

SAN PATRICIO COUNTY APPRAISAL DISTRICT
ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED DECEMBER 31, 2020



Lovvorn & Kieschnick

CERTIFIED PUBLIC ACCOUNTANTS

LOVVORN & KIESCHNICK, LLP

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SAN PATRICIO COUNTY APPRAISAL DISTRICT

DIRECTORY OF OFFICIALS

DECEMBER 31, 2020

BOARD OF DIRECTORS

| | |
|-------------------|---------------|
| JOHN CURLEE | CHAIRMAN |
| BILL T. WILSON | VICE-CHAIRMAN |
| BILLIE JO TENNILL | SECRETARY |
| DALIA SANCHEZ | MEMBER |
| ANNE MATULA | MEMBER |

OTHER OFFICIALS

| | |
|---------------|---------------------------|
| ROBERT CENCI | CHIEF APPRAISER |
| SHIRLEY MADEJ | ASSISTANT CHIEF APPRAISER |
| MELINDA GARZA | FINANCIAL/HR COORDINATOR |

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**SAN PATRICIO COUNTY APPRAISAL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020**

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FINANCIAL SECTION

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Lovvorn & Kieschnick, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors
San Patricio County Appraisal District
Sinton, Texas 78387

Members of the Board:

Report on the Financial Statements

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

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 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.

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 District'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 District'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

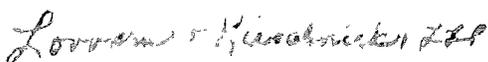
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, and schedule of employer contributions identified as Required Supplementary Information in the table of contents 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.

Respectfully submitted,



Lovvorn & Kieschnick, LLP
Corpus Christi, Texas
June 9, 2021

Management's Discussion and Analysis

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**SAN PATRICIO COUNTY APPRAISAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

This discussion and analysis is intended to be an easily readable analysis of the San Patricio County Appraisal District (District) financial activities based on currently known facts, decisions and conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Financial Highlights

Net Position. The assets of the District exceeded its liabilities at December 31, 2020 by \$2,600,076 (presented as "net position"). Of this amount, \$2,191,699 was reported as "Unrestricted Net Position" and \$408,378 was reported as "Net Investment in Capital Assets." Unrestricted net position represents the amount not restricted by parties outside the District.

Changes in Net Position. The District's total net position decreased by \$117,198 (a 4.31% decrease) in fiscal year 2020.

Report Layout

Besides this Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, and the notes to the financial statements. The first two statements present a government-wide view of the District's finances. Within this view, all District operations are categorized and reported as governmental activities. Governmental activities include appraisal services provided by the District.

Basic Financial Statements

- The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Increases or decreases in net position contrasted with budgetary decisions should serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The Statement of Activities focuses gross and net costs of the District's programs and the extent to which such programs rely upon general revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- The notes to the financial statements provide additional disclosures required by generally accepted accounting standards and provide information to assist the reader in understanding the District's financial condition.

The MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

District as a Whole

Government-wide Financial Statements

Net position serves as a useful indicator of the District's financial position. The District's net position was \$2,600,076 as of December 31, 2020. The District continues to be fiscally conservative and its net position has decreased by \$117,198 during the current fiscal year.

The Statement of Net Position at December 31, 2020 follows:

Net Position at Year-End

| | Governmental Activities | | Total Percentage |
|--|-------------------------|-----------|--------------------|
| | 2020 | 2019 | Change 2020 - 2019 |
| Cash and cash equivalents | 2,713,492 | 2,830,079 | -4.12% |
| Net Pension Asset (Long-Term) | 346,987 | - | 0.00% |
| Capital assets, net | 408,378 | 462,870 | -11.77% |
| Total assets | 3,468,857 | 3,292,949 | 5.34% |
| Deferred outflows of resources - Pension | 127,486 | 296,920 | -57.06% |
| Accounts Payable | 84,794 | 112,741 | -24.79% |
| Payroll Liabilities | 22,880 | 6,913 | 230.97% |
| Other Current Liabilities | - | 871 | -100.00% |
| Compensated Absences (Long-Term) | 28,916 | 19,406 | 49.01% |
| Net Pension Liability (Long-Term) | - | 29,200 | -100.00% |
| Total liabilities | 136,590 | 169,131 | -19.24% |
| Deferred Revenue - Assessments | 655,723 | 691,645 | -5.19% |
| Deferred Inflow Related to Pensions | 203,953 | 11,818 | 1625.78% |
| Total Deferred Inflows | 859,676 | 703,463 | 22.21% |
| Net position: | | | |
| Net Investment in capital assets | 408,378 | 462,870 | -11.77% |
| Unrestricted | 2,191,699 | 2,254,405 | -2.78% |
| Total net position | 2,600,076 | 2,717,275 | -4.31% |

The Statement of Activities follows:

