

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT
Liberty, Texas

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT

December 31, 2020

C O N T E N T S

Independent Auditors' Report.....	3
Management's Discussion and Analysis	4
Financial Statements:	
Statement of Net Position and Governmental Fund Balance Sheet	9
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance	10
Notes to the Financial Statements.....	11
Required Supplementary Information:	
Statement of Revenues, Expenses and Changes in Fund Balance - Budget and Actual.....	22
Schedule of Changes in Net Pension Liability and Related Ratios	24
Schedule of Employer Contributions	25
Schedule of Changes in Net OPEB Liability and Related Ratios and Schedule of Contributions	26

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Liberty County Central Appraisal District
Liberty, Texas

We have audited the accompanying financial statements of the governmental activities and the general fund of Liberty County Central Appraisal District (the "District"), which comprise the District's basic financial statements as listed in the table of contents as of and for the year ended December 31, 2020 and the related notes to the financial statements.

Management's Responsibility 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 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the general fund of Liberty County Central Appraisal District at December 31, 2020, and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, statement of revenues, expenses and changes in fund balance - budget to actual, schedule of changes in net pension liability and related ratios, the schedule of employer contributions and schedule of changes in net OPEB liability and related ratios and schedule of contributions be presented to supplement the basic financial statements. Such information, although not a required 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 principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We 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.

Lufkin, Texas
April 22, 2021


CERTIFIED PUBLIC ACCOUNTANTS

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Liberty County Central Appraisal District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended December 31, 2020. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

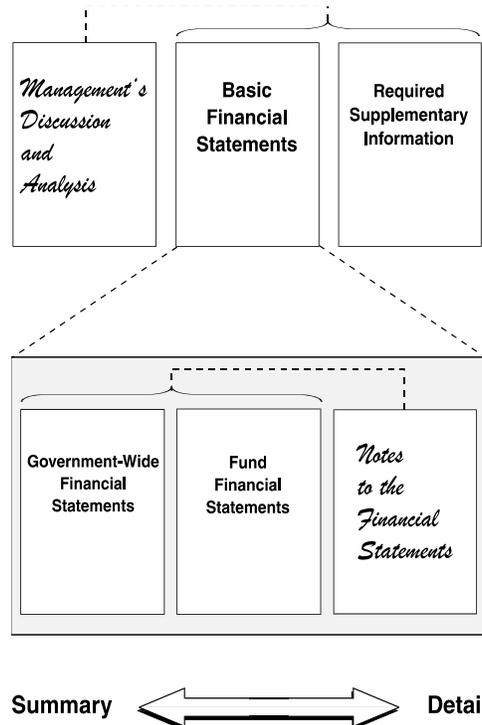
- The District's total combined net position was \$830,995 at December 31, 2020, compared to \$831,395 at December 31, 2019.
- During the year, the District's total expenses of \$3,478,629 were offset by \$3,730,571 in intergovernmental revenues and fees. The District also refunded \$252,342 to the entities. Revenues were more than 2019 levels by \$200,189 (5.7%) primarily due to intergovernmental revenue budgeted and assessed to the taxing entities.
- The general fund reported a fund balance of \$677,868 at December 31, 2020. The fund balance is restricted to be credited to the taxing entities for the 2020 budget surplus (\$175,021) and committed to the District's reserve accounts (\$502,847). This compared to a fund balance of \$504,684 at December 31, 2019. The 2019 surplus was committed to District reserve accounts in the amount of \$252,342. The remainder was credited to the taxing entities in 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements. Additionally, the District implemented GASB Statement No. 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* which amends the net asset reporting requirements of GASB Statements No. 34 by incorporating deferred inflows and outflows of resources into the required components of the residual measure and renaming that measure as net position. The basic financial statements of the District include (a) Management's Discussion and Analysis, (b) Government-wide Financial Statements, (c) Fund Financial Statements, (d) Notes to Financial Statements; and (e) Required Supplementary Information. The basis of presentation and the basis of accounting for the government-wide and fund financial statements is discussed below:

- The *government-wide financial statements* provide both *long-term* and *short-term* information about the District's overall financial status.
- The *fund financial statements* focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.

Figure A-1, Required Components of the District's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's financial statement elements. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Figure A-2. Major Features of the District's Government-wide and Fund Financial

Type of Statements	Fund Statements		
	Government-wide	Governmental Funds	Proprietary Funds
Scope	Entire District government (except fiduciary funds) and the District's component units	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses: water, sewer, and gas system
Required financial statements	♦ Statement of net position	♦ Balance sheet	♦ Statement of net position
	♦ Statement of activities	♦ Statement of revenues, expenditures & changes in fund balances	♦ Statement of revenues, expenses and changes in fund net position ♦ Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

The two government-wide statements report the District's net position and how they have changed. Net position - the difference between the District's assets and liabilities and deferred inflows and outflows of resources - is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors. The District's costs are allocated to the taxing entities that utilize the appraisal services. Any funding received in excess of expenditures is credited back to the taxing entities.

The government-wide financial statements of the District include the *Governmental activities*. The District's basic services are included here, such as appraisal services and interest on long-term debt. Intergovernmental revenues finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds* - not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Directors establishes other funds to control and manage money for particular purposes.

The District has the following kinds of funds:

- *Governmental Funds* - The District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was \$830,995 at December 31, 2020 compared to \$831,395 at December 31, 2019. (See Table A-1).

