

COLEMAN COUNTY APPRAISAL DISTRICT

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2023



Roberts & McGee CPA

COLEMAN COUNTY APPRAISAL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of
Coleman County Appraisal District:

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Coleman County Appraisal District (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that

an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–7 and 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Roberts + McGee, CPA
Roberts & McGee, CPA

Abilene, Texas,
June 12, 2024

COLEMAN COUNTY APPRAISAL DISTRICT

Management Discussion and Analysis

December 31, 2023

As management of Coleman County Appraisal District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2023.

Financial Statement Highlights

- The District's total combined net position at December 31, 2023 was \$198,626, which increased by \$17,048, from current year operations.
- At the end of the current fiscal year, total fund balance for the General Fund was \$180,764. The majority of this balance is committed for capital reserves and the rest of the balance of \$17,667 is nonspendable.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation).

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

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

Fund Financial Statements

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

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

COLEMAN COUNTY APPRAISAL DISTRICT

Management Discussion and Analysis

December 31, 2023

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-20 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that is required by the Governmental Accounting Standards Board to be a part of the District's basic financial statements. Required supplementary information can be found on page 21 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A large portion of the District's net position reflects its investment in capital assets (e. g., land, buildings, vehicles, furniture, and equipment). The District uses these capital assets to provide services to the member entities we serve; consequently, these assets are not available for future spending.

Additionally, a portion of the District's net position represents unrestricted financial resources available for future operations.

COLEMAN COUNTY APPRAISAL DISTRICT

Management Discussion and Analysis

December 31, 2023

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

	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 274,552	\$ 319,756
Capital assets, net	32,066	30,659
Total assets	<u>306,618</u>	<u>350,415</u>
Noncurrent liabilities	14,204	11,670
Total liabilities	<u>14,204</u>	<u>11,670</u>
Deferred inflows of resources	179,371	157,167
Net position:		
Net investment in capital assets	30,783	22,187
Unrestricted	167,843	159,391
Total net position	<u>\$ 198,626</u>	<u>\$ 181,578</u>

GOVERNMENTAL ACTIVITIES

Revenues for the Coleman County Appraisal District's governmental activities were \$631,403 while total expenses were \$614,355. The change in net position from current year operations was an increase of \$17,048.

Coleman County Appraisal District
Summary of Changes in Net Position
For the Fiscal Years Ended December 31
Governmental Activities

	<u>2023</u>	<u>2022</u>
Revenues		
Appraisal and collection income	\$ 628,670	\$ 541,490
Interest and other income	2,733	251
Total revenues	<u>631,403</u>	<u>541,741</u>
Expenses		
Appraisal office expenses	614,355	542,293
Total expenses	<u>614,355</u>	<u>542,293</u>
Change in net position	17,048	(552)
Net position, beginning	181,578	182,130
Net position, ending	<u>\$ 198,626</u>	<u>\$ 181,578</u>

COLEMAN COUNTY APPRAISAL DISTRICT

Management Discussion and Analysis

December 31, 2023

The District’s Board approved to commit the 2022 and 2023 budget surplus; therefore, the District did not have any refunds to taxing authorities in fiscal year 2022 or 2023.

FINANCIAL ANALYSIS OF THE DISTRICTS FUNDS

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

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

The general fund is the chief operation fund of the District. At the end of the fiscal year, the District’s general fund reported an ending fund balance of \$180,764.

General Fund Budgetary Highlights

The original budget was a balanced budget with \$628,920 of revenues and expenses. There were budget amendments during the year and the final budget had a surplus amount of \$16,641. Actual revenues were \$2,501 more than the final budget, actual expenses were \$967 more than budgeted. The District experienced an overall budget surplus of \$1,534.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District’s investment in capital assets for its governmental activities as of December 31, 2023, amounts to \$32,066 (net of accumulated depreciation). This investment in capital assets includes buildings improvements and furniture and equipment.

Capital Assets Schedule (net of depreciation)

	Governmental Activities	
	2023	2022
Building and improvements	\$ 57,990	\$ 50,629
Office/Computer equipment	142,366	142,366
Intangible right of use asset	16,811	16,811
Total depreciable assets	<u>217,167</u>	<u>209,806</u>
Less: accumulated depreciation and amortization	<u>(185,101)</u>	<u>(179,147)</u>
Total capital assets, net	<u>\$ 32,066</u>	<u>\$ 30,659</u>

Additional information on the District’s capital assets can be found in Note 7 on page 18 of this report.

Long-term debt. At the end of the current fiscal year, the Coleman County Appraisal District had \$4,985 in long-term debt related to lease liabilities. Additional information can be found in Note 9 on page 19.