Changes in San Patricio County Appraisal District's Net Position

| | Governmental Activities 2020 | 2019 | Total Percentage Change 2020 - 2019 |
|----------------------------|---------------------------------|-------------------------|--|
| Revenues | | | |
| Program revenues | | | |
| Levies from taxing units | 2,755,368 | 2,764,968 | -0.35% |
| General revenues | | | |
| Interest | 17,254 | 18,063 | -4.48% |
| Miscellaneous | 33,921 | 8,842 | 283.63% |
| Total revenues | <u>2,806,543</u> | <u>2,791,873</u> | <u>0.53%</u> |
| Expenses | | | |
| Appraisal | <u>2,427,633</u> | <u>2,210,215</u> | <u>9.84%</u> |
| Total expenses | <u>2,427,633</u> | <u>2,210,215</u> | <u>9.84%</u> |
| Special Item | | | |
| Refund to Entities | <u>484,442</u> | - | <u>0.00%</u> |
| Extraordinary Item | | | |
| COVID-19 (Use) Remediation | <u>11,666</u> | - | <u>0.00%</u> |
| Change in net position | (117,198) | 581,658 | -120.15% |
| Beginning net position | <u>2,717,275</u> | <u>2,135,617</u> | <u>27.24%</u> |
| Ending net position | <u><u>2,600,076</u></u> | <u><u>2,717,275</u></u> | <u><u>-4.31%</u></u> |

Program revenues decreased \$9,600 (0.35%) under 2019, while appraisal expenses increased \$214,418 (9.84%) over 2019. Change in net position for 2020 was a decrease of \$117,198, while in 2019 the change in net position was an increase of \$581,658.

Governmental funds. The focus of the San Patricio County Appraisal 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 San Patricio County Appraisal 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 audit period. The General Fund is the District's only governmental fund.

As of the end of the current audit period, the San Patricio County Appraisal District's General Fund reported an ending fund balance of \$1,950,095, a decrease of \$67,815 in comparison with the prior year. Approximately 80% of this total fund balance, \$1,555,152, constitutes *assigned/committed fund balance*, which is to be used for contingency purposes, the District's operations and litigation.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 16.61% of total general fund expenditures, while total fund balance represents 82.00% of that same amount.

For 2020, expenditures, special item and extraordinary item of the General Fund exceeded the revenues by \$67,815. This is compared to the 2019 change of revenues over expenditures of \$511,347.

General Fund Budgetary Highlights

Actual revenues were more than budgeted revenues by \$51,175, while actual expenditures were \$377,119 less than the final budget. The most significant budget variation was for Payroll Costs, for which actual expenditures were \$261,526 less than the budgeted amount.

Capital Assets

Capital Assets

At December 31, 2020 and 2019 the District's Capital Assets that met the District's policy of a capitalization threshold of \$1,000 were as follows:

Capital Assets at Year-End

| | Governmental Activities | | Total Percentage |
|--------------------------|-------------------------|----------------|------------------|
| | 2020 | 2019 | Change 2020-2019 |
| Equipment/Vehicles | 448,335 | 448,335 | 0.00% |
| Leasehold Improvement | 442,563 | 442,563 | 0.00% |
| Accumulated depreciation | (482,521) | (428,030) | 12.73% |
| Capital assets, net | <u>408,378</u> | <u>462,870</u> | <u>-11.77%</u> |

Long – Term Liabilities

The District had the following long-term liabilities at December 31, 2020:

| | Governmental Activities | | Total Percentage |
|-------------------------------|-------------------------|---------------|------------------|
| | 2020 | 2019 | Change 2020-2019 |
| Net Pension Liability/(Asset) | (346,987) | 29,200 | -1288.31% |
| Compensated Absences | 28,916 | 19,406 | 49.01% |
| Total | <u>(318,071)</u> | <u>48,606</u> | <u>-754.39%</u> |

Economic Factors and Next Year's Budget

The approved budget for 2021 is \$2,594,676 which will be primarily provided by appraisal fees from all taxing units in the appraisal district.

Financial Contact

The District's financial statements are designed to present users (citizens, taxpayers, local governments, and state agencies) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, please contact the District's business office at 1301 E. Sinton St. Unit B, Sinton, TX 78387.

Basic Financial Statements

**SAN PATRICIO COUNTY APPRAISAL DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

| | |
|---|---------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 2,713,492 |
| Non-Current Assets: | |
| Net Pension Asset | 346,987 |
| Capital Assets, net of Accumulated Depreciation (Note 3) | 408,378 |
| TOTAL ASSETS | 3,468,857 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred Outflow Related to Pension | 127,486 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 127,486 |
| LIABILITIES | |
| Accounts Payable | 84,794 |
| Payroll Liabilities | 22,880 |
| Non-Current Liabilities: | |
| Compensated Absences | 28,916 |
| TOTAL LIABILITIES | 136,590 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred Revenue - Assesments | 655,723 |
| Deferred Inflow Related to Pension | 203,953 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 859,676 |
| NET POSITION | |
| Net Investment in Capital Assets | 408,378 |
| Unrestricted | 2,191,699 |
| TOTAL NET POSITION | \$ 2,600,076 |

The accompanying notes to financial statements are an integral part to this statement.