Table A-1
District's Net Position

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	2020	2019	2020-2019
Current assets	\$ 1 690 242	\$ 1 479 878	14.2%
Noncurrent assets	836 449	891 476	(6.2)%
Deferred outflows	834 524	1 028 979	(18.9)%
TOTAL ASSETS AND DEFERRED OUTFLOWS	3 361 215	3 400 333	(1.2)%
Current liabilities	74 071	100 680	(26.4)%
Noncurrent liabilities	907 710	1 290 335	(29.7)%
Deferred inflows	1 548 439	1 177 923	31.5%
TOTAL LIABILITIES AND DEFERRED INFLOWS	2 530 220	2 568 938	(1.5)%
TOTAL NET POSITION	\$ 830 995	\$ 831 395	(0.0)%

As of December 31, 2020, the District had invested \$836,449 in capital assets. Restricted net position included \$677,868 restricted for budget surplus refunds to the participating taxing entities and committed to the District's reserve accounts. This restricted net position was offset by a \$683,322 deficit in unrestricted net position. The deficit occurs in part because the compensated absences payable is funded by the taxing entities utilizing the appraisal services when paid. Net pension and OPEB liabilities and related deferred items cause the remaining deficit. This compared to \$852,183 invested in capital assets, \$504,684 restricted for budget surplus refunds, and \$525,472 deficit in unrestricted net position at December 31, 2019.

Changes in Net Position. For the year ended December 31, 2020, the District's total revenues were \$3,730,571. A significant portion, 99.5%, of the District's revenue comes from intergovernmental revenues. These revenues are from the governmental entities serviced by the appraisal district (see Figure A-3). The other sources of revenue are fees and interest income and miscellaneous revenue, which together accounted for 0.5% of revenues. The total cost of the District's program service was \$3,478,629, 72.4% of these costs are for salaries and employee benefits, 21.9% are for operating expenses, 3.0% are for contract services, 2.2% are for depreciation of assets, while the remaining 0.5% are for insurance costs. This compares to total revenues of \$3,530,382 for the year ended December 31, 2019.

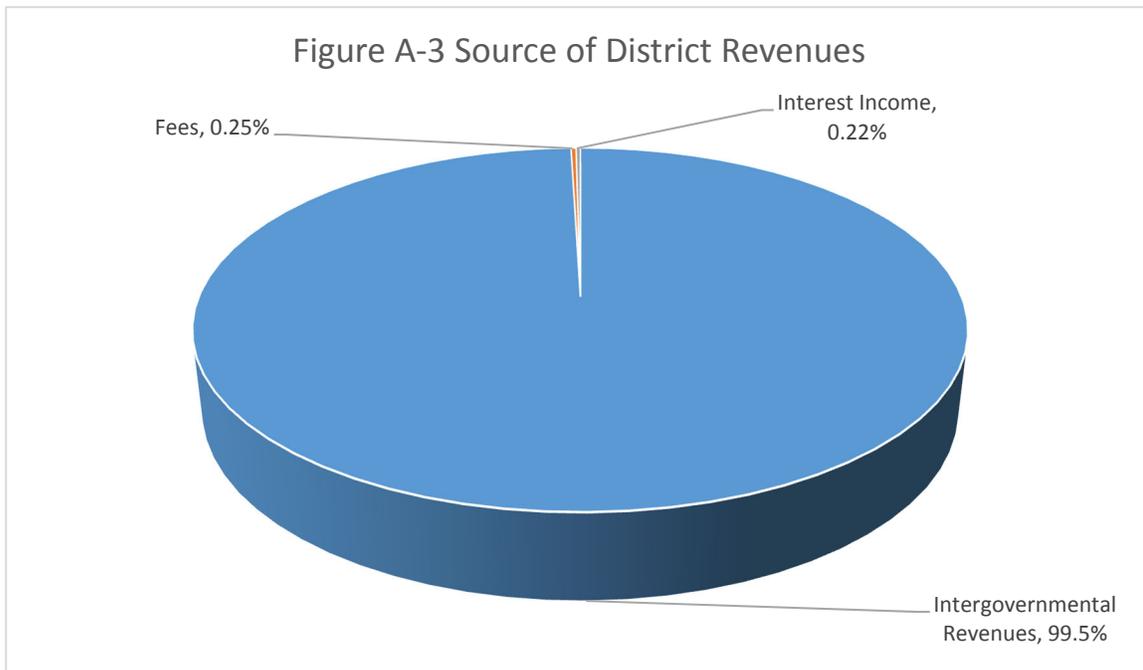


Table A-2
Changes in the District's Net Position

	GOVERNMENTAL ACTIVITIES		% CHANGE
	2020	2019	2020-2019
Revenues:			
Budget contributions - Net	\$ 3 713 450	\$ 3 513 730	5.7%
Other income	7 954	8 791	9.5%
Interest	9 167	7 861	16.6%
TOTAL REVENUES	3 730 571	3 530 382	5.7%
Expenses:			
Salaries and benefits	2 521 474	2 383 684	5.8%
Contracted services	103 752	103 752	- %
Operating	758 241	617 952	22.7%
Insurance	16 553	13 353	44.8%
Other	7	2 075	(99.7)%
Depreciation	78 602	78 056	0.7%
TOTAL EXPENSES	3 478 629	3 198 872	8.8%
Refund to entities	(252 342)	-	(100.0)%
CHANGE IN NET POSITION	\$ (400)	\$ 331 510	(100.9)%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

For the year ended December 31, 2020, the District's total revenues from governmental fund type totaled \$3,730,571. Virtually all of the District's revenue comes from intergovernmental revenues. The other sources of revenue are fees and miscellaneous income of \$7,954 and interest income of \$9,167. The total expenditures from the governmental fund types were \$3,305,045 and the District refunded \$252,342 to the entities. The District's expenditures incurred to provide appraisal services included \$2,384,041 for salaries and employee benefits, \$772,161 for operating expenses, \$103,752 for contract services, and \$19,336 for insurance. This compared to total revenues from governmental fund types of \$3,604,649 and total expenditures from the governmental fund types of \$3,099,965 for the year ended December 31, 2019.

