



Financial Statements  
December 31, 2019

# Scurry County Appraisal District

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## Independent Auditor's Report

To the Board of Directors of  
Scurry County Appraisal District  
Snyder, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Scurry County Appraisal District as of and for the year ended December 31, 2019, 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 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 respective financial position of the governmental activities and the major fund of the Scurry County Appraisal District as of December 31, 2019, and the respective changes in financial position and the respective budgetary comparison for the general fund 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 and pension information on pages 3-7 and 29-31 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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned to the left of the typed text below it.

Abilene, Texas  
June 4, 2020

As management of Scurry County Appraisal District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2019.

## FINANCIAL HIGHLIGHTS

### Government-Wide

- The District's net position on a government-wide basis totaled \$200,780 at December 31, 2019, a decrease of \$60,405 or (23.1)% over December 31, 2018. 7.5% of this balance is invested in capital assets.

### General Fund

- At the end of the current fiscal year, total fund balance for the General Fund was \$234,688; the entire balance is committed for contingency funds.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

Because the focus of the general fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the general fund with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities. The budgetary comparison schedule can be found on page 12 of this report.

The District has one governmental fund, which is considered a major fund.

The District adopts an annual budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 8 through 12 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 through 28 of this report.

**Required supplementary information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that is required by Governmental Accounting Standards Board to be a part of the District's basic financial statements. Required supplementary information can be found on pages 29-31 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

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

**Summary of Statement of Net Position**

	Governmental Activities	
	2019	2018
Cash and cash equivalents	\$ 480,492	\$ 501,553
Capital assets, net	15,114	31,289
Total assets	495,606	532,842
Deferred outflows of resources	110,639	78,529
Current liabilities	245,804	250,165
Noncurrent liabilities	95,480	34,669
Total liabilities	341,284	284,834
Deferred inflows of resources	64,181	65,352
Net position		
Investment in capital assets	15,114	31,289
Unrestricted	185,666	229,896
Total net position	\$ 200,780	\$ 261,185

**GOVERNMENTAL ACTIVITIES**

Revenues for the Scurry County Appraisal District's governmental activities were \$1,166,056 while total expenses were \$1,226,461. The change in net position was a decrease of \$60,405. The change in net position from last year is due largely to increased program services expense, offset by increased assessment revenues.

**Changes in Net Position**  
For the Fiscal Year Ended December 31,

	Governmental Activities	
	2019	2018
Revenues		
Assessments	\$ 1,152,136	\$ 1,114,865
Interest income	9,588	8,948
Other income	4,332	4,845
Total revenues	1,166,056	1,128,658
Expenses		
General government	1,209,358	1,088,198
Noncapitalized capital outlay	928	21,423
Depreciation	16,175	17,186
Total expenses	1,226,461	1,126,807
Change in net position	(60,405)	1,851
Net position, beginning	261,185	259,334
Net position, ending	\$ 200,780	\$ 261,185

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

**Governmental fund.** The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The general fund is the chief operating fund of the District. At the end of the fiscal year, the District's general fund (as presented in the balance sheet on page 8) reported an ending fund balance of \$234,688.

**General fund budgetary highlights.** The Board of Directors amended the budget several times during the year.

The actual charges to appropriations were \$14,665 below the final budget amounts (see page 12). The underage was in personnel services. Resources available for appropriation were \$13,920 above the final budgeted amount.

**CAPITAL ASSETS AND LONG-TERM OBLIGATIONS**

Capital assets. The Scurry County Appraisal District's investment in capital assets for its governmental activities as of December 31, 2019, amounts to \$15,114 (net of accumulated depreciation). This represents an decrease of \$16,175 from the prior fiscal year. This investment in capital assets includes buildings and improvements, and furniture and equipment. Additional information on the District's capital assets can be found in Note 6 (p. 18) in the notes to the financial statements.