**SAN PATRICIO COUNTY APPRAISAL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | TOTAL |
|--|---------------------|
| EXPENSES: | |
| Payroll Costs | \$ 1,426,343 |
| Contract Services | 596,924 |
| Supplies and Materials | 140,620 |
| Other Operating Expenses | 165,861 |
| Capital Outlay (less than \$1,000 cap threshold) | 43,394 |
| Depreciation | 54,491 |
| TOTAL EXPENSES | 2,427,633 |
| PROGRAM REVENUES: | |
| Levies from Taxing Units | 2,755,368 |
| NET PROGRAM REVENUE | 327,735 |
| GENERAL REVENUES: | |
| Interest | 17,254 |
| Miscellaneous | 33,921 |
| TOTAL GENERAL REVENUES | 51,175 |
| SPECIAL ITEM: | |
| Refund Prior Year Assessment to Entities | (484,442) |
| EXTRAORDINARY ITEM | |
| COVID-19 (Use) Remediation | (11,666) |
| Change in Net Position | (117,198) |
| Net Position - beginning | 2,717,275 |
| Net Position - ending | \$ 2,600,076 |

The accompanying notes to financial statements are an integral part to this statement.

**SAN PATRICIO COUNTY APPRAISAL DISTRICT
BALANCE SHEET
GENERAL FUND
DECEMBER 31, 2020**

ASSETS

| | |
|---------------------------|------------------|
| Cash and cash equivalents | \$ 2,713,492 |
| TOTAL ASSETS | <u>2,713,492</u> |

LIABILITIES

| | |
|---------------------------|----------------|
| Accounts Payable | 84,794 |
| Payroll Liabilities | 22,880 |
| Other Current Liabilities | - |
| TOTAL LIABILITIES | <u>107,674</u> |

DEFERRED INFLOWS OF RESOURCES

| | |
|--|----------------|
| Deferred Revenue - Assessments | 655,723 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>655,723</u> |

FUND BALANCE

| | |
|---------------------------|------------------|
| Assigned | |
| Assigned for Contingency | 73,298 |
| Committed | |
| Committed for Litigation | 999,637 |
| Committed for Operations | 482,217 |
| Total Committed | <u>1,481,854</u> |
| Unassigned | 394,943 |
| TOTAL FUND BALANCE | <u>1,950,095</u> |

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE

\$ 2,713,492

RECONCILIATION TO THE STATEMENT OF NET POSITION:

| | |
|---|---------------------|
| Total fund balance reported above | \$ 1,950,095 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the balance sheet. | 408,378 |
| Payables for compensated absences which are not due in the current period are not reported in the funds. | (28,916) |
| Recognition of District's proportionate share of the net pension asset (liability) is not reported in the funds. | 346,987 |
| Deferred resource outflows/inflows related to pension are not reported in the funds. | <u>(76,467)</u> |
| NET POSITION OF GOVERNMENTAL ACTIVITIES | <u>\$ 2,600,076</u> |

The accompanying notes to financial statements are an integral part to this statement.

**SAN PATRICIO COUNTY APPRAISAL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GENERAL FUND
YEAR ENDED DECEMBER 31, 2020**

REVENUES

| | |
|--------------------------|------------------|
| Levies from Taxing Units | \$ 2,755,368 |
| Interest | 17,254 |
| Miscellaneous | 33,921 |
| TOTAL REVENUES | <u>2,806,543</u> |

EXPENDITURES

| | |
|---------------------------|------------------|
| Payroll Costs | 1,431,451 |
| Contract Services | 596,924 |
| Supplies and Materials | 140,620 |
| Other Operating Expenses | 165,861 |
| Capital Outlay | 43,394 |
| TOTAL EXPENDITURES | <u>2,378,250</u> |

| | |
|--|----------------|
| Excess (Deficiency) of Revenues Over Expenditures | <u>428,293</u> |
|--|----------------|

SPECIAL ITEM

| | |
|--|------------------|
| Refund Prior Year Assessment to Entities | <u>(484,442)</u> |
|--|------------------|

EXTRAORDINARY ITEM

| | |
|----------------------------|-----------------|
| COVID-19 (Use) Remediation | <u>(11,666)</u> |
|----------------------------|-----------------|

| | |
|-----------------------------------|------------------|
| Net Change in Fund Balance | (67,815) |
| Fund Balance at Beginning of Year | <u>2,017,909</u> |

| | |
|------------------------------------|----------------------------|
| FUND BALANCE AT END OF YEAR | <u><u>\$ 1,950,095</u></u> |
|------------------------------------|----------------------------|

RECONCILIATION TO THE STATEMENT OF ACTIVITIES:

| | |
|--|----------------------------|
| Excess (deficiency) of revenue over expenditures | \$ (67,815) |
| Capital outlays are not reported as expenses in the Statement of Activities (SOA) | - |
| The depreciation of capital assets used in governmental activities is not reported in the funds | (54,491) |
| Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds | - |
| The increase in compensated absences liability does not require the use of current financial resources but it recorded as an expense in the Statement of Activities. | (9,510) |
| Changes in pension expense are not reported in the funds | 14,618 |
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | <u><u>\$ (117,198)</u></u> |

The accompanying notes to financial statements are an integral part to this statement.