General Fund Budgetary Highlights

The District did not revise its budget during the year. Actual revenue amounts were \$12,621 more than budgeted amounts. Total expenditures were \$337,905 lower than expected primarily due to lower than expected costs for operating expenditures and personnel costs. Budgeted funds in the amount of \$75,000 were used to fund reserves and the District refunded \$252,342 of restricted fund balance to the entities.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2020, the District had invested \$836,449 in capital assets, including land, a building and office equipment compared to \$891,476 for 2019 (see Table A-4).

Table A-4
District's Capital Assets

	GOVERNMENTAL ACTIVITIES		% CHANGE
	2020	2019	2020-2019
Land	\$ 27 780	\$ 27 7880	- %
Buildings and improvements	1 019 807	1 016 439	0.3%
Office furniture, fixtures and equipment	610 460	610 460	- %
Software	141 745	141 745	- %
Assets held under capital leases	73 080	73 080	- %
TOTALS AT HISTORICAL COST	1 872 872	1 869 504	- %
TOTAL ACCUMULATED DEPRECIATION	1 036 423	978 028	5.97%
NET CAPITAL ASSETS	\$ 836 449	\$ 891 476	5.97%

Long-Term Liabilities

The District had \$112,695 in long-term liabilities outstanding at December 31, 2020, compared to \$96,400 outstanding at December 31, 2019 (see Table A-5). The District's debt is currently unrated. More detailed information about the District's debt is presented in the notes to the financial statements.

Table A-5
District's Long-Term Liabilities

	GOVERNMENTAL ACTIVITIES		% CHANGE
	2020	2019	2020-2019
Capital leases payable	\$ 23 200	\$ 37 100	(37)%
Loans payable - Building	-	2 200	(100)%
Compensated absences	89 495	57 100	57%
TOTAL LONG-TERM LIABILITIES	\$ 112 695	\$ 96 400	17%

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Financial Department.

FINANCIAL STATEMENTS

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
December 31, 2020

	GENERAL FUND	ADJUSTMENTS	STATEMENT OF NET POSITION
ASSETS			
Current Assets:			
Cash on hand and in bank	\$ 1 644 754	\$ -	\$ 1 644 754
Prepaid expenses	-	45 488	45 488
TOTAL CURRENT ASSETS	1 644 754	45 488	1 690 242
Noncurrent Assets:			
Capital assets, net of accumulated depreciation	-	836 449	836 449
TOTAL ASSETS	1 644 754	836 449	2 526 691
DEFERRED OUTFLOWS			
Deferred outflows - Pension	-	812 567	812 567
Deferred outflows - OPEB	-	21 957	21 957
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 1 644 754	1 716 461	3 361 215
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 60 151	-	60 151
Current portion of long-term debt	-	13 920	13 920
TOTAL CURRENT LIABILITIES	60 151	13 920	74 071
Long-Term Liabilities:			
Accrued vacation and sick pay	-	89 495	89 495
Long-term debt	-	9 280	9 280
Net pension liability	-	733 663	733 663
Net OPEB liability	-	75 272	75 272
TOTAL LIABILITIES	60 151	921 630	981 781
DEFERRED INFLOWS			
Unearned revenue	906 735	-	906 735
Deferred inflows - Pension	-	635 400	635 400
Deferred inflows - OPEB	-	6 304	6 304
TOTAL LIABILITIES AND DEFERRED INFLOWS	966 886	1 563 334	2 530 220
FUND BALANCE			
Fund Balance:			
Committed for reserve funds	502 847	(502 847)	-
Restricted for jurisdictions	175 021	(175 021)	-
TOTAL FUND BALANCE	677 868	(677 868)	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 1 644 754		
NET POSITION			
Net investment in capital assets		836 449	836 449
Restricted		677 868	677 868
Unrestricted		(683 322)	(683 322)
TOTAL NET POSITION		\$ 830 995	\$ 830 995

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

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
For the Year Ended December 31, 2020

	GENERAL FUND	ADJUSTMENTS	STATEMENT OF ACTIVITIES
Revenues:			
Budget contributions	\$ 3 713 450	\$ -	\$ 3 713 450
Interest income	9 167	-	9 167
Other income	7 954	-	7 954
TOTAL REVENUES	3 730 571	-	3 730 571
Expenses:			
Salaries	1 813 475	32 409	1 845 884
Employee benefits	570 566	105 024	675 590
Contracted services	103 752	-	103 752
Operating	512 115	(13 920)	498 195
Computer	260 046	-	260 046
Insurance	19 336	(2 783)	16 553
Capital outlay	23 575	(23 575)	-
Debt service	2 180	(2 173)	7
Depreciation expense	-	78 602	78 602
TOTAL EXPENSES	3 305 045	173 584	3 478 629
NET CHANGE IN FUND BALANCE BEFORE REFUND TO ENTITIES	425 526	(425 526)	
Less: Refund to entities	(252 342)	252 342	
NET CHANGE IN FUND BALANCE	173 184	(173 184)	
CHANGE IN NET POSITION		\$ (400)	(400)
Fund Balance/Net Position:			
Beginning of year	504 684		831 395
END OF YEAR	\$ 677 868		\$ 830 995

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

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Liberty County Central Appraisal District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the District's more significant accounting policies:

A. Reporting Entity

Liberty County Central Appraisal District (the "District") was established in 1981 as a political subdivision of the State of Texas. The District is responsible for appraising property in the district for ad valorem tax purpose for each taxing unit that imposes ad valorem taxes on property in the district. A Board of five directors governs the District. Members of the Board are appointed by vote of the governing bodies of the incorporated cities and towns, school districts, and other entities that participate in the District.