**Capital Assets Schedule (net of depreciation)**

	Governmental Activities	
	2019	2018
Land	\$ 5,400	\$ 5,400
Building and improvements	216,900	216,900
Furniture and equipment	188,411	188,411
Total capital assets	410,711	410,711
Less accumulated depreciation	395,597	379,422
Total capital assets, net	\$ 15,114	\$ 31,289

Long-term obligation. At the end of the current fiscal year, the District had a long-term obligation for its net pension liability and compensated absences in the amounts of \$73,780 and \$21,700, respectively. Additional information on the District's long-term obligation can be found in Notes 6 and 10 (page 18 and 20-26) in the notes to the financial statements.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Scurry County Appraisal District's finances and accountability. If you have any questions concerning this report, or if you need any additional information, please contact the Scurry County Appraisal District, Jackie Martin, Chief Appraiser, 2612 College Ave., Snyder, Texas 79549.

Scurry County Appraisal District  
Statement of Net Position and Governmental Fund Balance Sheet  
December 31, 2019

	General Fund	Adjustments (Note A)	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 480,492	\$ -	\$ 480,492
Capital assets, net	-	15,114	15,114
<b>Total assets</b>	<b>480,492</b>	<b>15,114</b>	<b>495,606</b>
<b>Deferred outflows of resources</b>			
Deferred outflows - pension	-	110,639	110,639
<b>Total assets and deferred outflows of resources</b>	<b>\$ 480,492</b>	<b>125,753</b>	<b>606,245</b>
<b>Liabilities</b>			
Accrued liabilities	\$ 8,784	-	8,784
Unearned revenue	237,020	-	237,020
Noncurrent liabilities			
Due in more than one year	-	95,480	95,480
<b>Total liabilities</b>	<b>245,804</b>	<b>95,480</b>	<b>341,284</b>
<b>Deferred inflows of resources</b>			
Deferred inflows - pension	-	64,181	64,181
<b>Fund balance/net position</b>			
<b>Fund balances</b>			
Committed for contingency	234,688	(234,688)	-
<b>Total fund balances</b>	<b>234,688</b>	<b>(234,688)</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 480,492</b>	<b>(139,208)</b>	<b>405,465</b>
<b>Net position</b>			
Investment in capital assets		15,114	15,114
Unrestricted		185,666	185,666
<b>Total net position</b>		<b>\$ 200,780</b>	<b>\$ 200,780</b>

**Total Fund Balances - Governmental Fund Balance Sheet** \$ 234,688

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the end of the year, the cost of these assets was \$410,711 and the accumulated depreciation was \$395,597. The net effect of including capital assets (net of depreciation) in the governmental activities is an increase to net position. 15,114

Accrued liabilities for compensated absences for personal leave are not due and payable in the current period and therefore have not been included in the fund financial statements. The net effect of including the accrual for compensated absences in the governmental activities is a decrease to net position. (21,700)

The District recognized a net pension liability in the amount of \$73,780, deferred outflow of resources of \$110,639, and a deferred inflow of resources of \$64,181. The net effect is to decrease net position. (27,322)

**Total Net Position - Statement of Net Position** \$ 200,780

## Scurry County Appraisal District

### Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance Year Ended December 31, 2019

	General Fund	Adjustments (Note B)	Statement of Activities
<b>Revenues</b>			
Appraisal assessments	\$ 1,152,136	\$ -	\$ 1,152,136
Interest income	9,588	-	9,588
Other income	4,332	-	4,332
<b>Total revenues</b>	<b>1,166,056</b>	<b>-</b>	<b>1,166,056</b>
<b>Expenditures / expenses</b>			
<b>Current</b>			
Personnel services	734,860	27,530	762,390
Occupancy	17,327	-	17,327
Telephone	12,003	-	12,003
Equipment rental and maintenance	40,733	-	40,733
Staff development	6,480	-	6,480
Publications and postage	18,931	-	18,931
Dues	4,062	-	4,062
Travel	50,785	-	50,785
Professional fees	50,800	-	50,800
Programs and services	211,865	-	211,865
Miscellaneous	33,982	-	33,982
Capital outlay	928	-	928
Depreciation	-	16,175	16,175
<b>Total expenditures / expenses</b>	<b>1,182,756</b>	<b>43,705</b>	<b>1,226,461</b>
<b>Change in fund balance/net position</b>	<b>(16,700)</b>	<b>(43,705)</b>	<b>(60,405)</b>
<b>Fund balance/net position</b>			
Beginning of year	251,388	9,797	261,185
<b>End of year</b>	<b>\$ 234,688</b>	<b>\$ (33,908)</b>	<b>\$ 200,780</b>

