024, and 2023. As of September 30, 2024, and 2023, \$10,378,994 and \$5,970,139, were secured by assets pledged by the bank as collateral and held in the bank's trust department or by its agent in the District's name. The investments that have an original maturity of 3 months or less are considered cash equivalents.

3. INVESTMENTS

Interest Rate Risk

In accordance with District policy, all funds should be managed and invested with four primary objectives, listed in order of their priority: safety, liquidity, diversification and yield. Investments are to be chosen in a manner which promotes diversity by market sector, credit, and maturity. The choice of high-grade government investment and high-grade money market instruments is designed to assure the marketability of those investments should liquidity needs arise. Unless matched to a specific requirement, the Investment Officer may not invest more than 20% of the portfolio for a period greater than three months. The District is in compliance with its policy and state law.

Concentration of Credit Risk

The District's investment policy requires consideration should be given to credit ratings. With the exception of U.S. Treasury securities and authorized pools, no more than 5% of the District's total investment portfolio will be invested in a single security type. The District had direct investments in U.S government backed securities as of September 30, 2024 and is in compliance with the District's investment policy and state law.

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

3. INVESTMENTS (Continued)

Custodial Risk

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District's demand account were covered by FDIC of \$250,000 and secured by assets pledged by the bank of \$10,378,994 as of September 30, 2024.

| | <u>September 30, 2024</u> | | |
|------------------------|---------------------------|-------------------|--|
| | <u>Cost</u> | <u>Fair Value</u> | <u>Maturities Less than 1 year</u> |
| Mutual Funds - | | | |
| Federated Hermes | | | |
| Government Obligations | \$ - | \$ - | \$ - |
| | | | |
| | <u>September 30, 2023</u> | | |
| | <u>Cost</u> | <u>Fair Value</u> | <u>Maturities Less than 1 year</u> |
| Mutual Funds - | | | |
| Federated Hermes | | | |
| Government Obligations | \$ 4,544,261 | \$ 4,544,261 | \$ 4,544,261 |

Fair Value Measurements of Investments

GASB 72 – Fair Value Measurement and Application clarified that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Under this guidance, fair value measurements are not adjusted for transaction costs. This guidance established a fair value hierarchy that prioritized the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below.

Level 1 – Fair Value is determined using quoted market prices in active markets for identical assets and liabilities.

Level 2 – Fair Value is determined using quoted market prices in active markets for similar assets and liabilities.

Level 3 – inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurement.

Fair values for the above investments are determined by reference to quoted market prices and other relevant information generated by market transactions and are considered level 1.

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30, 2024 and 2023:

| | Balance September 30, 2023 | Increases | Decreases | Balance September 30, 2024 |
|--|----------------------------------|-------------------|-----------------|----------------------------------|
| <u>Not Depreciated</u> | | | | |
| Land | \$ 950,000 | \$ - | \$ - | \$ 950,000 |
| <u>Buildings and Other Property and Equipment</u> | | | | |
| Building | 1,404,797 | - | - | 1,404,797 |
| Building improvements | 1,806,946 | 361,066 | - | 2,168,012 |
| Building equipment | 379,778 | - | - | 379,778 |
| Building refit | <u>637,114</u> | <u>-</u> | <u>-</u> | <u>637,114</u> |
| Total buildings and other real estate improvements | 4,228,635 | 361,066 | - | 4,589,701 |
| Office furniture | 663,264 | 24,544 | - | 687,808 |
| Computer equipment and software | 709,476 | 25,225 | 90,243 | 644,458 |
| CAMA System | 1,378,742 | - | - | 1,378,742 |
| Vehicles | 630,872 | - | - | 630,872 |
| Right to use lease assets | <u>689,788</u> | <u>836,209</u> | <u>33,653</u> | <u>1,492,344</u> |
| Total buildings and other property and equipment | <u>8,300,777</u> | <u>1,247,044</u> | <u>123,896</u> | <u>9,423,925</u> |
| <u>Accumulated Depreciation and Amortization</u> | | | | |
| Building | 983,411 | 35,120 | - | 1,018,531 |
| Building improvements | 1,164,935 | 65,668 | - | 1,230,603 |
| Building equipment | 207,262 | 34,157 | - | 241,419 |
| Building refit | <u>637,112</u> | <u>-</u> | <u>-</u> | <u>637,112</u> |
| Total buildings and other real estate improvements | 2,992,720 | 134,945 | - | 3,127,665 |
| Office furniture | 604,018 | 14,469 | - | 618,487 |
| Computer equipment and software | 594,519 | 35,087 | 85,391 | 544,215 |
| CAMA System | 1,378,738 | - | - | 1,378,738 |
| Vehicles | 282,077 | 76,563 | - | 358,640 |
| Right to use lease assets | <u>157,847</u> | <u>349,828</u> | <u>33,653</u> | <u>474,022</u> |
| Total buildings and other property and equipment | <u>6,009,919</u> | <u>610,892</u> | <u>119,044</u> | <u>6,501,767</u> |
| Property and equipment, net | <u>\$ 3,240,858</u> | <u>\$ 636,152</u> | <u>\$ 4,852</u> | <u>\$ 3,872,158</u> |

EL PASO CENTRAL APPRAISAL DISTRICTNOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