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SAN PATRICIO COUNTY APPRAISAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the San Patricio County 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.

A. Reporting Entity

The San Patricio County Appraisal District was organized as a result of the Texas Legislature adopting a comprehensive property code in 1979 which created a county-wide appraisal district in each county within the State of Texas. The San Patricio County Appraisal District is responsible for the appraisal of all taxable property and the equalization of appraised values of property of all taxing units in the appraisal district. The San Patricio County Appraisal District is governed by a board of directors elected by the governing bodies of certain taxing units in the appraisal district. The board of directors appoints a chief appraiser who acts as chief administrator of the appraisal district and an appraisal review board to equalize appraised values. The District's annual financial report includes the accounts of all district operations. Based on the criteria for determining the reporting entity (separate legal entity and fiscal or financial dependency on other governments), the District is considered to be an independent reporting entity and has no component units.

B. Basis of Presentation

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as governmental.

Government-wide financial statements report information about the reporting unit as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Other items not reported as program revenues are reported instead as general revenues.

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. The District reports only governmental and fiduciary type funds.

The District has presented the following major governmental fund:

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. From the General Fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid through other funds.

SAN PATRICIO COUNTY APPRAISAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

C. Measurement Focus/Basis of Accounting

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. Revenues are recognized as soon as they are both measurable and available. A 60-day availability period is generally used for revenue recognition. Expenditures are recorded when the related fund liability is incurred.

D. Cash and Cash Equivalents

San Patricio County Appraisal District follows State statute, which authorizes the District to invest in obligations of, or guaranteed by, governmental entities, certificates of deposits, bankers acceptances, commercial paper, no load money market mutual fund, repurchase agreements, and investment pools.

E. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$1,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|-----------------------|-------------------------------|
| Leasehold Improvement | 25 |
| Equipment | 5-15 |
| Vehicles | 5 |

F. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

G. Inventories

Supplies and materials are debited as expenditures when purchased, except for certain purchases, which are classified as prepaid items when they are more accurately reflected as expenditures of the next fiscal year.

SAN PATRICIO COUNTY APPRAISAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

H. Compensated Absences

Vacation Leave

Full-time regular employees shall accrue vacation according to the following schedule depending on the number of years of recognized service with SPCAD:

10 days per year – accruing at the rate of 3.08 hours per pay period from the date of hire through the end of the month preceding the month in which you celebrate the fifth anniversary of your date of hire

15 days per year – accruing at the rate of 4.62 hours per pay period from the month of your fifth anniversary through the end of the month preceding the 10th anniversary of your date of hire

20 days per year – accruing at the rate of 6.15 hours per pay period from your 10th anniversary until the end of the month preceding your 15th anniversary

Vacation leave will not be granted until an employee has completed 90 days of continuous employment.

SPCAD will maintain official records on vacation leave accrual for all employees.

No more than 104 hours may be carried over into the next year. Accrued vacation in excess of this limitation will be forfeited automatically unless the employee submits a request for exception and states a good cause reason for the exception to the Chief Appraiser. The Chief Appraiser has the sole discretion and authority to approve or deny your request or to grant approval with stipulated conditions.

Employees who are eligible for retirement and who retire will receive payment for up to 104 hours of accrued unused vacation based on SPCAD records.

Accrued unused vacation leave will be paid to the estate of a deceased employee.

Sick Leave

Full-time regular employees accrue sick leave at the ratio of 3.69 hours per pay period. Accrual is contingent upon the employee being a full-time regular employee, who is paid a minimum of 40 hours during the pay period in which leave is to be accrued.

Employees with accrued but unused sick leave on December 31 of each year of service shall be entitled to carry forward the entire amount of accrued sick leave days into the following calendar year. There is a 320-hour cap on the amount of sick leave that an employee is allowed to accumulate.

Accrued sick leave is not payable upon termination.

I. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

SAN PATRICIO COUNTY APPRAISAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the Board. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board or by an official or body to which the Board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

J. Use of Estimates

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

2. CASH AND CASH EQUIVALENTS

Deposits. At year-end, the carrying amount of all District deposits (checking, certificate of deposit, and savings accounts) was \$2,713,492 and the bank balance was \$2,730,145. The entire bank balance was covered by federal depository insurance or by collateral held by its agent in the District's name.

Investments. The District had no investments at year end.