The District's general purpose financial statements include the accounts of all district operations. The measure for including organizations as component units of the District was made by applying the criteria set forth in generally accepted accounting principles. The basic, but not the only, criterion for inclusion is the degree of oversight responsibility maintained by the Board of Directors. Examples of oversight responsibility include financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Based on these criteria, no potential component unit has been excluded from these statements. As of December 31, 2020, the District does not have any component units and is not considered a component unit of any other entity.

B. Basis of Presentation and Basis of Accounting

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements. GASB Statement No. 34 provides that for special-purpose governments engaged in a single government program, the fund financial statements and the government-wide statements may be combined. The District has elected to present financial statements under this combined method. The basic financial statements of the District include (a) Management's Discussion and Analysis and (b) Government-wide Financial Statements combined with Fund Financial Statements, (c) Notes to Financial statements; and (d) Required Supplementary Information.

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

The basis of presentation and the basis of accounting for the government-wide and fund financial statements utilized in the combined statements is discussed below:

Government-wide Statements - The government-wide financial statements report information on all of the governmental activities of the District. Eliminations (where applicable) have been made to minimize the double counting of internal activities. Governmental activities are financed through assessments to participating governmental entities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepaid. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of the district's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the Statement of Activities. Program revenues include (a) intergovernmental revenues and (b) fees and charges paid by the recipients of goods or services offered by the District. Revenues that are not classified as program revenues are presented as general revenues.

Net position is the amount resulting from the consideration of other financial statement elements; that is, assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position. Net position is reflected as several components, including net investment in capital assets, amounts restricted and amounts unrestricted. Net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Financial Statements and Governmental Fund Types - Fund financial statements report detailed information about the District. Governmental funds are accounted for using modified accrual basis of accountings and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

The District's fund included in this category is the general fund. This fund is the general operating fund of the district and is used to account for resources and functions traditionally associated with governments that are not required to be accounted for in another fund. The General Fund accounts for financial resources in use of general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use.

Combined Government-wide and Fund Financial Statements - The combined statements begin with the fund financial statements (prepared using the modified accrual basis of accounting) and include an adjustments column with brief explanations to identify items that will be included or excluded to reach a government-wide financial statement basis (prepared using the accrual basis of accounting).

C. Revenue Recognition

In accordance with Section 6.06(d) of the Texas Property Tax Code, the District is financed primarily through the allocation of anticipated budget costs to the taxing units participating in the District. Each taxing unit is allocated a portion of the budget equal to the proportion that property values assessed for that taxing unit (within the District's boundaries) bears to the sum of the total dollar amount of property values assessed in the District by each participating unit for that year. Each taxing unit's allocation is to be paid in four equal payments at the beginning of each calendar quarter.

D. Budgets

The annual budget for the General Fund is prepared in accordance with the basis of accounting utilized by that fund. The budget is adopted on an annual basis and revised as necessary with Board approval during the year.

E. Prepaid Assets

Certain payments to vendors reflect costs applicable to future accounting periods (such as liability insurance and software maintenance). These amounts are capitalized as prepaid assets and excluded from current period expenses.

F. Capital Assets

General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. The minimum capitalization threshold is any individual item with a total cost greater than \$1,000.

Capital assets are being depreciated using the straight-line method and depreciation expense for governmental assets is included in appraisal services as a direct expense. The following estimated useful lives are used for calculating depreciation expense:

	<u>DEPRECIABLE LIFE</u>
Building & Improvements	7-40
Office Equipment	3-7

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an addition to net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

H. Fund Balances

Governmental Accounting Standards Board (GASB) Statement No. 54 - *Fund Balance Reporting and Government Fund Type Definitions* establishes fund balance classifications based primarily on the extent to which the District is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

In the fund financial statements, governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Board of Directors through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the Board of Directors. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in any other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

For the government-wide financial statements, net position are reported as restricted when constraints placed on net position are either: (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

I. Net Position

Net positions represent the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide financial statements. Net positions are classified in the following categories:

Net investment in capital assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted net position - This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position - This amount is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

J. Use of Estimates

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

K. Pensions and Other Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Subsequent Events

Management has evaluated subsequent events through April 22, 2021, the date the financial statements were available to be issued.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

A. Finance-Related Legal and Contractual Provisions

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

VIOLATION	ACTION TAKEN
None reported	Not applicable

B. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year-end, if any, along with remarks that address such deficits:

FUND NAME	DEFICIT AMOUNT	REMARKS
None	N/A	N/A

NOTE 3 - DEPOSITS AND INVESTMENTS

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect district funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 December 31, 2020

NOTE 3 - DEPOSITS AND INVESTMENTS - CONTINUED

A. Cash Deposits

At December 31, 2020, the carrying amount of the district's deposits was \$1,644,754 and the combined bank balance was \$1,740,054. The District's cash deposits at December 31, 2020, and during the year ended December 31, 2020, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

B. Investments

The District is required by Government Code Chapter 2256, the Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment pools, (9) guaranteed investment contracts, and (10) commercial paper.

The Public Funds Investment Act (Act) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments that are allowable for the District. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) securities lending program, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) commercial paper.

C. Analysis of Specific Deposit and Investment Risks

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The District was not exposed to any credit risk at December 31, 2020.

Custodial Credit Risk

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

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year-end, the District was not exposed to custodial credit risk.