4. PROPERTY AND EQUIPMENT (Continued)

| | Balance September 30, 2022 | Increases | Decreases | Balance September 30, 2023 |
|---|----------------------------------|-------------------|----------------|----------------------------------|
| <u>Not Depreciated</u> | | | | |
| Land | \$ 950,000 | \$ - | \$ - | \$ 950,000 |
| <u>Buildings and Other Property and Equipment</u> | | | | |
| Building | 1,404,797 | - | - | 1,404,797 |
| Building improvements | 1,806,946 | - | - | 1,806,946 |
| Building equipment | 280,835 | 98,943 | - | 379,778 |
| Building refit | <u>637,114</u> | <u>-</u> | <u>-</u> | <u>637,114</u> |
| Total buildings and other real estate improvements | 4,129,692 | 98,943 | - | 4,228,635 |
| Office furniture | 664,570 | 14,623 | 15,929 | 663,264 |
| Computer equipment and software | 713,130 | 33,046 | 36,700 | 709,476 |
| CAMA System | 1,378,742 | - | - | 1,378,742 |
| Vehicles | 631,290 | - | 418 | 630,872 |
| Right to use lease assets | <u>691,091</u> | <u>524,135</u> | <u>525,438</u> | <u>689,788</u> |
| Total buildings and other property and equipment | <u>8,208,515</u> | <u>670,747</u> | <u>578,485</u> | <u>8,300,777</u> |
| <u>Accumulated Depreciation and Amortization</u> | | | | |
| Building | 948,291 | 35,120 | - | 983,411 |
| Building improvements | 1,093,663 | 71,272 | - | 1,164,935 |
| Building equipment | 184,786 | 22,476 | - | 207,262 |
| Building refit | <u>637,112</u> | <u>-</u> | <u>-</u> | <u>637,112</u> |
| Total buildings and other real estate improvements | 2,863,852 | 128,868 | - | 2,992,720 |
| Office furniture | 606,814 | 13,124 | 15,920 | 604,018 |
| Computer equipment and software | 599,382 | 31,754 | 36,617 | 594,519 |
| CAMA System | 1,378,738 | - | - | 1,378,738 |
| Vehicles | 205,514 | 76,563 | - | 282,077 |
| Right to use lease assets | <u>462,561</u> | <u>220,724</u> | <u>525,438</u> | <u>157,847</u> |
| Total buildings and other property and equipment | <u>6,116,861</u> | <u>471,033</u> | <u>577,975</u> | <u>6,009,919</u> |
| Property and equipment, net | <u>\$ 3,041,654</u> | <u>\$ 199,714</u> | <u>\$ 510</u> | <u>\$ 3,240,858</u> |

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

4. PROPERTY AND EQUIPMENT (Continued)

Included above are \$3,609,214 and \$3,284,941 of office furniture, computer equipment, and building improvements which was fully depreciated as of September 30, 2024 and 2023, respectively. Depreciation and amortization recorded was \$610,892 and \$471,033 for the years ended September 30, 2024 and 2023, respectively.

5. DUE TO (FROM) TAXING JURISDICTIONS

Member taxing jurisdictions remit quarterly payments to the District based upon their proportionate share of the adopted budget for the year. At period-end, each taxing jurisdiction is allocated a portion of the total expenditures of El Paso Central Appraisal District based on the final property tax levy of each entity in proportion to the total property taxes levied in El Paso Central Appraisal District in accordance with the Texas Property Tax Code.

The difference between the amount budgeted and the amount actually spent is refunded or collected in the following year in the same ratio.

6. EMPLOYEES' RETIREMENT PLANS

DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description

The District participates in an agent multiple-employer defined benefit pension plan. The plan is administered by the Texas County & District Retirement System (TCDRS). TCDRS was created in 1967 by the Texas counties and districts to provide their employees with retirement, disability and survivor benefits. TCDRS is governed by the Texas Legislature and overseen by an independent board of trustees, which is responsible for the administration of the system. TCDRS does not receive state funding. Each plan is funded independently by the county or district, its employees and by investment earnings. The plan provides pensions for all regular full-time employees of the District.

Pension Plan Fiduciary Net Position

Detailed information about the District's Texas County & District Retirement System (TCDRS)'s fiduciary net position is available and can be obtained at www.tcdrs.org or by writing to TCDRS at Barton Oaks Bldg. # 4, Ste. 500, 901 MoPac Expwy South, Austin, TX 78746 or P.O. Box 2034, Austin, TX 78768-2034 or by calling 800-823-7782.

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

6. EMPLOYEES' RETIREMENT PLANS (Continued)

General Information about the Pension Plan (Continued)

Benefits Provided

TCDRS is not a one-size-fits-all system. Each employer maintains its own customized plan of retirement benefits. A percentage of each employee's paycheck is deposited into his or her TCDRS account on a monthly basis. The employees' savings grow, by law, at a rate of 7%, compounded annually. The employer contribution, based on the elected matching, is also deposited in each employee's account. At retirement, the employee's account balance is combined with employer matching and converted into a lifetime monthly benefit.

Contributions

TCDRS is a model for responsible, disciplined funding. TCDRS does not receive any state funding, as an agent, multiple-employer plan, each participating employer in the system funds its plan independently. A combination of three elements funds each employer's plan; employee deposits, employer contributions and investment income.

- The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, as adopted by the employer's governing body.
- Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustee.
- Investment income funds a large part of the benefits employees earn.