SAN PATRICIO COUNTY APPRAISAL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

3. CAPITAL ASSETS

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

| | Balance January 1 | Additions/ Completions | Retirements/ Adjustments | Balance December 31 |
|--|----------------------|---------------------------|-----------------------------|------------------------|
| Governmental Activities: | | | | |
| Capital assets, not being depreciated | | | | |
| Land | - | - | - | - |
| | - | - | - | - |
| Capital assets, being depreciated | | | | |
| Leasehold Improvement | 442,563 | - | - | 442,563 |
| Equipment | 302,517 | - | - | 302,517 |
| Vehicles | 145,818 | - | - | 145,817 |
| Total capital assets, being depreciated | 890,899 | - | - | 890,899 |
| Less accumulated depreciation for: | | | | |
| Leasehold Improvement | (103,282) | (17,790) | - | (121,072) |
| Equipment | (247,807) | (10,878) | - | (258,685) |
| Vehicles | (76,940) | (25,823) | - | (102,762) |
| Total accumulated depreciation | (428,030) | (54,491) | - | (482,521) |
| Total capital assets, being depreciated, net | 462,870 | (54,491) | - | 408,378 |
| Governmental activities capital assets, net | 462,870 | (54,491) | - | 408,378 |

Depreciation expense was charged as direct expense to programs of the primary government as follows:

| | |
|--------------------------|--------|
| Governmental Activities: | |
| Appraisal services | 54,491 |

4. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended December 31, 2020:

| | Balance January 1 | Additions | Reductions | Balance December 31 |
|-------------------------------|----------------------|-----------|------------|------------------------|
| Governmental | | | | |
| Activities: | | | | |
| Compensated Absences: | | | | |
| Vacation | 19,406 | 13,356 | 3,846 | 28,916 |
| Net Pension Liability/(Asset) | 29,200 | 364,593 | 740,781 | (346,987) |
| Total Government | 48,606 | 377,949 | 744,627 | (318,071) |

SAN PATRICIO COUNTY APPRAISAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

5. HEALTH CARE COVERAGE

During the year ended December 31, 2020, full-time employees of the San Patricio County Appraisal District were covered by a health insurance plan (the plan). The District paid 100% of premiums for employees to the plan and employees, at their option, authorized payroll withholding to pay premiums for dependents. All premiums were paid to a licensed insurer. The plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

Terms of coverage and premium costs are included in the contractual provisions.

6. PENSION PLAN

Plan Description

The District provides retirement, disability, and death benefits for all of its eligible employees through a nontraditional defined benefit pension 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 which consists of 780 nontraditional defined benefit pension plans. TCDRS, in the aggregate, issues a Comprehensive Annual Financial Report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted and may be amended by the governing body of the District within the options available in the Texas State statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with eight or more years of service, with 20 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 eight 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 and who are not eligible to retire are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employees' deposits 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 calculated 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, 2020, the following employees were covered by the benefit terms:

| | |
|--|-----------|
| Inactive employees or beneficiaries currently receiving benefits | 12 |
| Inactive employees entitled to but not yet receiving benefits | 21 |
| Active employees | <u>20</u> |
| | <u>53</u> |

SAN PATRICIO COUNTY APPRAISAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Funding Policy

The District has elected the Annually Determined Contribution Rate 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 deposit rate payable by all employee members for the calendar year 2020 is 7.0% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. The District has a 2 to 1 or a 250% matching policy for each employee.

The TCDRS board hires independent outside consulting actuaries to conduct an annual valuation to measure the funding status and to determine the required employer contribution rate for each employer plan. In order to calculate the employer contribution rate, the actuary does the following:

1. Studies each employer's adopted plan of benefits and the profile of its plan participants, and uses assumptions established by the board to estimate future benefit payments.
2. Discounts the estimate of future benefit payments to the present based on the long-term rate of investment return to determine the present value of future benefits.
3. Compares the present value of future benefits with the plan's assets to determine the difference that needs to be funded based on the funding policy.

Net Pension Liability

The District's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|-------|
| Inflation | 2.75% |
| Salary Increases | 4.85% |
| Investment Rate of Return | 8.00% |

Mortality rates for service retirees, as well as the beneficiaries of both service and disability retirees were based on the RP-2014 Combined Male Table with an age set forward of one year and Projection Scale AA for Males, and the RP-2014 Combined Female Table with no age adjustment and Projection Scale AA for Females. For disabled retirees, the RP-2014 Disabled Male Table with no age adjustment and Projection Scale AA for Males, and the RP-2014 Disabled Female Table with an age set forward of two years and Projection Scale AA for Females are used.

The actuarial assumptions that determined the total pension liability as of December 31, 2019 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 68.