Scurry County Appraisal District

Note B – Adjustments to the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund  
Balance  
Year Ended December 31, 2019

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**Net Change in Fund Balance - Governmental Fund** \$ (16,700)

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

Increases to liabilities for compensated absences for personal leave are not shown in the fund financial statements. The net effect of the current year's increase in the liabilities is to decrease net position. (21,700)

Depreciation is not recognized as an expenditure in the governmental fund since it does not require the use of current financial resources. The effect of recording current year depreciation is to decrease net position. (16,175)

Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase in the amount of \$68,881. The District's share of the unrecognized deferred inflows and outflows for TCDRS as of the measurement date must be amortized and the District's pension expense must be recognized. These cause the changes in net position to decrease in the amount of \$74,711. The net effect is a decrease in net position. (5,830)

**Change in Net Position - Statement of Activities** \$ (60,405)

Scurry County Appraisal District

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund  
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues</b>				
Appraisal assessments	\$ 1,152,136	\$ 1,152,136	\$ 1,152,136	\$ -
Interest income	-	-	9,588	9,588
Other income	-	-	4,332	4,332
<b>Total revenues</b>	<b>1,152,136</b>	<b>1,152,136</b>	<b>1,166,056</b>	<b>13,920</b>
<b>Expenditures</b>				
Personnel services	755,984	749,144	734,860	14,284
Occupancy	17,460	17,378	17,327	51
Telephone	10,260	12,003	12,003	-
Equipment rental and maintenance	24,000	40,757	40,733	24
Staff development	4,900	6,480	6,480	-
Publications and postage	18,500	19,042	18,931	111
Dues	3,600	4,062	4,062	-
Travel	46,830	50,787	50,785	2
Professional fees	19,002	50,800	50,800	-
Programs and services	210,600	211,939	211,865	74
Miscellaneous	36,000	34,079	33,982	97
Capital outlay	5,000	950	928	22
<b>Total expenditures</b>	<b>1,152,136</b>	<b>1,197,421</b>	<b>1,182,756</b>	<b>14,665</b>
<b>Change in fund balance</b>	<b>-</b>	<b>(45,285)</b>	<b>(16,700)</b>	<b>28,585</b>
<b>Fund balance</b>				
Beginning of year	251,388	251,388	251,388	-
<b>End of Year</b>	<b>\$ 251,388</b>	<b>\$ 206,103</b>	<b>\$ 234,688</b>	<b>\$ 28,585</b>

**Note 1 - Reporting Entity**

Scurry County Appraisal District (the District) was organized, created and established pursuant to rules established by the Texas Property Tax Code (the Code) Section 6.01. The Code established an appraisal district in each county of the State of Texas. The District is responsible for appraising property in the District for ad valorem tax purposes of each taxing unit that imposes ad valorem taxes on property in the District.

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

**Note 2 - Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the activities of the primary government.

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

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 timing of related cash flows.

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

Interest income is considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the District receives cash.

The District reports the following governmental fund:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government.

**Note 4 - Assets, Liabilities and Net Position or Equity**

**Deposits and Investments**

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

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

The Board of Directors of the District authorizes the District to invest with certain stipulations, in fully collateralized time deposits, certificates of deposit, money market accounts, interest-bearing checking accounts or “NOW” accounts, and United States Treasury securities. Accordingly, at December 31, 2019, the District had \$481,087 invested in a checking account. During the year ended December 31, 2019, the District did not own any types of securities other than those permitted by statute.

**Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the statement of net position. The District defines capital assets as assets with an initial, individual cost of \$5,000 or an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Assets	Years
Building	39
Furniture and equipment	5 - 10

**Long Term Obligations**

In the government-wide financial statements, long-term obligations such as net pension liability are liabilities in the statement of net position.

**Compensated Absences**

In addition to other benefits provided, the District compensates eligible employees for vacation and earned time. Vacation time is accrued bi-weekly based upon the term of employment. This vacation time can be carried over to subsequent years with a maximum accrual of 240 hours, except for some employees mentioned specifically in the policy.

In emergency cases the Chief Appraiser may approve accumulation of more than the maximum allowed hours. Earned time is approved on a case by case basis by the Chief Appraiser.

Compensated absences are reported as expenditures and a fund liability of the general fund only if they have matured, for example as a result of employee resignations and retirements. Compensated absences are accrued as a long-term liability in the statement of net position when incurred.

**Use of Estimates**

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

**Deferred Outflows**

In addition to assets, the statement of net position will report 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) until then. The District has deferred outflows of resources related to its pension plan.

**Deferred Inflows**

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has deferred inflows of resources related to its pension plan.

## **Pensions**

The fiduciary net position of the District's plan with Texas County & District Retirement System (TCDRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCDRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## **Appraisal Assessments**

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

## **Note 5 - Stewardship, Compliance and Accountability**

### **Budgetary Information**

A budget is adopted for the general fund on a budgetary basis, which is a basis of accounting other than generally accepted accounting principles. The District budgets only those expenditures which are intended to be financed through the current year's operating budget. There were no budgetary differences in 2019. Expenditures that are to be paid from prior year's surpluses are not budgeted in the current year but are reported as expenditures in accordance with generally accepted accounting principles. The operating budget was formally adopted by the Board of Directors ("the Board") at a public meeting prior to the start of the fiscal year in accordance with the Texas Property Tax Code Sections 6.06(a) and 6.06(b). The formally adopted budget may be legally amended by the Board with approval of the taxing entities in accordance with the Texas Property Tax Code Section 6.06(c). The budget was amended by the Board. Budgetary preparation and control is exercised at the department level.

## **Note 6 - Detailed Notes on All Funds**

### **Deposits and Investments**

Custodial Credit Risk for Deposits: State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. The District's deposits at December 31, 2019 were fully secured by federal deposit insurance coverage and by securities pledged to the District and held by an agent of the District in the District's name. As such, the District has no custodial credit risk for deposits.

Compliance with the Public Funds Investment Act: The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District 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 staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

The District is not exposed to custodial credit risk of investments, interest rate risk, or concentration risk as the District currently only invests in fully collateralized bank deposits. To match anticipated cash flow requirements, the maximum weighted average maturity of the checking and savings account may not exceed three months and the contingency fund portion of the investment portfolio may not exceed six months. In no case will the average maturity of the portfolio exceed six months. The maximum final stated maturity of any investment shall not exceed two years.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments subject to recurring fair value measurements at December 31, 2019.

#### **Interest rate risk**

The District's policy does not address interest rate risk. At year end the District was not exposed to interest rate risk.

#### **Credit risk - investments**

State law limits investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. The District's policy does not specifically address credit risk of investments.

#### **Concentration of credit risk**

It is the policy of the District to diversify its investment portfolio. Invested funds shall be diversified to minimize risk or loss resulting from overconcentration of assets in a specific maturity, specific issuer, or specific class of securities.

**Capital Assets**

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance January 1, 2019	Additions	Retirements	Balance December 31, 2019
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Land	\$ 5,400	\$ -	\$ -	\$ 5,400
Total capital assets, not being depreciated	5,400	-	-	5,400
Capital assets, being depreciated				
Building improvements	216,900	-	-	216,900
Furniture and equipment	188,411	-	-	188,411
Total capital assets, being depreciated	405,311	-	-	405,311
Accumulated depreciation				
Building improvements	(209,796)	(5,562)	-	(215,358)
Furniture and equipment	(169,626)	(10,613)	-	(180,239)
Total accumulated depreciation	(379,422)	(16,175)	-	(395,597)
Governmental activities				
Capital assets, net	<u>\$ 31,289</u>	<u>\$ (16,175)</u>	<u>\$ -</u>	<u>\$ 15,114</u>

The District recognized depreciation expense of \$16,175 in the statement of activities.