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

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

In addition, employers annually review their plans and may adjust benefits and costs based on their local needs and budgets. Although accrued benefits may not be reduced, employers may reduce future benefit accruals and immediately reduce costs. For the year ended September 30, 2024, all employees contributed 7.00% of compensation and the District made monthly contributions, as annually determined by TCDRS's actuary report, of 17.29% beginning January 1, 2023 and 18.15% beginning January 1, 2024.

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

6. EMPLOYEES' RETIREMENT PLANS (Continued)

Net Pension Liability

The District's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

| | |
|--|--|
| Actuarial Cost Method | Entry Age |
| Asset Valuation Method | |
| Smoothing period | 5 years |
| Recognition method | Non-asymptotic |
| Corridor | None |
| Inflation | 2.50% |
| Investment Rate of Return | 7.50% (Net of administrative expenses) |
| Discount Rate | 7.60% |
| Mortality | |
| Depositing members | 135% of Pub-2010 General Retirees Table for males and 120% Pub-2010 General Retirees Table for females. Both projected with 100% of the MP-2021. Ultimate scale after 2010. |
| Services retirees, beneficiaries and non-depositing members | 135% of Pub-2010 General Retirees Table for males and 120% Pub-2010 General Retirees Table for females. Both projected with 100% of the MP-2021. Ultimate scale after 2010. |
| Disabled retirees | 160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. |
| Payroll Growth Rate | 2.00% |

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

6. EMPLOYEES' RETIREMENT PLANS (Continued)

Net Pension Liability (Continued)

Actuarial Assumptions (Continued)

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee.

The actuarial assumptions used for this GASB analysis were the same as those used in the December 31, 2023 funding valuation except where required to be different by GASB 68. Please see the El Paso Central District December 31, 2023 Summary Valuation Report for further details.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2024 information for the 10-year time horizon. Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term horizon.

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

6. EMPLOYEES' RETIREMENT PLANS (Continued)

Net Pension Liability (Continued)

Actuarial Assumptions (Continued)

| <u>Asset Class</u> | <u>Target Allocation⁽¹⁾</u> | <u>Geometric Real Rate of Return⁽²⁾</u> |
|--|--|--|
| U.S. Equities | 11.50% | 4.75% |
| Private Equity | 25.00% | 7.75% |
| Global Equities | 2.50% | 4.75% |
| International Equities-Developed Markets | 5.00% | 4.75% |
| International Equities- Emerging Markets | 6.00% | 4.75% |
| Investment-Grade Bonds | 3.00% | 2.35% |
| Strategic Credit | 9.00% | 3.65% |
| Direct Lending | 16.00% | 7.25% |
| Distressed Debt | 4.00% | 6.90% |
| REIT Equities | 2.00% | 4.10% |
| Master Limited Partnerships | 2.00% | 5.20% |
| Private Real Estate Partnerships | 6.00% | 5.70% |
| Hedge Funds | 6.00% | 3.25% |
| Cash Equivalents | <u>2.00%</u> | 0.60% |
| | <u>100.00%</u> | |

⁽¹⁾ Target asset allocation adapted at the March 2024 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return for the asset class minus the assumed inflation of 2.2%, per Cliffwater's 2024 capital market assumptions.

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

6. EMPLOYEES' RETIREMENT PLANS (Continued)

Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

- The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
- The actuarial present value of projected benefit payments do not include in (1), calculated using the municipal bond rate.

EL PASO CENTRAL APPRAISAL DISTRICTNOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

6. EMPLOYEES' RETIREMENT PLANS (Continued)

Changes in the Net Pension Liability for the year ended December 31, 2023:

| | Changes in Net Pension Liability/(Asset) | | |
|---|--|---------------------------------|---|
| | Increase (Decrease) | | |
| | Total Pension Liability (a) | Fiduciary Net Pension (b) | Net Pension Liability/(Asset) (a) - (b) |
| Balances as of December 31, 2022 | \$ 26,200,338 | \$ 21,935,729 | \$ 4,264,609 |
| Changes for the year: | | | |
| Service cost | 1,593,819 | - | 1,593,819 |
| Interest on total pension liability | 2,093,897 | - | 2,093,897 |
| Effect of plan changes | - | - | - |
| Effect of economic/demographic gains and losses | 335,236 | - | 335,236 |
| Effect of assumptions changes or input | - | - | - |
| Refund of contributions | (85,299) | (85,299) | - |
| Benefit payments | (409,519) | (409,519) | - |
| Administrative expenses | - | (13,873) | 13,873 |
| Member contributions | - | 651,144 | (651,144) |
| Net investment income | - | 2,431,540 | (2,431,540) |
| Employees contribution | - | 1,943,690 | (1,943,690) |
| Other | - | 113,928 | (113,928) |
| Balance as of December 31, 2023 | <u>\$ 29,728,472</u> | <u>\$ 26,567,340</u> | <u>\$ 3,161,132</u> |