SAN PATRICIO COUNTY APPRAISAL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

Actuarial Methods and Assumptions

| | |
|---|--|
| Valuation Timing | Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported. |
| Actuarial Cost Method | Entry Age Normal ⁽¹⁾ |
| Amortization Method | |
| Recognition of economic/ demographic gains or losses | Straight-line amortization over Expected Working Life |
| Recognition of assumptions changes or inputs | Straight-line amortization over Expected Working Life |
| Asset Valuation Method | |
| Smoothing period | 5 years |
| Recognition method | Non-asymptotic |
| Corridor | None |
| Inflation | 2.75% |
| Salary Increases | The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee. |
| Investment Rate of Return | 8.10% |
| Cost-of-Living Adjustments | Cost-of-Living Adjustments for San Patricio County Appraisal District are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation. |
| Retirement Age | Deferred members are assumed to retire (100% probability) at the later of: a) age 60 b) earliest retirement eligibility. |
| Turnover | For all eligible members ages 75 and later, retirement is assumed to occur immediately. |
| Mortality | |
| Depositing members | 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014. |
| Service retirees, beneficiaries and non- depositing members | 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% of the MP-2014 Ultimate scale after 2014. |

SAN PATRICIO COUNTY APPRAISAL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

Disabled retirees 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

⁽¹⁾ Individual entry age normal cost method, as required by GASB 68, used for GASB calculations.

Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.

Long-Term Expected Rate of Return

Long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on April 2020 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017.

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Geometric Real Rate of Return</u> |
|------------------------------------|--------------------------|--------------------------------------|
| US Equities | 14.50% | 5.20% |
| Private Equity | 20.00% | 8.20% |
| Global Equities | 2.50% | 5.50% |
| International Equities - Developed | 7.00% | 5.20% |
| International Equities - Emerging | 7.00% | 5.70% |
| Investment-Grade Bonds | 3.00% | -0.20% |
| Strategic Credit | 12.00% | 3.14% |
| Direct Lending | 11.00% | 7.16% |
| Distressed Debt | 4.00% | 6.90% |
| REIT Equities | 3.00% | 4.50% |
| Master Limited Partnerships (MLPs) | 2.00% | 8.40% |
| Private Real Estate Partnerships | 6.00% | 5.50% |
| Hedge Funds | 8.00% | 2.30% |

Discount Rate/Depletion of Plan Assets

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

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

SAN PATRICIO COUNTY APPRAISAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer, TCDRS used an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the County's funding policy and the legal requirements under the TCDRS Act.

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

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, a discount rate of 8.10% was used. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

SAN PATRICIO COUNTY APPRAISAL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

| Changes in Net Pension Liability / (Asset) | Increase (Decrease) | | |
|--|-----------------------------------|----------------------------------|---|
| | Total Pension Liability (a) | Fiduciary Net Position (b) | Net Pension Liability / (Asset) (a) - (b) |
| Balances as of December 31, 2018 | 2,639,297 | 2,610,097 | 29,200 |
| Changes for the year: | | | |
| Service cost | 144,034 | - | 144,034 |
| Interest on total pension liability ⁽¹⁾ | 216,518 | - | 216,518 |
| Effect of plan changes ⁽²⁾ | - | - | - |
| Effect of economic/demographic gains or losses | (151,175) | - | (151,175) |
| Effect of assumptions changes or inputs | - | - | - |
| Refund of contributions | (31,108) | (31,108) | - |
| Benefit payments | (193,800) | (193,800) | - |
| Administrative expenses | - | (2,264) | 2,264 |
| Member contributions | - | 67,977 | (67,977) |
| Net investment income | - | 428,695 | (428,695) |
| Employer contributions | - | 92,934 | (92,934) |
| Other ⁽³⁾ | - | (1,777) | 1,777 |
| Balances as of December 31, 2019 | <u>2,623,766</u> | <u>2,970,753</u> | <u>(346,987)</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⁾Relates to allocation of system-wide items.

Sensitivity Analysis

The following presents the net pension liability of the county/district, calculated using the discount rate of 8.10%, as well as what the San Patricio County Appraisal District 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 | 2,941,225 | 2,623,766 | 2,358,176 |
| Fiduciary net position | 2,970,753 | 2,970,753 | 2,970,753 |
| Net pension liability / (asset) | <u>(29,528)</u> | <u>(346,987)</u> | <u>(612,577)</u> |

SAN PATRICIO COUNTY APPRAISAL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

Pension Expense / (Income)

| | January 1, 2019 to December 31, 2019 |
|---|---|
| Service cost | 144,034 |
| Interest on total pension liability ⁽¹⁾ | 216,518 |
| Effect of plan changes | - |
| Administrative expenses | 2,264 |
| Member contributions | (67,977) |
| Expected investment return net of investment expenses | (208,716) |
| Recognition of deferred inflows/outflows of resources | |
| Recognition of economic/demographic gains or losses | (26,744) |
| Recognition of assumption changes or inputs | 6,705 |
| Recognition of investment gains or losses | 19,324 |
| Other ⁽²⁾ | 1,777 |
| | <hr/> |
| Pension expense / (income) | <u><u>87,186</u></u> |

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

⁽²⁾Relates to allocation of system-wide items.