COLEMAN COUNTY APPRAISAL DISTRICT

Management Discussion and Analysis

December 31, 2023

Requests for Information

This financial report is designed to provide a general overview of the Coleman County Appraisal District's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Coleman County Appraisal District, P.O. Box 914, Coleman, Texas, 76834.

BASIC FINANCIAL STATEMENTS

COLEMAN COUNTY APPRAISAL DISTRICT
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2023

	<u>General Fund</u>	<u>Adjustments (Note A)</u>	<u>Statement of Net Position</u>
ASSETS			
Cash and cash investments	\$ 256,885	\$	\$ 256,885
Prepaid expenses	17,667		17,667
Accounts receivable	85,583		85,583
Capital assets, net	<u>-</u>	<u>32,066</u>	<u>32,066</u>
Total Assets	<u>\$ 360,135</u>	<u>32,066</u>	<u>392,201</u>
 LIABILITIES			
Current liabilities			
Lease liability	\$	3,702	3,702
Noncurrent liabilities			
Compensated absences		9,219	9,219
Lease liability		<u>1,283</u>	<u>1,283</u>
Total Liabilities	<u>-</u>	<u>14,204</u>	<u>14,204</u>
 DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	<u>179,371</u>		<u>179,371</u>
 FUND BALANCE/NET POSITION			
Fund balances			
Nonspendable	17,667	(17,667)	
Committed	<u>163,097</u>	<u>(163,097)</u>	
Total Fund Balances	<u>180,764</u>	<u>(180,764)</u>	
Total Liabilities and Fund Balances	<u>\$ 360,135</u>		
 Net position			
Net investment in capital assets		30,783	30,783
Unrestricted		<u>167,843</u>	<u>167,843</u>
Total Net Position		<u>\$ 198,626</u>	<u>\$ 198,626</u>

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

COLEMAN COUNTY APPRAISAL DISTRICT
Note A – Adjustment to the Governmental Funds Balance Sheet
December 31, 2023

Total Fund Balances - Governmental Funds	\$ 180,764
 Amount reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the end of the year, the cost of these assets was \$217,167 and the accumulated depreciation was \$185,101. The net effect of including capital assets (net of depreciation) in the governmental activities is an increase to net position.	32,066
Lease liabilities are recorded in the statement of net position.	(4,985)
Compensated absences are recorded in the statement of net position.	<u>(9,219)</u>
Total Net Position - Statement of Net Position	\$ <u>198,626</u>

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

COLEMAN COUNTY APPRAISAL DISTRICT
Statement of Activities and Governmental Funds Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2023

REVENUES	General Fund	Adjustments (Note B)	Statement of Activities
Appraisal and collection income	\$ 628,670	\$	\$ 628,670
Interest and other income	2,733		2,733
Total Revenues	<u>631,403</u>	<u>-</u>	<u>631,403</u>
EXPENDITURES / EXPENSES			
Current			
Appraisal and Review Board expense	5,700		5,700
Appraisal - Contract	56,000		56,000
Audit	6,912		6,912
Bond premium	5,859		5,859
Computer related expenditures	103,050		103,050
Employee education	3,546		3,546
Equipment maintenance	5,429		5,429
Health insurance	49,660		49,660
Janitorial service	4,200		4,200
Liability insurance	6,757		6,757
Membership dues	2,867		2,867
Mineral conversion	-		-
Mineral valuation contract	37,500		37,500
Miscellaneous	1,399		1,399
Office supplies	6,637		6,637
Payroll taxes	17,942		17,942
Postage	15,271		15,271
Printing and legal notices	3,849		3,849
Retirement	12,650		12,650
Salaries	246,892	6,021	252,913
Telephone	4,345		4,345
Travel	1,649		1,649
Utilities	3,853		3,853
Capital outlay	7,361	(7,361)	-
Lease liability payments	3,900	(3,487)	413
Depreciation and amortization		5,954	5,954
Total Expenditures / Expenses	<u>613,228</u>	<u>1,127</u>	<u>614,355</u>
Excess of Revenues over Expenditures	18,175	(1,127)	17,048
Fund Balance / Net Position			
Beginning of Year	<u>162,589</u>	<u>18,989</u>	<u>181,578</u>
End of Year	<u>\$ 180,764</u>	<u>\$ 17,862</u>	<u>\$ 198,626</u>

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

COLEMAN COUNTY APPRAISAL DISTRICT
 Note B – Adjustment to the Statement of Governmental Funds
 Revenues, Expenditures, and Changes in Fund Balance
 For the Year Ended December 31, 2023