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

6. EMPLOYEES' RETIREMENT PLANS (Continued)

Changes in the Net Pension Liability for the year ended December 31, 2022:

| | <u>Changes in Net Pension Liability/(Asset)</u> | | |
|---|---|--|--|
| | <u>Increase (Decrease)</u> | | |
| | <u>Total Pension Liability (a)</u> | <u>Fiduciary Net Pension (b)</u> | <u>Net Pension Liability/(Asset) (a) - (b)</u> |
| Balances as of December 31, 2021 | \$ 20,493,947 | \$ 21,803,719 | \$ (1,309,772) |
| Changes for the year: | | | |
| Service cost | 1,289,941 | - | 1,289,941 |
| Interest on total pension liability | 1,638,329 | - | 1,638,329 |
| Effect of plan changes | 3,214,274 | - | 3,214,274 |
| Effect of economic/demographic gains and losses | 26,159 | - | 26,159 |
| Effect of assumptions changes or input | - | - | - |
| Refund of contributions | (99,288) | (99,288) | - |
| Benefit payments | (363,024) | (363,024) | - |
| Administrative expenses | - | (12,855) | 12,855 |
| Member contributions | - | 602,565 | (602,565) |
| Net investment income | - | (1,391,667) | 1,391,667 |
| Employees contribution | - | 1,190,674 | (1,190,674) |
| Other | - | 205,605 | (205,605) |
| Balance as of December 31, 2022 | <u>\$ 26,200,338</u> | <u>\$ 21,935,729</u> | <u>\$ 4,264,609</u> |

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

6. EMPLOYEES' RETIREMENT PLANS (Continued)

Changes in the Net Pension Liability (Continued)

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.60%) in measuring the 2023 and 2022 Net Pension Liability.

For year ended December 31, 2023:

| | 1% Decrease in Discount Rate (6.60%) | Discount Rate (7.60%) | 1% Increase in Discount Rate (8.60%) |
|-------------------------------|---|----------------------------------|---|
| Total pension liability | <u>\$ 34,201,347</u> | <u>\$ 29,728,472</u> | <u>\$ 26,008,791</u> |
| Fiduciary net position | <u>26,567,340</u> | <u>26,567,340</u> | <u>26,567,340</u> |
| Net pension liability/(asset) | <u>\$ 7,634,007</u> | <u>\$ 3,161,132</u> | <u>\$ (558,549)</u> |

For year ended December 31, 2022:

| | 1% Decrease in Discount Rate (6.60%) | Discount Rate (7.60%) | 1% Increase in Discount Rate (8.60%) |
|-------------------------------|---|----------------------------------|---|
| Total pension liability | <u>\$ 30,201,880</u> | <u>\$ 26,200,338</u> | <u>\$ 22,882,814</u> |
| Fiduciary net position | <u>21,935,729</u> | <u>21,935,729</u> | <u>21,935,729</u> |
| Net pension liability/(asset) | <u>\$ 8,266,151</u> | <u>\$ 4,264,609</u> | <u>\$ 947,085</u> |

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

6. EMPLOYEES' RETIREMENT PLANS (Continued)

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

The District reported its deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

For the year ended September 30, 2024:

| | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> |
|---|--|---|
| Differences between expected and actual economic experience | \$ - | \$ 442,085 |
| Changes in assumptions | - | 466,649 |
| Net difference between projected and actual earnings | 908,799 | 1,242,235 |
| Contributions made subsequent to measurement date | - | 1,480,349 |
| | <u>\$ 908,799</u> | <u>\$ 3,631,318</u> |

For the year ended September 30, 2023:

| | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> |
|---|--|---|
| Differences between expected and actual economic experience | \$ 119,529 | \$ 285,544 |
| Changes in assumptions | | 635,705 |
| Net difference between projected and actual earnings | 1,050,431 | 1,663,489 |
| Contributions made subsequent to measurement date | - | 1,405,288 |
| | <u>\$ 1,169,960</u> | <u>\$ 3,990,026</u> |

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

6. EMPLOYEES' RETIREMENT PLANS (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

| <u>Year ended December 31,</u> | <u>Amount</u> |
|--------------------------------|---------------------|
| 2025 | \$ 1,755,767 |
| 2026 | 754,747 |
| 2027 | 116,227 |
| 2028 | 47,894 |
| 2029 | 47,884 |
| | <u>\$ 2,722,519</u> |

At September 30, 2024 and 2023, \$1,480,349 and \$1,405,288, were recognized as pension expense and reduction of deferred outflow of resources, respectively.

Payable to the Pension Plan

The District reported a payable of \$352,564 and \$415,334 at September 30, 2024 and 2023, respectively, for the outstanding amount of contributions to the pension plan required for the year ended.

Other Retirement Plans

In addition, the District offers its employees a deferred compensation plan in which participating employees may elect to contribute up to 33.33% of the participant's includible compensation for the taxable year, not to exceed the limits set by the IRS code 457(e) (15). The District does not make contributions to this plan.

The District also offers its employees a cafeteria plan allowing the employees to contribute pre-tax amounts from wages to cover certain costs the employee may incur, such as health insurance, medical reimbursement, and dependent care assistance.

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

7. ACCRUED VACATION LEAVE

The policy of El Paso Central Appraisal District provides that vacation leave is contingent upon past and further service; therefore, the cost related to accrued vacation leave has been recognized and is included in the balance sheet as accrued payroll and benefits. The amount accrued was \$840,922 and \$781,325 for the years ended September 30, 2024 and 2023, respectively.