Concentration of Credit Risk

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

Interest Rate Risk

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

Foreign Currency Risk

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

NOTE 4 - CHANGES IN GENERAL FIXED ASSETS

Governmental capital asset activity for the year ended December 31, 2020, was as follows:

	BALANCE 01/01/2020	ADDITIONS	DELETIONS	BALANCE 12/31/2020
Capital Assets Not Being Depreciated:				
Land	\$ 27 780	\$ -	\$ -	\$ 27 780
Capital Assets Being Depreciated:				
Buildings and improvements	1 016 440	23 575	(20 208)	1 019 807
Furniture and equipment	610 460	-	-	610 460
Software	141 745	-	-	141 745
Assets held under capital lease	73 080	-	-	73 080
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>1 841 725</u>	<u>23 575</u>	<u>(20 208)</u>	<u>1 845 092</u>
TOTAL ACCUMULATED DEPRECIATION	<u>978 029</u>	<u>77 303</u>	<u>(18 909)</u>	<u>1 036 423</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	<u>863 696</u>	<u>(53 728)</u>	<u>(1 299)</u>	<u>808 669</u>
CAPITAL ASSETS, NET	<u>\$ 891 476</u>	<u>\$ (53 728)</u>	<u>\$ (1 299)</u>	<u>\$ 836 449</u>

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 December 31, 2020

NOTE 5 - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows and inflows of resources consisted of the following at December 31, 2020:

	DEFERRED OUTFLOWS	DEFERRED INFLOWS
Deferred outflows/inflows related to pensions	\$ 812 567	\$ 635 400
Deferred outflows/inflows related to OPEB	21 957	6 304
Deferred income - Intergovernmental revenues	-	906 735
TOTAL	\$ 834 524	\$ 1 548 439

Deferred outflows and inflows related to pensions and OPEB are more fully discussed in Notes 8 and 9, respectively.

The participating taxing entities within the District pay their proportionate share of the costs of the District based on the budget estimates for the year. As of December 31, 2020, \$906,735 had been received by the District related to the 2021 budget requirements. Accordingly, these amounts have been reflected as deferred income in the financial statements.

NOTE 6 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2020, was as follows:

	BALANCE DECEMBER 31, 2019	ADDITIONS	RETIREMENTS	BALANCE DECEMBER 31, 2020	DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES					
Notes and Leases:					
Notes payable - Prosperity	\$ 2 173	\$ -	\$ (2 173)	\$ -	\$ -
Capital leases	37 120	-	(13 920)	23 200	13 920
Other Liabilities:					
Compensated absences	57 086	32 409	-	89 495	-
TOTAL GOVERNMENTAL ACTIVITIES					
LONG-TERM LIABILITIES	\$ 96 379	\$ 32 409	\$ (16 093)	\$ 112 695	\$ 13 920

Capital Leases

The District is obligated under leases that are accounted for as capital leases. The leased assets (computer system, phone system, software and office equipment) and the related obligations are accounted for in the Statement of Net Position. The capital lease obligations will be repaid through the general operating fund.

In April 2017, the District entered into a capital lease agreement with Canon Financial Services for the purchase of five new Canon copiers for \$73,080. Under the terms of the capital lease, the district will make regular monthly payments of \$1,160 ending in 2022. The lease includes a governmental clause whereby the lease may be terminated at the end of (or with appropriate notice during) budget periods if such funding is not budgeted and the District funds are not approved.

Future commitments under capital leases are as follows:

	TOTAL
2021	\$ 13 920
2022	9 280
Total Payments	\$ 23 200

As of December 31, 2020, assets held under capital leases amounted to \$73,080 with accumulated depreciation of \$39,150 and a net book value of \$33,930.

Compensated Absences

District employees are entitled to certain compensated absences based on the length of their employment. Sick leave does not vest or accumulate and is recorded as an expenditure when paid. No employee will be paid for unused sick leave upon separation of employment. Vacation times of up to 400 hours may be carried from one year to the next year. Employees will be paid for unused vacation time upon separation of employment. Unused accrued vacation in excess of 400 hours cannot be carried forward and will not be reimbursed. The liability for accumulated vacation benefits has been included in the government-wide statements.

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 December 31, 2020

NOTE 7 - BUDGET SURPLUS AND RESTRICTED FUND BALANCE

In accordance with the Texas Property Tax Code, Section 6.06(j), any annual budget surplus of the appraisal district must be credited or refunded to the participating taxing entities in the District on an annual basis. This amount is classified as restricted fund balance in the accompanying Governmental Fund Balance Sheet. In 2020, the District committed 50% of the change in fund balance (\$425,526) after budgeted reserve commitments (\$75,000) and interest earned on committed funds (\$484) to be used for a voluntary additional principal payment on debt or contributed to the District's reserve funds as follows:

	Committed	Restricted	Total
Fund balance at beginning of year	\$ 252 342	\$ 252 342	\$ 504 684
2020 committed reserves	75 000	-	75 000
Interest income on committed reserves	484	-	484
Refund to entities	-	(252 342)	(252 342)
	<u>327 826</u>	<u>-</u>	<u>327 826</u>
Remaining change in fund balance	175 021	175 021	350 042
Fund balance at end of year	\$ <u>502 847</u>	\$ <u>175 021</u>	\$ <u>677 384</u>

NOTE 8 - PENSION PLAN

Plan Information

Plan Description

The District provides retirement benefits for all of its full-time employees through a nontraditional defined benefit pension plan (Plan) in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple employer public employee retirement system consisting of separate nontraditional defined benefit pension plans. TCDRS in the aggregate issues comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available at www.tcdrs.org.

Benefits Provided

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

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

At December 31, 2019, the latest available valuation and measurement date, the following employees were covered by the plan:

Active employees	35
Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	46
	<u>97</u>

Contributions

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 14.83% and 14.05% for the months of the accounting years in 2020 and 2019, respectively. The contribution rate payable by the employee members for 2020 and 2019 is the rate of 7% adopted by the governing body of the employer. All eligible employees of the District are required to participate in TCDRS.