Net Change in Fund Balance - Total Governmental Funds	\$	18,175
Amount reported for governmental activities in the statement of activities are different because:		
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of removing capital outlays is to increase net position.		7,361
Depreciation and amortization are not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The effect of recording current year depreciation is to decrease net position.		(5,954)
The change in lease liabilities is not recorded in the governmental funds but is an increase to net position in the governmental activities.		3,487
The change in compensated absences is not recorded in the governmental funds but is a decrease to net position in the governmental activities.		<u>(6,021)</u>
Change in Net Position - Statement of Activities	\$	<u>17,048</u>

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

COLEMAN COUNTY APPRAISAL DISTRICT

Statement of Fiduciary Net Position

December 31, 2023

	<u>Custodial Fund</u>
ASSETS	
Cash and cash investments	\$ <u>2,945,493</u>
Total Assets	<u>2,945,493</u>
LIABILITIES	
Due to taxing entities	2,858,140
Due to others	<u>87,353</u>
Total Liabilities	<u>2,945,493</u>
NET POSITION	\$ <u><u>-</u></u>

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

COLEMAN COUNTY APPRAISAL DISTRICT

Statement of Changes in Fiduciary Net Position

For the Year Ended December 31, 2023

	<u>Custodial Fund</u>
<u>Additions</u>	
Collections from tax payers	\$ 11,792,991
Deposits to escrow accounts	36,136
Collections of special inventory	<u>3,734</u>
 Total additions	 <u>11,832,861</u>
 <u>Deductions</u>	
Disbursements made to the taxing entities	9,446,745
Disbursements made to escrow recipients	24,122
Other disbursements	<u>179,705</u>
 Total deductions	 <u>9,650,572</u>
 Net increase in liabilities	 2,182,289
 Liabilities - beginning	 <u>763,204</u>
 Liabilities - ending	 <u><u>\$ 2,945,493</u></u>

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

COLEMAN COUNTY APPRAISAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1: Reporting Entity

The financial statements of the Coleman County Appraisal District consist only of the funds of the District. The District has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

The Coleman County Appraisal District was established in 1979 as required by Texas Senate Bill 621, which was enacted by the Sixty-sixth Legislature. The District is governed by a Board consisting of five members. The members are elected to this Board by a weighted average vote of the taxing entities which the Appraisal District serves. The District provides both appraisal and collection services for its member governmental units.

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

Note 2: Government – Wide and Fund Financial Statements

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

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

Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. The effect of interfund activity has been removed from these statements. Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Appraisal and collections revenues are recognized as soon as they are both measurable and available. Appraisal and collections revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Interest income is considered to be susceptible to accrual and so has been recognized as revenues of the current fiscal period.

COLEMAN COUNTY APPRAISAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

The District reports the following major governmental fund:

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

Additionally, the District reports the following fund type:

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

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

Deposits and Investments

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

The Board of Directors of the District authorize the District to invest, with certain stipulations, in fully collateralized time deposits, certificates of deposit, money market accounts, interest-bearing checking accounts and United States Treasury securities. Accordingly, on December 31, 2023, the District had \$252,598 and \$3,288 invested in money market accounts and interest-bearing checking accounts, respectively. Carrying value approximates fair value.

State statutes authorize the District to invest in certificates of deposit, fully collateralized repurchase agreements, public funds investment pools, obligations of the United States or its agencies, direct obligations of the State of Texas or its agencies, prime domestic bankers - acceptances, commercial paper, SEC registered no-load money market mutual funds, other obligations which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, and obligations of states, agencies, counties, cities and other political subdivisions having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent. During the year ended December 31, 2023, the District did not own any types of securities other than those permitted by statute.

Accounts Receivable

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

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the statement of net position. The District defines capital assets with an initial, and individual cost of \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

COLEMAN COUNTY APPRAISAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

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

Computer related equipment	5 years
Building improvements	10-30 years
Furniture and Equipment	7 years

Compensated Absences

The Board elected to allow employees to carry over unused sick and vacation days to be used in the subsequent year. Vacation is earned 2 weeks per year after years 1 through 9; 3 weeks for years 10 through 24; and 4 weeks for over 24 years. Sick time is earned 10 days per year. Compensated absences on December 31, 2023 was \$9,219.