8. LEASES

The District adopted GASB Statement No. 87 during fiscal year 2022 for current lease liabilities. The District is currently entered into lease agreements as lessee for the use of computer equipment and communication equipment. As of September 30, 2024, the value of the lease liability for these leases was \$1,060,592. The District is required to make monthly principal and interest payments of \$76,843 related to these lease agreements. The leases have interest rates ranging from 1.930% to 33.052%. The District does not intend to purchase the equipment at the end of the lease term. The value of the right-to-use assets as of the end of the current fiscal year was \$1,492,344 and had accumulated amortization of \$474,023. The present value of the future principal and interest lease payments as of September 30, 2024, were as follows:

| <u>Year Ended September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------------|----------------------------|-------------------------|----------------------------|
| 2025 | \$ 339,127 | \$ 50,804 | \$ 389,931 |
| 2026 | 342,995 | 28,616 | 371,611 |
| 2027 | 309,070 | 10,953 | 320,023 |
| 2028 | 69,400 | 1,343 | 70,743 |
| 2029 | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 1,060,592</u> | <u>\$ 91,716</u> | <u>\$ 1,152,308</u> |

9. LITIGATION

There are currently numerous lawsuits pending in which the District is a party. These cases are in all stages of progress from just filed to trial awaiting entry of judgment. The District's liability is limited to attorney's fees and court costs in cases involving excessive and unequal appraisals only. The range of possible monetary loss to the District, if any, is undeterminable at this time.

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

EL PASO CENTRAL APPRAISAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

11. ENCUMBERED FUNDS

The encumbered fund balance as of September 30, are the following:

| | <u>2024</u> | <u>2023</u> |
|--------------------|---------------------|---------------------|
| Litigation Reserve | \$ 823,225 | \$ 914,228 |
| BOD election | <u>527,886</u> | <u>527,886</u> |
| Committed Funds | <u>\$ 1,351,111</u> | <u>\$ 1,442,114</u> |

Funds can only be utilized upon Board of Directors approval. If for any reason the above item of obligation is satisfied and / or otherwise terminated, any excess remaining funds will be credited back to the taxing entities in accordance with Section 6.06 (j) of the Texas Property Tax Code. During the year ended September 30, 2023, \$329,000 from the TCDRS Reserves were expensed.

12. SUBSEQUENT EVENTS

Subsequent events were evaluated through January 30, 2025, which is the date the financial statements were able to be issued, and no items were noted.

13. NEW ACCOUNTING PRONOUNCEMENTS

The following are the new Governmental Accounting Standards Board (GASB) Statements that have future implementation dates. The District had not early implemented, nor has it completed the process of evaluating the impact on its financial position that will result from adopting the listed Governmental Accounting Board Statements listed below:

GASB Statement No. 101

GASB Statement No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023 and reporting periods thereafter.

GASB Statement No. 102

GASB Statement No. 102, *Certain Risk Disclosures*, effective for fiscal years beginning after June 15, 2024 and reporting periods thereafter.

GASB Statement No. 103

GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for fiscal years beginning after June 15, 2025 and reporting periods thereafter.

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

13. NEW ACCOUNTING PRONOUNCEMENTS (Continued)

GASB Statement No. 104

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, effective for fiscal years beginning after June 15, 2025 and reporting periods thereafter.

REQUIRED SUPPLEMENTARY INFORMATION

EL PASO CENTRAL APPRAISAL DISTRICT

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND- CASH BASIS
YEAR ENDED SEPTEMBER 30, 2024**

| | <u>Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance</u> |
|--|-------------------|-------------------------------------|-----------------|
| REVENUES AND OTHER SOURCES | | | |
| Taxing jurisdictions | \$ 22,038,298 | \$ 22,038,298 | \$ - |
| Interest income | 40,000 | 348,118 | 308,118 |
| Rendition penalties | 5,000 | 107,118 | 102,118 |
| Miscellaneous | 5,000 | 3,209 | (1,791) |
| Total revenues and other sources | <u>22,088,298</u> | <u>22,496,743</u> | <u>408,445</u> |
| EXPENDITURES AND OTHER USES | | | |
| Salaries and wages | 10,296,603 | 9,986,270 | 310,333 |
| Employee benefits | 5,140,640 | 4,547,850 | 592,790 |
| Computer expense | 15,000 | 1,415 | 13,585 |
| Software support and licensing | 1,276,299 | 1,119,658 | 156,641 |
| Vehicles: | | | |
| Insurance | 17,162 | 13,761 | 3,401 |
| Gas, oil, and maintenance | 49,000 | 31,990 | 17,010 |
| Building: | | | |
| Utilities | 246,778 | 214,968 | 31,810 |
| Janitorial | 13,000 | 6,807 | 6,193 |
| Maintenance | 147,078 | 223,804 | (76,726) |
| Fixed asset acquisitions | 116,347 | 410,835 | (294,488) |
| Furniture and equipment: | | | |
| Lease payments | 524,059 | 579,084 | (55,025) |
| Maintenance | 130,654 | 66,254 | 64,400 |
| Small furniture and equipment | 60,990 | 35,587 | 25,403 |
| Paper, supplies, printing, and advertising | 192,046 | 160,865 | 31,181 |
| Postage | 395,798 | 246,742 | 149,056 |
| Seminars, conferences, travel, dues, registrations and state required schools | 220,945 | 209,967 | 10,978 |
| Board of Directors education | 11,670 | 12,013 | (343) |
| Bonding and general insurance | 37,677 | 34,905 | 2,772 |
| Audit fees | 26,637 | 22,040 | 4,597 |
| District presentation, Chief Appraiser, travel and schools | 19,425 | 6,368 | 13,057 |
| Books and publications | 27,396 | 28,381 | (985) |
| Legal fees | 636,200 | 1,377,203 | (741,003) |
| Appraisal Review Board | 424,650 | 425,119 | (469) |
| Liaison expense | 6,000 | 5,771 | 229 |
| Professional services | 1,385,412 | 1,312,588 | 72,824 |

See independent auditor's report and notes to financial statements.