**Long-Term Obligations**

The changes in long-term obligations for the year ended December 31, 2019, are as follows:

	Balance January 1, 2019	Additions	Retirements	Balance December 31, 2019	Due Within One Year
Net pension liability	\$ 34,669	\$ 39,111	\$ -	\$ 73,780	\$ -
Accrued personal leave	-	22,530	(830)	21,700	-
Total long-term obligations	<u>\$ 34,669</u>	<u>\$ 61,641</u>	<u>\$ (830)</u>	<u>\$ 95,480</u>	<u>\$ -</u>

**Note 7 - Unearned Revenue**

The District assesses appraisal fees for the first quarter of the following year, prior to year-end. At December 31, 2019, the District had recorded unearned revenue of \$237,020 for appraisal assessments received for 2020.

**Note 8 - Fund Balance**

The fund financial statements present fund balances classified in a hierarchy based on the strength of the constraints governing how these balances can be spent. These classifications are listed below in descending order of restrictiveness:

Nonspendable fund balance includes fund balances that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. At December 31, 2019, the District had no nonspendable fund balances.

Restricted fund balance includes the amount that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At December 31, 2019, the District had no restricted fund balances.

Committed fund balance is established and modified by a resolution from the District's Board, the District's highest level of decision-making authority, and can be used only for the specific purposes determined by the Board's resolution. At December 31, 2019, the District had \$234,688 committed for the purpose of future contingencies.

Assigned fund balance is intended to be used by the District for specific purposes but does not meet the criteria to be classified as restricted or committed. At December 31, 2019, the District had no assigned fund balances.

Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

The District uses restricted amounts first when both restricted and unrestricted fund balance are available. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**Note 9 - Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors and omissions. The District uses Texas Municipal League (TML) Intergovernmental Employee Benefits Pool, a public entity risk pool for the benefit of more than 2,800 individual governmental units located within the state of Texas, for its liability, property, and workers compensation insurance. TML Intergovernmental Employee Benefits Pool is considered a self-sustaining risk pool that provides coverage for its members. TML-IRP purchases reinsurance and the District does not retain risk of loss exceeding insurance premiums and deductibles. Settled claims have not exceeded insurance coverage limits for any of the past three years.

**Note 10 - Pension Plan**

The District has three existing retirement plans: 1) a Money Purchase Pension Plan, started in 1981 and frozen to contributions on July 1, 2016, 2) TCDRS, started in 2014 and currently active, and 3) a 457 deferred compensation plan, started on July 1, 2016 and currently active.

The District's employees participated in a Money Purchase Pension Plan and Trust (for Governmental Organizations) administered originally by Security Benefits (effective June 1, 1981) and was transferred to Mass Mutual on June 30, 2015. All District employees were eligible to participate in the plan upon employment. Prior to February 1, 2014, this was the District's sole retirement plan.

As noted above, effective February 1, 2014, the District joined the Texas County and District Retirement System (TCDRS.) Eleven employees participate in the plan. The District contributes a required rate each year that will fluctuate annually as per actuary computations over a 10-year span. In 2019, the required rate for the District to contribute was 12.84% and 7% for the Employee (employee rate is static).

The Money Purchase Pension Plan and Trust was frozen on July 1, 2016 as per advice by legal counsel because Texas state law does not allow a Money Purchase Pension Plan to exist within an organization that is enrolled in TCDRS. At this time, the account is active for earnings and changing of investing options, but no money can be contributed into the plan. After freezing contributions to the Money Purchase Pension Plan and Trust, the District enrolled in a 457 Deferred Compensation Plan which began July 1, 2016. The District contribution is 2.5% of the participant's gross income annually. Annual contributions by employees are 2.5% of gross earnings or any chosen rate that does not exceed the government rule of contributions for 457 plans.