Deferred Inflows of Resources

The District assesses appraisal fees for the following year, prior to each year end. On December 31, 2023, the District had recorded unearned revenue for the appraisal fees relating to the first quarter of the 2024 fiscal year of \$179,371, all of which was received prior to yearend. The District reports unearned revenue on its balance sheet. Unearned revenue arises when potential revenues do not meet both the "measurable and available" criteria for recognition in the current period. Unearned revenue also arises when resources are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Fund Balance

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

- *Nonspendable fund balance* – includes the portion of net resources that cannot be spent because of their form (i.e. inventory, long-term loans, or prepaids) or because they must remain intact such as the principal of an endowment. The District has nonspendable fund balance at December 31, 2023 of \$17,667.
- *Restricted fund balance* – includes the portion of net resources on which limitations are imposed by creditors, grantors, contributors, or by law or regulations of other governments (i.e. externally imposed limitations). Amounts can be spent only for the specific purposes stipulated by external resource providers or as allowed by law through constitutional provisions or enabling legislation. Examples include grant awards and bond proceeds. The District has no restricted fund balance at December 31, 2023.

COLEMAN COUNTY APPRAISAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

- *Committed fund balance* – includes the portion of net resources upon which the Board of Directors has imposed limitations on use. Amounts that can be used only for the specific purposes are determined by formal action of the Board of Directors, the District’s highest level of decision-making authority. Commitments may be changed or lifted only by the Board taking the same formal action that originally imposed the constraint. The formal action must be approved before the end of the fiscal year in which the commitment will be reflected on the financial statements. The District reported committed funds for its Operating reserve of \$163,097.
- *Assigned fund balance* – includes the portion of net resources for which an intended use has been established by the Board of Directors or by an official who has been delegated by official Board action the authority to assign amounts. Assignments of fund balances are much less formal than commitments and do not require formal action for their imposition or removal. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed which indicates that resources are, at a minimum intended to be used for the purpose of that fund. The District has no assigned fund balance at December 31, 2023.
- *Unassigned fund balance* – includes the amount in the general fund in excess of what can properly be classified in one of the other four categories of fund balance. It is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. Negative residual amounts for all other governmental funds are reported in this classification.

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

Appraisal and Collection Income

The District is primarily supported by assessments from the taxing entities in the District. These assessments are calculated using each entity's percentage of the District's operating budget based on each entity's total appraised levy within the District.

Use of Estimates

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

Note 5: Stewardship, Compliance and Accountability

Budgetary Information

A budget is adopted for the general fund on a basis consistent with generally accepted accounting principles and is properly approved and amended by the Board of Directors. Appropriations lapse on December 31 each year.

COLEMAN COUNTY APPRAISAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 6: Deposits and Investments

Deposits and Investments

Custodial credit risk: Deposits in financial institutions are carried at cost which approximates fair value. At December 31, 2023, the District had cash and cash investments, which represents cash on hand, demand deposits and savings accounts at federally insured local banks. At year end, the District's deposits were fully secured by FDIC coverage.

Statutes authorize the District to invest in obligation of the U.S. Treasury or the State of Texas, certain repurchase agreements, common trust funds, certificates of deposit that are guaranteed or insured by the Federal Deposit Insurance Corporation, and other investments specifically authorized by Chapter 2256 Public Funds Investment Act (PFIA) and Chapter 2257 Collateral for Public Funds of the Texas Government Code.

The District is in compliance with the requirements of PFIA, however the District does not have a formal investment policy.

Note 7: Capital Assets

Capital Assets

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

	January 1, 2023	Additions	Retirements	December 31, 2023
Depreciable assets:				
Building and improvements	\$ 50,629	\$ 7,361	\$ -	\$ 57,990
Office/computer equipment	142,366	-	-	142,366
Intangible right of use asset	16,811	-	-	16,811
Total depreciable assets	<u>209,806</u>	<u>7,361</u>	<u>-</u>	<u>217,167</u>
Less: accumulated depreciation and amortization				
Building and improvements	(28,574)	(2,316)		(30,890)
Office/computer equipment	(141,747)	(276)		(142,023)
Intangible right of use asset	<u>(8,826)</u>	<u>(3,362)</u>		<u>(12,188)</u>
Total accumulated depreciation and amortization	<u>(179,147)</u>	<u>(5,954)</u>	<u>-</u>	<u>(185,101)</u>
Total capital assets, net	<u>\$ 30,659</u>	<u>\$ 1,407</u>	<u>\$ -</u>	<u>\$ 32,066</u>

The District recognized depreciation and amortization expense of \$5,954 during the year ended December 31, 2023.

COLEMAN COUNTY APPRAISAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 8: Retirement Plan

The Coleman County Appraisal District provides pension benefits through a money purchase pension plan for all of its employees whose duties require at least 1,000 hours per year. The official name of the plan is the Coleman County Appraisal District Money Purchase Pension Plan and Trust. This is a nontraditional, joint contributory, defined contribution plan, which is administered by the Coleman County Appraisal District.