Deferred Inflows / Outflows of Resources

As of December 31, 2020 the deferred inflows and outflows of resources are as follows:

| | Deferred Inflows of Resources | Deferred Outflows of Resources |
|--|----------------------------------|-----------------------------------|
| Differences between expected and actual experience | 129,803 | 14,426 |
| Changes of assumptions | - | 11,256 |
| Net difference between projected and actual earnings | 74,150 | - |
| Contributions made subsequent to measurement date | N/A | 101,804 |

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

| Year ended December 31: | |
|-------------------------|----------|
| 2020 | (38,630) |
| 2021 | (47,494) |
| 2022 | (17,917) |
| 2023 | (74,230) |
| 2024 | - |
| Thereafter | - |

SAN PATRICIO COUNTY APPRAISAL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District carries commercial insurance for the risks of loss, including worker's compensation, and property and casualty loss insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Limits of insurance coverage remain unchanged in the past three years.

8. LITIGATION

There is no pending or threatened litigation against San Patricio County Appraisal District involving claims for monetary damages.

9. COMMITMENTS UNDER OPERATING LEASES

During the year ended December 31, 2011 the District entered into a 84 month operating lease agreement for \$3.50 per square foot with two seven year options to renew with the first renewal option at \$4.00 per S.F. (\$3,416 per month) beginning on July 1, 2018 and the second renewal option at \$4.50 per S.F.. Scheduled future payments for the next five years are as follows:

| | | |
|--------------------------|------|----------------|
| Year ending December 31: | 2021 | 40,992 |
| | 2022 | 40,992 |
| | 2023 | 40,992 |
| | 2024 | 40,992 |
| | 2025 | 20,496 |
| Total Minimum Rentals | | <u>184,464</u> |

In the General Fund, rent expenditures during 2020 were \$40,722.

10. DEFERRED REVENUE - ASSESSMENTS

Deferred revenue of \$655,723 at December 31, 2020 is comprised of appraisal fees collected in 2020, but budgeted for the 2021 fiscal year.

11. COMPLIANCE AND ACCOUNTABILITY

Finance-Related Legal and Contractual Provisions

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

| | |
|------------------|---------------------|
| <u>Violation</u> | <u>Action Taken</u> |
| None reported | Not applicable |

SAN PATRICIO COUNTY APPRAISAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

12. CLOSED FUNDS

In prior years the District had one agency fund. San Patricio County Appraisal District served as an agent for the collection and remittance of taxes for a number of the taxing units in the appraisal district. During 2006, the Appraisal District ceased providing these services for the taxing units. At January 1, 2020, the liability for undistributed amounts to Entities in this fund was \$55,846. During 2020, \$55,212 was distributed to the appropriate payees. The remaining \$634 was transferred to the General Fund, to be distributed in 2021 to the appropriate payees.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

**SAN PATRICIO COUNTY APPRAISAL DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR 2019**

| | <u>2020</u> | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) | <u>2019</u> |
|--|-------------------------|------------------|-------------------|---|-------------------|
| | BUDGETED AMOUNTS | | ACTUAL | | ACTUAL |
| | <u>ORIGINAL</u> | <u>FINAL</u> | | | |
| REVENUES | | | | | |
| Levies from Taxing Units | \$ 2,755,368 | \$ 2,755,368 | \$ 2,755,368 | \$ - | \$ 2,764,968 |
| Interest | - | - | 17,254 | 17,254 | 18,063 |
| Miscellaneous | - | - | 33,921 | 33,921 | 8,842 |
| TOTAL REVENUES | <u>2,755,368</u> | <u>2,755,368</u> | <u>2,806,543</u> | <u>51,175</u> | <u>2,791,873</u> |
| EXPENDITURES | | | | | |
| Payroll Costs | 1,692,977 | 1,692,977 | 1,431,451 | 261,526 | 1,307,298 |
| Contract Services | 648,662 | 648,662 | 596,924 | 51,738 | 429,914 |
| Supplies and Materials | 191,330 | 191,330 | 140,620 | 50,710 | 141,487 |
| Other Operating Expenses | 132,400 | 132,400 | 165,861 | (33,461) | 169,527 |
| Capital Outlay | 90,000 | 90,000 | 43,394 | 46,606 | 232,300 |
| TOTAL EXPENDITURES | <u>2,755,368</u> | <u>2,755,368</u> | <u>2,378,250</u> | <u>377,119</u> | <u>2,280,526</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 428,293</u> | <u>\$ 428,293</u> | <u>\$ 511,347</u> |

See accompanying notes to required supplementary information.

**SAN PATRICIO COUNTY APPRAISAL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020**

Budgetary Data

The chief appraiser has the responsibility of preparing the District's budget. A proposed budget for operations of the District for the following tax year is submitted to each taxing unit participating in the District and to the District board of directors before June 15.

The board of directors holds a public hearing to consider the budget. The board completes its hearings, makes any amendments it desires to the proposed budget, and finally approves a budget before September 15. If governing bodies of a majority of the taxing units entitled to vote on the appointment of board members adopt resolutions disapproving the budget and file them with the secretary of the board within thirty days after its adoption, the budget does not take effect and the board adopts a new budget within thirty days of the disapproval.