For the deferred compensation plan, total District and employee contributions during the year ended December 31, 2019, amounted to \$27,803. Of the \$27,803, employees contributed \$14,297 and the District contributed \$13,506. The payroll for employees covered by the Plan for the year ended December 31, 2019 was \$540,243.

**Texas County and District Retirement System (TCDRS)****Plan Description**

The District provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the state-wide agent multiple-employer public employee retirement system consisting of 781 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 Barton Oaks Plaza IV, Suite 500, 901 South Mopac Expressway, Austin, TX 78746, or at <https://www.tcdrs.org>.

**Benefits Provided**

The plan provisions are adopted 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 10 or more years of service or with 30 years of service regardless of age or when the sum of their age and years of service equals 80 or more. Members are vested after 10 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump-sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee’s 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. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the District’s Board within certain guidelines.

**Membership**

District membership in the TCDRS plan at December 31, 2018 consisted of the following:

Inactive Employees' Accounts	
Receiving benefits	2
Entitled to but not yet receiving benefits	2
	2
Total	4
Active Employees' Accounts	
	8
Total	8

**Contributions**

The District has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the District based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the District is actuarially determined annually. The employee contribution rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act.

	Contribution Rates	
	2019	2018
Member	7.0%	7.0%
Employer	12.84%	13.00%
Employer Contributions	\$ 68,881	\$ 71,168
Member Contributions	37,817	37,233

**Actuarial Assumptions**

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2018
Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	16.7 years
Asset Valuation Method	5 year smoothed market
Discount Rate	8.10%
Long-term expected Investment Rate of Return*	8.10%
Salary Increases*	4.9%, average
Payroll Growth Rate	0%
*Includes Inflation of 2.75%	

The plan does not have an automatic cost-of-living adjustment and one is not considered to be substantively automatic under GASB No. 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculation or in the funding valuation. Each year, the plan may elect an ad-hoc COLA for its retirees.

Mortality rates for depositing members were based on 90% of the RP-2014 Active Employee Mortality Table for males and females as appropriate, with adjustments, projected with 110% of the MP-2014 Ultimate Scale after 2014. Service retirees, beneficiaries, and non-depositing members were based on 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females as appropriate, with adjustments, projected with 110% of the MP-2014 Ultimate Scale after 2014. Disabled retirees were based on 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the MP-2014 Disabled Annuitant Mortality Table for females as appropriate, with adjustments, projected with 110% of the MP-2014 Ultimate Scale after 2014.

The actuarial assumptions were developed from an actuarial experience investigation of TCDRS over the years 2013 - 2016. Assumptions were recommended by Milliman, Inc., adopted by the TCDRS Board of Trustees in 2018 and first used in the December 31, 2018 actuarial valuation.

There were no changes in methods or actuarial assumptions reflected in the December 31, 2018 actuarial valuation.

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

### Discount Rate

The discount rate used to measure the total pension liability was 8.10%. There was no change in the discount rate since the previous year.

In order to determine the discount rate to be used, the actuary used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under the 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 cost-of-living adjustment is required to be funded over a period of 15 years, if applicable.

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, the actuary has used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.0%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2019 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 based on a 30-year time horizon; the most recent analysis was performed in 2017 based on the period January 1, 2013 – December 31, 2016.

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

Asset Class	Benchmark	Target Allocation <sup>1</sup>	Geometric Real Rate of Return (Expected minus Inflation) <sup>2</sup>
US Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>3</sup>	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
International Equities - Developed Markets	MSCI World Ex USA (net)	10.00%	5.40%
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LST A Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>4</sup>	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index+ 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>5</sup>	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%

<sup>1</sup> Target asset allocation adopted at the April 2019 TCDRS Board meeting.

<sup>2</sup> Geometric real rates of return equal the expected return minus the assumed inflation of 1.70%, per Cliffwater's 2019 capital market assumptions.