EL PASO CENTRAL APPRAISAL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2024

| | <u>Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance</u> |
|---|-------------------|-------------------------------------|---------------------|
| EXPENDITURES AND OTHER USES (Continued) | | | |
| Supplemental help, V.O.E. , etc. | \$ 51,800 | \$ - | \$ 51,800 |
| Arbitration | 25,300 | 16,750 | 8,550 |
| *10% Contingency fund | 593,732 | - | 593,732 |
| Unencumbered funds for litigation | - | (391,002) | 391,002 |
| Encumbered funds - BOD election | - | 300,000 | (300,000) |
| Total expenditures and other uses | <u>22,088,298</u> | <u>21,005,993</u> | <u>1,082,305</u> |
| Excess of revenues and other sources over expenditures and other uses | <u>\$ -</u> | <u>\$ 1,490,750</u> | <u>\$ 1,490,750</u> |

* The 10% contingency fund represents 10% of budgeted operating cost excluding personnel services expenditures. The funds are used to offset the unbudgeted and unforeseen expenditures determined necessary by management and authorized by the board during the fiscal year. The District used \$335,719 of the contingency funds for fixed asset purchases and \$55,029 for lease payments during the current fiscal year.

EL PASO CENTRAL APPRAISAL DISTRICT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

YEARS ENDED DECEMBER 31, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 AND 2014

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------------|---------------|----------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|
| <u>Total Pension Liability</u> | | | | | | | | | | |
| Service cost | \$ 1,593,819 | \$ 1,289,941 | \$ 1,251,909 | \$ 1,118,722 | \$ 1,066,377 | \$ 1,056,423 | \$ 1,073,768 | \$ 1,129,860 | \$ 951,664 | \$ 900,802 |
| Interest on total pension liability | 2,093,897 | 1,638,329 | 1,437,960 | 1,241,718 | 1,066,158 | 909,903 | 764,893 | 601,533 | 569,394 | 454,213 |
| Effect of plan changes | - | 3,214,274 | - | - | - | - | - | - | (182,929) | - |
| Effect of assumption changes or input | - | - | 28,586 | 1,196,490 | - | - | 51,385 | - | 97,017 | - |
| Effect of economic/demographic (gains) or losses | 335,236 | 26,159 | 236,790 | 103,811 | 139,162 | 89,568 | 28,398 | (112,724) | (1,070,087) | 129,493 |
| Benefit payments/refunds of contributions | (494,818) | (462,312) | (255,166) | (153,033) | (160,088) | (114,410) | (107,376) | (135,505) | (61,471) | (29,825) |
| Net change in total pension liability | \$ 3,528,134 | \$ 5,706,391 | \$ 2,700,079 | \$ 3,507,708 | \$ 2,111,609 | \$ 1,941,484 | \$ 1,811,068 | \$ 1,483,164 | \$ 303,588 | \$ 1,454,683 |
| Total pension liability, beginning | 26,200,338 | 20,493,947 | 17,793,868 | 14,286,160 | 12,174,551 | 10,233,067 | 8,421,999 | 6,938,835 | 6,635,247 | 5,180,564 |
| Total pension liability, ending (a) | \$ 29,728,472 | \$ 26,200,338 | \$ 20,493,947 | \$ 17,793,868 | \$ 14,286,160 | \$ 12,174,551 | \$ 10,233,067 | \$ 8,421,999 | \$ 6,938,835 | \$ 6,635,247 |
| <u>Fiduciary Net Position</u> | | | | | | | | | | |
| Employer contributions | \$ 1,943,690 | \$ 1,190,674 | \$ 924,572 | \$ 954,280 | \$ 952,248 | \$ 879,280 | \$ 710,889 | \$ 681,000 | \$ 668,387 | \$ 660,052 |
| Member contributions | 651,144 | 602,565 | 573,881 | 545,486 | 520,696 | 498,532 | 489,786 | 476,626 | 467,011 | 461,578 |
| Investment income net of investment expenses | 2,431,540 | (1,391,667) | 3,814,913 | 1,439,000 | 1,769,614 | (165,787) | 1,105,018 | 442,983 | (90,507) | 246,074 |
| Benefit payment/refunds of contributions | (494,818) | (462,312) | (255,166) | (153,033) | (160,088) | (114,410) | (107,375) | (135,505) | (61,471) | (29,285) |
| Administrative expenses | (13,873) | (12,855) | (11,796) | (12,232) | (10,594) | (8,662) | (6,422) | (4,816) | (3,945) | (3,296) |
| Other | 113,928 | 205,605 | 39,828 | 41,228 | 46,884 | 38,609 | 14,591 | 103,170 | 8,259 | 1,244 |
| Net change in fiduciary net position | 4,631,611 | 132,010 | 5,086,232 | 2,814,729 | 3,118,760 | 1,127,562 | 2,206,487 | 1,563,458 | 987,734 | 1,335,827 |
| Fiduciary net position, beginning | 21,935,729 | 21,803,719 | 16,717,487 | 13,902,758 | 10,783,998 | 9,656,436 | 7,449,949 | 5,886,491 | 4,898,757 | 3,562,930 |
| Fiduciary net position, ending (b) | \$ 26,567,340 | \$ 21,935,729 | \$ 21,803,719 | \$ 16,717,487 | \$ 13,902,758 | \$ 10,783,998 | \$ 9,656,436 | \$ 7,449,949 | \$ 5,886,491 | \$ 4,898,757 |
| Net pension liability/(asset), ending =(a) - (b) | \$ 3,161,132 | \$ 4,264,609 | \$ (1,309,772) | \$ 1,076,381 | \$ 383,402 | \$ 1,390,553 | \$ 576,631 | \$ 972,050 | \$ 1,052,344 | \$ 1,736,490 |
| Fiduciary net position as a % of total pension liability | 89.37% | 83.72% | 106.39% | 93.95% | 97.32% | 88.58% | 94.37% | 88.46% | 84.83% | 73.83% |
| Pensionable covered payroll | \$ 9,302,059 | \$ 8,608,067 | \$ 8,198,299 | \$ 7,792,661 | \$ 7,438,518 | \$ 7,121,882 | \$ 6,996,943 | \$ 6,808,949 | \$ 6,671,581 | \$ 6,593,968 |
| Net pension liability as a % of covered payroll | 33.98% | 49.54% | -15.98% | 13.81% | 5.15% | 19.53% | 8.24% | 14.28% | 15.77% | 26.33% |