Management of the plan's assets and payment of benefits from the plan are the responsibilities of the Trustees who hold the positions of Chairman of the Board of Directors and Chief Appraiser of the District. The District has retained Investsmart as a plan consultant and currently all funds are invested with Security Benefit.

Benefits depend upon the sum of the employees' contributions to the plan, plus cumulative earnings, and the District's contributions to the plan, plus cumulative earnings. The plan includes a contribution of 5% of employees' compensation made by the District.

Members may retire at age 65 and above. A member is fully vested after a period of service of 10 years.

For the year ended December 31, 2023, contributions and fees made by the District totaled \$12,650.

Note 9: Leases

Long term obligations are as follows:

Description	Date	Payment Terms	Payment Amount	Imputed Interest Rate	Total Lease Liability	Balance at December 31, 2023
Xerox Machine	5/12/2020	60 Monthly	\$ 325	5.00%	\$ 16,811	\$ <u>4,985</u>
Total Liabilities for Leased Assets						\$ <u><u>4,985</u></u>

The copier machine was leased for the office, beginning on May 12, 2020 as stated above, each for a term of five years with no fixed interest rate. The District can purchase the equipment for the fair market value of the equipment at the lease termination date.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending December 31	Principal	Interest
2024	\$ 3,702	\$ 198
2025	<u>1,283</u>	<u>17</u>
	<u>\$ 4,985</u>	<u>\$ 215</u>

COLEMAN COUNTY APPRAISAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 10: Long-Term Obligations

Long-term obligations consist of the liability for accrued compensated absences and lease liabilities. The following is a summary of activity relating to these long-term obligations:

	January 1, 2023	Additions	Retirements	December 31, 2023	Due Within One Year
Compensated Absences	\$ 3,198	\$ 6,021	\$	\$ 9,219	\$
Lease Liability	8,472		(3,487)	4,985	3,702
Total long-term debt	<u>\$ 11,670</u>	<u>\$ 6,021</u>	<u>\$ (3,487)</u>	<u>\$ 14,204</u>	<u>\$ 3,702</u>

Note 11: Commitments and Contingencies

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

Note 12: Risk Management

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

REQUIRED SUPPLEMENTARY INFORMATION

COLEMAN COUNTY APPRAISAL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – General Fund
For the Year Ended December 31, 2023

REVENUES	Original Budget	Final Budget	Actual	Variance from Final Budget
Appraisal and collection income	\$ 628,670	\$ 628,670	\$ 628,670	\$ -
Interest and other income	250	232	2,733	2,501
Total Revenues	<u>628,920</u>	<u>628,902</u>	<u>631,403</u>	<u>2,501</u>
EXPENDITURES				
Current				
Appraisal and Review Board expense	3,000	5,700	5,700	-
Appraisal - Contract	56,000	56,000	56,000	-
Audit and legal services	7,200	6,912	6,912	-
Bond premium	5,350	6,077	5,859	218
Computer related expenditures	104,480	103,050	103,050	-
Employee education	2,000	3,546	3,546	-
Equipment maintenance	8,400	8,140	5,429	2,711
Health insurance	60,000	49,660	49,660	-
Janitorial service	4,200	4,200	4,200	-
Liability insurance	8,100	6,757	6,757	-
Membership dues	2,700	2,867	2,867	-
Mineral conversion	3,500	-	-	-
Mineral valuation contract	37,500	37,500	37,500	-
Miscellaneous	1,200	1,401	1,399	2
Office supplies	5,000	6,637	6,637	-
Payroll taxes	21,012	17,942	17,942	-
Postage	13,000	15,271	15,271	-
Printing and legal notices	6,000	3,849	3,849	-
Retirement	13,590	12,650	12,650	-
Salaries	256,798	246,893	246,892	1
Telephone	4,200	4,345	4,345	-
Travel	1,690	1,650	1,649	1
Utilities	4,000	3,853	3,853	-
Capital outlay	-	7,361	7,361	-
Total Expenditures	<u>628,920</u>	<u>612,261</u>	<u>609,328</u>	<u>2,933</u>
Excess of Revenues over Expenditures	-	16,641	22,075	5,434
Fund Balance at January 1	<u>162,589</u>	<u>162,589</u>	<u>162,589</u>	<u>-</u>
Fund Balance at December 31	<u>\$ 162,589</u>	<u>\$ 179,230</u>	<u>\$ 184,664</u>	<u>\$ 5,434</u>