Net Pension Liability

The District's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Real rate of return	5.25%
Inflation	2.75%
Long-term investment return	8.0%, net of Plan investment expense

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2020

NOTE 8 - PENSION PLAN - CONTINUED

The valuation assumptions used for long-term expected return is re-assessed at a minimum of every four years, and is set based on a long-term horizon; the most recent analysis was performed in 2017.

The long-term expected rate of return on plan investments was determined using a building-block method in which best estimate ranges of expected future real rates (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
International Equities - Developed	MSCI World Ex USA (net) Index	7.00%	5.20%
International Equities - Emerging	MSCI Emerging Markets (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	(0.20)%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	3.00%	4.50%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	5.50%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	8.00%	2.30%

(1) Target asset allocation adopted at the June 2020 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.80%, per Cliffwater's 2020 capital market assumptions.

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 8.10%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the District's Net Pension Liability

Changes in the District's net pension liability for the year ended December 31, 2019 were as follows:

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Increase (Decrease) Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2018	\$ 8 083 923	\$ 6 873 118	\$ 1 210 805
Changes for the Year:			
Service cost	254 287	-	254 287
Interest on total pension liability ⁽¹⁾	660 013	-	660 013
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	93 536	-	93 536
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(29 718)	(29 718)	-
Benefit payments	(357 625)	(357 625)	-
Administrative expenses	-	(6 074)	6 074
Member contributions	-	120 406	(120 406)
Net investment income	-	1 128 729	(1 128 729)
Employer contributions	-	241 672	(241 672)
Other ⁽³⁾	-	245	(245)
Balances as of December 31, 2019	\$ 8 704 416	\$ 7 970 753	\$ 733 663

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

(2) No plan changes valued.

(3) Relates to allocation of system-wide items

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 December 31, 2020

NOTE 8 - PENSION PLAN - CONTINUED

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District, calculated using the discount rate of 8.10%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$ 9 927 076	\$ 8 704 416	\$ 7 688 151
Fiduciary net position	7 970 753	7 970 753	7 970 753
Net pension liability/(asset)	<u>\$ 1 956 323</u>	<u>\$ 733 663</u>	<u>\$ (282 602)</u>

Pension Expense and Deferred Inflows/Outflows

For the year ended December 31, 2019, the district recognized pension expense of \$375,742. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Inflows/ Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 16 840	\$ 89 916
Change of assumptions	\$ -	\$ 22 035
Net difference between projected and actual earnings	\$ 618 560	\$ 427 592
Contributions made subsequent to measurement date	\$ -	\$ 273 024

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$273,024 will be recognized as a reduction of the net pension liability (or increase in the net pension asset) for the year ended December 31, 2020. Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,		
2021	\$	(1 914)
2022		(22 086)
2023		42 794
2024		(114 651)
2025		-
Thereafter		-
	<u>\$</u>	<u>(95 857)</u>

NOTE 9 - POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The District participates in the retiree group-term life insurance program operated by the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system. This plan is referred to as the Group Term Life Fund (GTLF). This optional plan provides group term life insurance coverage to current eligible employees and, if elected by employers, to retired employees. The coverage provided to retired employees is a postemployment benefit other than pension benefits (OPEB). Retired employees are insured for \$5,000.

Contributions made to the retiree GTLF program are held in the GTLF. The GTLF does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTLF can be used to pay active GTLF benefits which are not part of the OPEB plan. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the GTLF. This report is available at www.tcdrs.org. TCDRS's CAFR may also be obtained by writing to the Texas County & District Retirement System, P. O. Box 2034, Austin, Texas 78768-2034, or by calling 800-823-7782.

Benefits Provided

The District elected to provide group-term life insurance coverage to both current and retirement employees. The District may terminate coverage and discontinue participation in any year to be effective the following January 1.

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	7
Active employees	<u>35</u>
TOTAL	<u>55</u>

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2020

NOTE 9 - POSTEMPLOYMENT BENEFITS (OPEB) - CONTINUED

Benefits Provided

The District elected to provide group-term life insurance coverage to both current and retirement employees. The District may terminate coverage and discontinue participation in any year to be effective the following January 1.

Contributions

The District's contributions to the GTLF for active and inactive employees for the year ended December 31, 2020 were \$3,682, and were equal to the required contribution.

OPEB Liability

The District's OPEB liability was measured as of December 31, 2019, and the liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions.

Mortality rates for active members were based on the gender-distinct RP-2014 Healthy Annuitant Mortality Tables, with male and female rates multiplied by 90%. For disabled annuitants, the gender-distinct RP-2014 Disabled Annuitant Mortality Tables are used with males rates multiplied by 130% and female rates multiplied by 115%. The rates are projected with a 110% of the MP-2014 Ultimate scale after 2014.

Actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 75.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.10%. Because the GTLF is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the total OPEB liability is based on the 20-year bond GO Index published by bondbuyer.com as of the measurement date.

Changes in the District's Net Pension Liability

Changes in the District's net pension liability for the year ended December 31, 2019 were as follows:

Changes in Net OPEB Liability / (Asset)	Total OPEB Liability
Balances as of December 31, 2018	\$ 56 330
Changes for the Year:	
Service cost	1 713
Interest on total OPEB liability ⁽¹⁾	2 348
Changes in benefit terms ⁽²⁾	-
Effect of economic/demographic experience	(444)
Effect of assumptions changes or inputs ⁽³⁾	16 873
Benefit payments	(1 548)
Other	-
Balances as of December 31, 2019	<u>\$ 75 272</u>

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

(2) No plan changes valued.