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 implemented.

EL PASO CENTRAL APPRAISAL DISTRICT

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
YEARS ENDED DECEMBER 31, 2023, 2024, 2021, 2020, 2019, 2018, 2017, 2016, 2015,
AND 2014**

| Year ending December 31⁽¹⁾ | Actuarially Determined Contributions⁽¹⁾ | Actual Employer Contribution⁽¹⁾ | Contribution Deficiency (excess) | Pensionable Covered Payroll⁽²⁾ | Actual Contributions as a % of Payroll |
|--|---|---|---|--|---|
| 2014 | 660,052 | 660,052 | - | 6,593,968 | 10.0% |
| 2015 | 668,387 | 668,387 | - | 6,671,581 | 10.0% |
| 2016 | 680,895 | 681,000 | (105) | 6,808,949 | 10.0% |
| 2017 | 710,889 | 710,889 | - | 6,996,943 | 10.2% |
| 2018 | 729,280 | 879,280 | (150,000) | 7,121,882 | 12.3% |
| 2019 | 743,108 | 952,248 | (209,140) | 7,438,518 | 12.8% |
| 2020 | 787,059 | 954,280 | (167,221) | 7,792,661 | 12.2% |
| 2021 | 809,992 | 924,572 | (114,580) | 8,198,299 | 11.3% |
| 2022 | 981,320 | 1,190,674 | (209,354) | 8,608,067 | 13.8% |
| 2023 | 1,608,326 | 1,943,690 | (335,364) | 9,302,059 | 20.9% |

⁽¹⁾ TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis. If additional assistance is needed, please contact TCDRS.

⁽²⁾ Payroll is calculated based on contributions as reported to TCDRS.

EL PASO CENTRAL APPRAISAL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

1. **CHANGES OF BENEFITS TERMS**

No changes for the year ended September 30, 2024.

2. **CHANGES OF ASSUMPTIONS**

Changes to the actual assumptions or other inputs that affect measurement of total pension liability since the prior measurement period were as follows:

- The remaining amortization period changed from 15.6 years as of September 30, 2023 to 10.0 years (based on contribution rate calculated in December 31, 2023 valuation.)

SUPPLEMENTARY INFORMATION

EL PASO CENTRAL APPRAISAL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENSES
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

| | 2024 <u>(Memorandum Only)</u> | 2023 <u>(Memorandum Only)</u> |
|--|----------------------------------|----------------------------------|
| GENERAL FUND | | |
| Salaries and wages | \$ 9,986,270 | \$ 9,203,358 |
| Employee benefits | 4,547,850 | 4,279,475 |
| Pension benefits adjustment | (1,005,929) | 2,711,976 |
| Computer | 1,415 | 1,679 |
| Software support and licensing | 1,119,658 | 1,034,884 |
| Vehicles: | | |
| Insurance | 13,761 | 13,077 |
| Gas, oil, and maintenance | 31,990 | 34,288 |
| Building: | | |
| Utilities | 214,968 | 195,846 |
| Janitorial | 6,807 | 7,643 |
| Maintenance | 223,804 | 166,005 |
| Furniture and equipment: | | |
| Lease payments | 579,084 | 305,193 |
| Maintenance | 66,254 | 81,808 |
| Small furniture and equipment | 35,587 | 25,603 |
| Lease payments adjustment | (313,503) | (227,920) |
| Paper, supplies, printing, and advertising | 160,865 | 153,985 |
| Postage | 246,742 | 333,124 |
| Seminars, conferences, travel, dues, registrations and state required schools | 209,967 | 196,333 |
| Travel, Board of Directors | 12,013 | 4,601 |
| Bonding and general insurance | 34,905 | 32,773 |
| Audit fees | 22,040 | 22,687 |
| District presentation, Chief Appraiser, travel and schools | 6,368 | 11,089 |
| Books and publications | 28,381 | 25,683 |
| Legal fees | 1,377,203 | 632,051 |
| Appraisal Review Board | 425,119 | 400,026 |
| Professional services | 1,312,588 | 1,214,476 |
| Liaison expense | 5,771 | 5,880 |
| Arbitration | 16,750 | 6,450 |
| Supplemental help, V.O.E., etc. | - | 37,347 |
| Total General Fund | <u>19,366,728</u> | <u>20,909,420</u> |
| PLANT FUND | | |
| Capital outlay, net of (gain) loss on disposal | 4,848 | 94 |
| Depreciation and amortization | <u>610,892</u> | <u>471,033</u> |
| TOTAL | <u>\$ 19,982,468</u> | <u>\$ 21,380,547</u> |

See independent auditor's report and notes to financial statements.