The board may amend the approved budget at any time, but the secretary of the board must deliver a written copy of a proposed amendment to the presiding officer of the governing body of each taxing unit participating in the District not later than the 30th day before the date the board acts on it.

No amendments were made to the budget during the year. The budget for the General Fund is on a basis in conformity with generally accepted accounting principles (GAAP).

SAN PATRICIO COUNTY APPRAISAL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

Schedule of Changes in Net Pension Liability and Related Ratios

| | Year Ended December 31 | | | | | |
|--|------------------------|-----------|-----------|-----------|-----------|-----------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total Pension Liability | | | | | | |
| Service cost | 144,034 | 155,704 | 122,073 | 97,585 | 65,341 | 67,908 |
| Interest on total pension liability | 216,518 | 204,317 | 191,349 | 174,248 | 165,230 | 166,191 |
| Effect of plan changes | - | - | - | 39,922 | (19,697) | 75,242 |
| Effect of assumption changes or inputs | - | - | 13,652 | - | 26,579 | - |
| Effect of economic/demographic (gains) or losses | (151,175) | 15,392 | (17,728) | 10,937 | 9,270 | (92,465) |
| Benefit payments/refunds of contributions | (224,908) | (201,760) | (164,724) | (167,669) | (167,134) | (219,767) |
| Net change in total pension liability | (15,530) | 173,653 | 144,623 | 155,023 | 79,589 | (2,891) |
| Total pension liability, beginning | 2,639,297 | 2,465,644 | 2,321,020 | 2,165,998 | 2,086,409 | 2,089,300 |
| Total pension liability, ending (a) | 2,623,766 | 2,639,297 | 2,465,644 | 2,321,020 | 2,165,998 | 2,086,409 |
| Fiduciary Net Position | | | | | | |
| Employer contributions | 92,934 | 82,665 | 78,500 | 61,911 | 56,872 | 53,621 |
| Member contributions | 67,977 | 60,465 | 57,419 | 45,285 | 41,599 | 39,221 |
| Investment income net of investment expenses | 428,695 | (51,397) | 350,472 | 168,888 | 30 | 154,505 |
| Benefit payments/refunds of contributions | (224,908) | (201,760) | (164,724) | (167,669) | (167,134) | (219,767) |
| Administrative expenses | (2,264) | (2,096) | (1,811) | (1,832) | (1,661) | (1,805) |
| Other | (1,777) | (1,473) | (403) | 7,258 | 11,880 | (27,383) |
| Net change in fiduciary net position | 360,657 | (113,597) | 319,453 | 113,840 | (58,414) | (1,607) |
| Fiduciary net position, beginning | 2,610,097 | 2,723,693 | 2,404,241 | 2,290,401 | 2,348,815 | 2,350,421 |
| Fiduciary net position, ending (b) | 2,970,753 | 2,610,097 | 2,723,693 | 2,404,241 | 2,290,401 | 2,348,815 |
| Net pension liability / (asset), ending = (a) - (b) | (346,987) | 29,200 | (258,050) | (83,220) | (124,403) | (262,406) |
| Fiduciary net position as a % of total pension liability | 113.22% | 98.89% | 110.47% | 103.59% | 105.74% | 112.58% |
| Pensionable covered payroll | 971,098 | 863,789 | 820,271 | 646,927 | 594,273 | 560,306 |
| Net pension liability as a % of covered payroll | -35.73% | 3.38% | -31.46% | -12.86% | -20.93% | -46.83% |

The District will continue to add data until ten years are presented. GASB Statement No. 68 was implemented in fiscal year 2015 and prior year information is not available.

**SAN PATRICIO COUNTY APPRAISAL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**

Schedule of Employer Contributions

| Year Ending December 31 | Actuarially Determined Contribution | Actual Employer Contribution | Contribution Deficiency (Excess) | Pensionable Covered Payroll⁽¹⁾ | Actual Contribution as a % of Covered Payroll |
|------------------------------------|--|---|---|--|--|
| 2010 | 38,419 | 38,419 | - | 429,742 | 8.9% |
| 2011 | 41,009 | 146,519 | (105,510) | 471,368 | 31.1% |
| 2012 | 36,366 | 116,363 | (79,997) | 379,996 | 30.6% |
| 2013 | 29,545 | 36,480 | (6,935) | 381,227 | 9.6% |
| 2014 | 19,443 | 53,621 | (34,179) | 560,306 | 9.6% |
| 2015 | 40,054 | 56,872 | (16,818) | 594,273 | 9.5% |
| 2016 | 26,977 | 61,911 | (34,934) | 646,927 | 9.6% |
| 2017 | 70,133 | 78,500 | (8,367) | 820,271 | 9.6% |
| 2018 | 77,223 | 82,665 | (5,442) | 863,789 | 9.6% |
| 2019 | 89,341 | 92,934 | (3,593) | 971,098 | 9.6% |

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