<sup>3</sup> Includes vintage years 2006 - present of Quarter Pooled Horizon IRRs.

<sup>4</sup> Includes vintage years 2005 - present of Quarter Pooled Horizon IRRs.

<sup>5</sup> Includes vintage years 2007 - present of quarter Pooled Horizons IRRs.

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

At December 31, 2019, the District reported a net pension liability of \$73,780 for its share of the TCDRS's net pension liability measured at December 31, 2018. For the fiscal year ended December 31, 2019, the District recognized pension expense of \$74,711.

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

Scurry County Appraisal District

Notes to Financial Statements

December 31, 2019

Changes in the net pension liability for the measurement year ended December 31, 2018 are as follows:

Changes in Net Pension Liability (Asset)	Increase (Decrease)		Net Pension Liability (Asset) (a) - (b)
	Total Pension Liability (a)	Fiduciary Net Position (b)	
Balances at December 31, 2017	\$ 523,981	\$ 489,312	\$ 34,669
Changes for the year			
Service cost	109,984	-	109,984
Interest on total pension liability [1]	51,139	-	51,139
Effect of plan changes [2]	-	-	-
Effect of economic/demographic gains or losses	(18,928)	-	(18,928)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	-	-	-
Benefit payments	(5,343)	(5,343)	-
Administrative expenses	-	(472)	472
Member contributions	-	37,233	(37,233)
Net investment income	-	(7,965)	7,965
Employer contributions	-	71,169	(71,169)
Other [3]	-	3,119	(3,119)
Balances as of December 31, 2018	<u>\$ 660,833</u>	<u>\$ 587,053</u>	<u>\$ 73,780</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.

**Discount Rate Sensitivity Analysis**

The following presents the net pension liability (asset) 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	\$ 737,890	\$ 660,833	\$ 594,623
Fiduciary net position	<u>587,053</u>	<u>587,053</u>	<u>587,053</u>
Net pension liability	<u>\$ 150,837</u>	<u>\$ 73,780</u>	<u>\$ 7,570</u>

At December 31, 2019 the District reported its share of the TCDRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 64,181	\$ 75
Changes in actuarial assumptions	-	6,180
Net difference between projected and actual investment earnings	-	35,503
Contributions paid to TCDRS subsequent to the measurement date	-	68,881
	\$ 64,181	\$ 110,639
Total		

\$68,881 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the District's fiscal year ending December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in the District's fiscal years as follows:

Year Ended December 31	Pension Expense
2020	\$ (3,354)
2021	(6,362)
2022	(7,469)
2023	(3,774)
2024	(2,592)
Thereafter	1,128
	\$ (22,423)

**Note 11 - Postemployment Benefits Other Than Pensions**

Plan Description: The District participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the Texas County & District Retirement System (TCDRS). 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.

The GTLF is a separate trust administered by the TCDRS board of trustees. 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](http://www.tcdrs.org). TCDRS' CAFR may also be obtained by writing to the Texas County & District Retirement System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782.

Funding Policy: Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed, and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The District's contributions to the GTLF for the years ended December 31, 2019, 2018 and 2017 were \$2,166, \$2,029, and \$1,947, respectively, which equaled the contractually required contributions each year.

**Note 12 - Health and Life Insurance**

During the year ended December 31, 2019, employees of the District were covered by a health insurance plan. The District contributed \$800 per month per employee to the plan for the months of January through July and \$865 per employee for the months of August through December. Employees, at their option, authorized payroll withholdings to pay contributions or 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.

The District provides \$30,000 of life insurance coverage for each of their employees.

**Note 13 - Contingencies**

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

**Note 14 - Operating Leases**

Commitments under operating (non-capitalized) lease agreements for equipment provide for minimum future rental payments as of December 31, 2019 as follows:

	Lease Payments
2020	\$ 5,352
2021	5,352
2022	4,914
2023	1,200
 Total minimum rentals	 \$ 16,818
 Rental expenditures in 2019	 \$ 6,283

**Note 15 - Commitments**

The District has contracted with a company for 2020 to provide the District with valuations of oil, gas, and certain other industrial properties for \$109,000.