EL PASO CENTRAL APPRAISAL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF REFUNDS DUE TO (DUE FROM) TAXING JURISDICTIONS

| | <u>2024</u> | <u>2023</u> |
|---|----------------------------|----------------------------|
| PAYMENTS RECEIVED FROM TAXING JURISDICTIONS | \$ 22,038,298 | \$ 19,838,424 |
| EXPENDITURES REQUIRING TAXING JURISDICTION FUNDING | | |
| Total expenditures | <u>21,297,052</u> | <u>18,896,397</u> |
| Depreciation and amortization expense | (610,892) | (471,033) |
| Expenditures covered by: | | |
| Interest income | (348,118) | (259,520) |
| Rendition penalties income | (107,118) | (71,856) |
| Miscellaneous income | (3,209) | (2,648) |
| Fixed asset acquisitions | 410,835 | 146,194 |
| Encumbered funds | 300,000 | 527,886 |
| Unencumbered funds | <u>(391,002)</u> | <u>(329,000)</u> |
| Total expenditures requiring jurisdiction funding | <u>20,547,548</u> | <u>18,436,420</u> |
| DUE TO TAXING JURISDICTIONS, net of current year | \$ <u>1,490,750</u> | \$ <u>1,402,004</u> |

See independent auditor's report and notes to financial statements.

EL PASO CENTRAL APPRAISAL DISTRICT

SUPPLEMENTARY INFORMATION
 SCHEDULE OF REFUNDS DUE TO (DUE FROM) TAXING JURISDICTIONS (CONTINUED)
 YEARS ENDED SEPTEMBER 30, 2024 AND 2023

| | 2024 | 2023 |
|--|---------------------|---------------------|
| ALLOCATION SCHEDULE | | |
| Anthony Independent School District | \$ 1,839 | \$ 1,917 |
| Anthony, Town of | 1,934 | 1,366 |
| Canutillo Independent School District | 37,541 | 40,367 |
| City of El Paso | 385,612 | 354,510 |
| Clint Independent School District | 20,730 | 23,126 |
| Clint, Town of | 680 | 482 |
| County of El Paso | 271,326 | 213,871 |
| El Paso Community College | 69,736 | 62,644 |
| El Paso County Emergency Services | | |
| District #1 | 5,829 | 4,235 |
| District #2 | 4,833 | 4,012 |
| El Paso County Tornillo W.I.D. | 91 | 102 |
| El Paso County Water C.I.D. #4 | 295 | 244 |
| El Paso Independent School District | 199,757 | 235,264 |
| Fabens Independent School District | 2,611 | 2,814 |
| Hacienda Del Norte Water District | 216 | 160 |
| Horizon City | 7,849 | 5,597 |
| Horizon Regional Municipal Utility District | 12,604 | 8,716 |
| HMUD - Hunt Communities DA | 318 | 135 |
| HMUD - Hunt Properties DA | 15 | (6) |
| HMUD -Rancho Desierto Bello DA | 115 | 57 |
| HMUD - Ravenna DA | 201 | 31 |
| HMUD -Summer Sky N DA | 1 | 1 |
| Lower Valley Water District | 5,306 | 4,139 |
| El Paso Municipal Management District | 3 | 3 |
| Paseo del Este MUD #1 | 4,027 | 2,347 |
| Paseo del Este MUD #2 | 1,434 | 1,046 |
| Paseo del Este MUD #3 | 2,001 | 1,755 |
| Paseo del Este MUD #4 | 586 | 332 |
| Paseo del Este MUD #5 | 1,485 | 1,228 |
| Paseo del Este MUD #6 | 1,349 | 894 |
| Paseo del Este MUD #7 | 1,231 | 590 |
| Paseo del Este MUD #8 | 1,836 | 1,594 |
| Paseo del Este MUD #9 | 1,780 | 1,527 |
| Paseo del Este MUD #10 | 2,059 | 1,612 |
| Paseo del Este MUD #11 | 579 | 452 |
| San Elizario Independent School District | 2,591 | 3,233 |
| San Elizario, City of | 1,034 | 901 |
| Socorro Independent School District | 184,886 | 171,065 |
| Socorro, City of | 12,644 | 10,254 |
| Tornillo Independent School District | 1,025 | 1,166 |
| University Medical Center of El Paso (formerly El Paso County Hospital) | 143,229 | 121,133 |
| Vinton, Town of | 997 | 862 |
| Ysleta Independent School District | 96,535 | 116,226 |
| DUE TO TAXING JURISDICTIONS, net current year | \$ 1,490,750 | \$ 1,402,004 |

See independent auditor's report and notes to financial statements.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
El Paso Central Appraisal District
El Paso, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of El Paso Central Appraisal District (The District), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 30, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

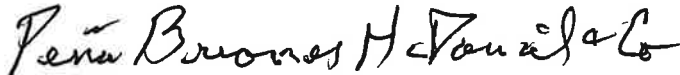
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



January 30, 2025
El Paso, Texas