(3) Reflects change in discount rate and the new assumptions adopted based on the January 1, 2013-December 31, 2016 Investigation of Experience.

Sensitivity of OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability of the District, calculated using the discount rate of 2.74%, as well as what the District's OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.74%) or 1-percentage point higher (3.74%) than the current rate.

	1% Decrease (1.74%)	Current Discount Rate (2.74%)	1% Increase (3.74%)
Total OPEB Liability	\$ <u>92 674</u>	\$ <u>75 272</u>	\$ <u>62 267</u>

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2020

NOTE 9 - POSTEMPLOYMENT BENEFITS (OPEB) - CONTINUED

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the District recognized OPEB expense of \$5,987. As of December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual	\$ 1 164	\$ 2 250
Changes in actuarial assumptions	5 140	16 025
Subsequent contributions	-	3 682
TOTAL	\$ 6 304	\$ 21 957

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$3,682 be recognized as a reduction of the total OPEB liability for the year ending December 31, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in employee benefits expense as follows:

YEAR ENDED DECEMBER 31,	AMORTIZATION
2021	\$ 1 926
2022	1 926
2023	1 926
2024	1 926
2025	1 926
Thereafter	2 341
TOTAL	\$ 11 971

NOTE 10 - COMMITMENTS, CONTINGENCIES AND RISK MANAGEMENT

At December 31, 2020, the District had no significant litigation or other claims pending, or asserted against it, which would have a material, adverse effect on the District's financial position or future operations.

As part of the District's risk management policies, insurance coverage is obtained against loss from general liabilities of the District and its directors. The District's potential loss from claims or litigation would generally be limited to its deductions.

NOTE 11 - OPERATING LEASES

The District leases office space under a non-cancelable lease that matures in December 2025 with monthly rent payments of \$1,800 for the first five years and \$2,000 for the last two years of the lease term. The future minimum lease payments are as follows:

YEAR ENDED DECEMBER 31,	PAYMENT
2021	\$ 21 600
2022	21 600
2023	21 600
2024	24 000
2025	24 000
Thereafter	-
TOTAL	\$ 112 800

The District also leases small equipment and a parking lot. Lease expense amounted to \$23,475 for the year ended December 31, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2020

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:			
Budget contributions	\$ 3 653 450	\$ 3 653 450	\$ -
911 revenue	60 000	60 000	-
Interest income	500	9 167	8 667
Other income	4 000	7 954	3 954
TOTAL REVENUES	3 717 950	3 730 571	12 621
Expenditures:			
Salaries:			
Salaries	1 925 740	1 786 824	138 916
Medicare tax	28 700	26 651	2 049
	<u>1 954 440</u>	<u>1 813 475</u>	<u>140 965</u>
Benefits:			
Retirement benefits	297 650	276 706	20 944
Hospitalization insurance	354 980	293 860	61 120
	<u>652 630</u>	<u>570 566</u>	<u>82 064</u>
Contracted Services:			
Mail machine	6 000	5 752	248
Valuation firm	105 000	98 000	7 000
	<u>111 000</u>	<u>103 752</u>	<u>7 248</u>
General Operating Expenses:			
Other expenses	3 100	1 755	1 345
Office supplies	22 500	23 233	(733)
Postage	32 000	36 229	(4 229)
Legal services	150 000	28 745	121 255
Office rental	27 000	23 475	3 525
Office maintenance	17 580	31 929	(14 349)
Mapping	96 100	134 222	(38 122)
Telephone	20 000	17 767	2 233
Travel expenses	14 000	5 104	8 896
Office equipment maintenance	26 500	20 121	6 379
Utilities	28 900	20 324	8 576
Office furniture	3 000	10 250	(7 250)
Dues and memberships	8 750	8 362	388
Legal notices	1 500	498	1 002
Appraisal review board	40 500	27 675	12 825
Education	13 000	5 989	7 011
Audit	8 500	9 500	(1 000)
Bond	700	270	430
Appraisal services	12 300	27 929	(15 629)
Janitorial supplies	2 500	945	1 555
Car mileage	90 000	25 243	64 757
Car allowances	54 600	52 550	2 050
	<u>673 030</u>	<u>512 115</u>	<u>160 915</u>
Insurance:			
Workers compensation	5 000	4 475	525
Fire and theft	7 500	6 778	722
Unemployment insurance	7 000	5 185	1 815
Liability insurance	3 500	2 898	602
	<u>23 000</u>	<u>19 336</u>	<u>3 664</u>
Computer:			
Computer and software	169 850	229 909	(60 059)
Computer paper goods	1 500	515	985
Forms	18 500	29 622	(11 122)
	<u>189 850</u>	<u>260 046</u>	<u>(70 196)</u>
Capital outlay	10 000	23 575	(13 575)
Debt service	19 000	2 180	16 820
Contingency fund	10 000	-	10 000
TOTAL EXPENDITURES	3 642 950	3 305 045	337 905

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - CONTINUED
For the Year Ended December 31, 2020

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Reserve Funds:			
Legal fund	25 000	25 000	-
Real estate fund	25 000	25 000	-
Computer fund	25 000	25 000	-
TOTAL RESERVE FUNDS	75 000	75 000	-
 EXCESS OF REVENUES OVER EXPENDITURES	 -	 350 526	 350 526
 Fund balance, beginning of year	 504 684	 504 684	 504 684
Committed reserve funds transfer	-	75 000	-
Refund to entities	-	(252 342)	-
	-	(252 342)	-
Fund balance, end of year	\$ 504 684	\$ 677 868	\$ 677 868

See independent auditors' report.