Required Supplementary Information  
December 31, 2019

## Scurry County Appraisal District

## Scurry County Appraisal District

### Schedule of Changes in Net Pension Liability and Related Ratios – Texas County & District Retirement System Year Ended December 31, 2019

	Year Ended December 31, 2014	Year Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2018
<b>Total Pension Liability</b>					
Service cost	\$ 209,839	\$ 86,558	\$ 117,376	\$ 112,921	\$ 109,984
Interest on total pension liability	8,333	20,992	23,095	38,883	51,139
Effect of plan changes	-	(7,083)	-	-	-
Effect of assumption changes or inputs	-	3,715	-	5,556	-
Effect of economic/demographic (gains) or losses	200	(94,971)	(932)	(501)	(18,928)
Change of assumptions	-	-	-	-	-
Benefit payments/refunds of contributions	-	-	-	-	(5,343)
<b>Net change in total pension liability</b>	<b>218,372</b>	<b>9,211</b>	<b>139,539</b>	<b>156,859</b>	<b>136,852</b>
Total pension liability, beginning	-	218,372	227,583	367,122	523,981
Total pension liability, ending (a)	<u>\$ 218,372</u>	<u>\$ 227,583</u>	<u>\$ 367,122</u>	<u>\$ 523,981</u>	<u>\$ 660,833</u>
<b>Fiduciary Net Position</b>					
Contributions - Employer	\$ 58,537	\$ 68,855	\$ 71,010	\$ 72,156	\$ 71,169
Contributions - Member	32,215	38,500	38,529	38,947	37,233
Net investment income	358	(3,294)	14,918	49,585	(7,965)
Benefit payments/refunds of contributions	-	-	-	-	(5,343)
Administrative expenses	(36)	(107)	(162)	(325)	(472)
Other	(4)	(13)	8,158	1,485	3,119
<b>Net change in fiduciary net position</b>	<b>91,070</b>	<b>103,941</b>	<b>132,453</b>	<b>161,848</b>	<b>97,741</b>
Fiduciary net position, beginning	-	91,070	195,011	327,464	489,312
Fiduciary net position, ending (b)	<u>\$ 91,070</u>	<u>\$ 195,011</u>	<u>\$ 327,464</u>	<u>\$ 489,312</u>	<u>\$ 587,053</u>
Net pension liability (asset), ending = (a) - (b)	<u>\$ 127,302</u>	<u>\$ 32,572</u>	<u>\$ 39,658</u>	<u>\$ 34,669</u>	<u>\$ 73,780</u>
Fiduciary net position as a percentage of total pension liability	41.70%	85.69%	89.20%	93.38%	88.84%
Pensionable covered payroll	\$ 502,047	\$ 550,000	\$ 550,420	\$ 556,383	\$ 531,899
Net pension liability as a percentage of covered payroll	25.36%	5.92%	7.21%	6.23%	13.87%

Scurry County Appraisal District  
 Schedule of Employer Contributions – Texas County & District Retirement System  
 December 31, 2019

Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2010	\$ -	\$ -	\$ -	\$ -	-
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	53,431	58,537	(5,106)	460,210	12.72%
2015	63,855	68,855	(5,000)	550,000	12.52%
2016	63,848	71,010	(7,162)	550,420	12.90%
2017	67,156	72,156	(5,000)	556,383	12.97%
2018	65,689	71,168	(5,479)	531,899	13.38%
2019	68,881	68,881	-	536,456	12.84%

**Note A: Net Pension Liability – Texas County & District Retirement System**

**Assumptions**

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

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	16.7 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by age and service. 4.9% average over career, including inflation
Investment rate of return	8.00%, including inflation, net of investment expense
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% of the MP-2014 Ultimate scale after 2014.
Changes in plan provisions	No changes in plan provisions were reflected in the Schedule.