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN YEARS*

	2019	2018	2017	2016	2015	2014
Total Pension Liability:						
Service cost	\$ 254 287	\$ 245 529	\$ 219 897	\$ 242 550	\$ 223 119	\$ 211 176
Interest on total pension liability	660 013	621 027	575 521	521 683	478 020	435 302
Effect of plan changes	-	-	-	-	(62 245)	-
Effect of assumption changes or inputs	93 536	-	55 090	-	93 568	-
Effect of economic/demographic (gains) or losses	-	(28 068)	20 433	57 954	(17 116)	18 831
Benefit payments/refunds of contributions	(387 343)	(345 357)	(324 586)	(194 949)	(146 896)	(170 927)
NET CHANGE IN TOTAL PENSION LIABILITY	620 493	493 131	546 355	627 238	568 450	494 382
Total pension liability, beginning	8 083 923	7 590 792	7 044 437	6 417 199	5 848 749	5 354 367
TOTAL PENSION LIABILITY, ENDING ^(a)	<u>8 704 416</u>	<u>8 083 923</u>	<u>7 590 792</u>	<u>7 044 437</u>	<u>6 417 199</u>	<u>5 848 749</u>
Fiduciary Net Position:						
Employer contributions	241 672	230 084	196 541	164 480	157 853	151 855
Member contributions	120 406	111 459	104 782	102 071	96 842	92 273
Investment income net of investment expenses	1 128 729	(130 685)	896 486	417 304	(110 331)	347 100
Benefit payments/refunds of contributions	(387 343)	(345 357)	(324 586)	(194 949)	(146 896)	(170 927)
Administrative expenses	(6 074)	(5 521)	(4 664)	(4 535)	(4 053)	(4 180)
Other	245	591	(356)	22 039	18 323	(12 023)
NET CHANGE IN FIDUCIARY NET POSITION	1 097 635	(139 429)	868 203	506 410	11 738	404 098
Fiduciary net position, beginning	6 873 118	7 012 547	6 144 344	5 637 934	5 626 196	5 222 098
FIDUCIARY NET POSITION, ENDING ^(b)	<u>7 970 753</u>	<u>6 873 118</u>	<u>7 012 547</u>	<u>6 144 344</u>	<u>5 637 934</u>	<u>5 626 196</u>
NET PENSION LIABILITY/(ASSET), ENDING = (a) - (b)	<u>\$ 733 663</u>	<u>\$ 1 210 805</u>	<u>\$ 578 245</u>	<u>\$ 900 093</u>	<u>\$ 779 265</u>	<u>\$ 222 553</u>
Fiduciary net position as a % of total pension liability	91.57%	85.02%	92.38%	87.22%	87.86%	96.19%
Pensionable covered payroll	\$ 1 720 085	\$ 1 592 276	\$ 1 496 882	\$ 1 458 160	\$ 1 383 462	\$ 1 318 183
Net pension liability as a % of covered payroll	42.65%	76.04%	38.63%	61.73%	56.33%	16.88%

* This schedule is to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN YEARS

YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTION ⁽¹⁾	ACTUAL EMPLOYER CONTRIBUTION ⁽¹⁾	CONTRIBUTION DEFICIENCY (EXCESS)	PENSIONABLE COVERED PAYROLL ⁽²⁾	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
2010	\$ 118 502	\$ 118 502	\$ -	\$ 1 221 672	9.7%
2011	\$ 124 218	\$ 124 218	\$ -	\$ 1 235 999	10.1%
2012	\$ 125 966	\$ 125 966	\$ -	\$ 1 172 864	10.7%
2013	\$ 140 749	\$ 140 749	\$ -	\$ 1 228 209	11.5%
2014	\$ 151 855	\$ 151 855	\$ -	\$ 1 318 183	11.5%
2015	\$ 157 853	\$ 157 853	\$ -	\$ 1 383 462	11.4%
2016	\$ 164 480	\$ 164 480	\$ -	\$ 1 458 160	11.3%
2017	\$ 196 541	\$ 196 541	\$ -	\$ 1 496 882	13.1%
2018	\$ 230 084	\$ 230 084	\$ -	\$ 1 592 276	14.4%
2019	\$ 241 672	\$ 241 672	\$ -	\$ 1 720 085	15.1%

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

Notes to Schedule:

Valuation Date	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	14.8 years (based on contribution rate calculated in 12/31/2019 valuation)
Asset Valuation Method	5-year smoothed marked
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation
Investment Rate of Return	8.00%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% if the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions	2015: No changes in plan provisions are reflected in the Schedule. 2016: No changes in plan provisions are reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions are reflected in the Schedule. 2019: No changes in plan provisions are reflected in the Schedule.

See independent auditors' report.

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
AND SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability:			
Service cost	\$ 1 713	\$ 1 760	\$ 1 698
Interest on total OPEB liability	2 348	2 032	2 095
Effect of OPEB changes	-	-	-
Effect of assumption changes or inputs	(444)	(7 196)	2 501
Effect of economic/demographic (gains) or losses	16 873	3 150	(1 251)
Benefit payments/refunds of contributions	<u>(1 548)</u>	<u>(1 433)</u>	<u>(1 497)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	18 942	(1 687)	3 546
Total OPEB liability, beginning	<u>56 330</u>	<u>58 017</u>	<u>54 471</u>
TOTAL OPEB LIABILITY, ENDING ^(a)	<u>\$ 75 272</u>	<u>\$ 56 330</u>	<u>\$ 58 017</u>
OPEB covered payroll	\$ 1 720 085	\$ 1 592 276	\$ 1 496 882
Net OPEB liability as a % of covered payroll	4.38%	3.54%	3.88%

Notes to Schedule:

Benefit Changes - There were no changes of benefit terms.

Benefit Payments - Due to the Plan being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Other Information:

* This schedule is to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complied, this schedule provides the information for those years for which information is available.