

MCMULLEN CENTRAL APPRAISAL DISTRICT
ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED DECEMBER 31, 2019



Lovvorn & Kieschnick

CERTIFIED PUBLIC ACCOUNTANTS

LOVVORN & KIESCHNICK, LLP

MC MULLEN CENTRAL APPRAISAL DISTRICT

DIRECTORY OF OFFICIALS

DECEMBER 31, 2019

BOARD OF DIRECTORS

KAREN WHEELER	CHAIR
WALT FRANKLIN	MEMBER
MAX QUINTANILLA, JR.	MEMBER
WARREN WHEELER	MEMBER
JIM TEAL	MEMBER
VACANT	MEMBER

OTHER OFFICIALS

JILL ATKINSON	TREASURER
JUAN SAUCEDO	CHIEF APPRAISER
BESSIE GUERRERO	EX-OFFICIO NON-VOTING MEMBER

**MCMULLEN CENTRAL APPRAISAL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019**

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FINANCIAL SECTION



Lovvorn & Kieschnick, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors
McMullen Central Appraisal District
Tilden, Texas 78072

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 McMullen Central Appraisal District, ("the 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 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, 2019, 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.

Our Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information 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

Lovvorn & Kieschnick, LLP
Corpus Christi, Texas
October 8, 2020

Management's Discussion and Analysis

**MCMULLEN CENTRAL APPRAISAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

This discussion and analysis is intended to be an easily readable analysis of the McMullen Central 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, 2019 by \$111,481 (presented as "net position"). Of this amount \$108,667 was reported as "Unrestricted Net Position" and \$2,814 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 increased by \$99,207 (a 808.27% increase) in fiscal year 2019.

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 focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets of the District, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Governmental activities are reported on the accrual basis of accounting.
- 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.
- Fund financial statements focus separately on governmental funds. Governmental fund statements follow the more traditional presentation of financial statements.
- The notes to the financial statements provide additional disclosures required by governmental 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 \$111,481 as of December 31, 2019. The District continues to be fiscally conservative and its net position has increased by \$99,207 during the current fiscal year.

The Statement of Net Position at December 31, 2019 follows:

Net Position at Year-End

	Governmental Activities		Total Percentage
	2019	2018	Change 2019 - 2018
Cash and cash equivalents	123,003	89,161	37.96%
Capital assets, net	2,814	5,565	-49.43%
Total assets	<u>125,817</u>	<u>94,726</u>	<u>32.82%</u>
Accounts payable	669	70,132	-99.05%
Accrued Payroll	12,391	12,209	0.00%
Unearned Revenue	-	-	0.00%
Noncurrent liabilities			
Due within one year	<u>1,276</u>	<u>111</u>	<u>1049.55%</u>
Total liabilities	<u>14,336</u>	<u>82,452</u>	<u>-82.61%</u>
Net position:			
Net investment in capital assets	2,814	5,565	-49.43%
Unrestricted	<u>108,667</u>	<u>6,709</u>	<u>1519.72%</u>
Total net position	<u><u>111,481</u></u>	<u><u>12,274</u></u>	<u><u>808.27%</u></u>

The Statement of Activities follows:

Changes in McMullen Central Appraisal District's Net Position

	Governmental Activities 2019	2018	Total Percentage Change 2019 - 2018
Revenues			
Program revenues			
Levies from taxing units	591,962	596,524	-0.76%
General revenues			
Miscellaneous	5,933	973	509.76%
Interest	572	717	-20.29%
Total revenues	598,467	598,214	0.04%
Expenses			
Appraisal	499,259	534,574	-6.61%
Total expenses	499,259	534,574	-6.61%
Special Item			
Refund to Entities	-	(107,449)	-100.00%
Change in net position	99,208	(43,809)	-326.45%
Beginning net position	12,274	56,083	-78.11%
Ending net position	111,481	12,274	808.27%

Program revenues decreased \$4,562 (-0.76%) over 2018, while appraisal expenses decreased \$35,315 (-6.61%) over 2018. Change in net position for 2019 was an increase of \$99,208, while in 2018 the change in net position was a decrease of \$43,809.

Governmental funds. The focus of the McMullen Central 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 McMullen Central 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 McMullen Central Appraisal District's General Fund reported an ending fund balance of \$109,943, an increase of \$103,124 in comparison with the prior year.

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 approximately 22.20 percent of total general fund expenditures, while total fund balance represents approximately 22.20 percent of that same amount.

For 2019, revenues of the General Fund exceeded the expenditures by \$103,124. This is compared to the 2018 excess of revenues over expenditures of \$62,797.

Capital Assets and Debt Administration

At December 31, 2019 and 2018 the District's Capital Assets were as follows:

Capital Assets at Year-End

	Governmental Activities		Total Percentage Change 2019-2018
	2019	2018	
Furniture & Equipment	22,208	22,208	0.00%
Software	7,230	7,230	0.00%
Accumulated depreciation	(26,624)	(23,873)	11.52%
Capital assets, net	<u>2,814</u>	<u>5,565</u>	<u>-49.43%</u>

Debt Outstanding

At year-end, the District had \$1,276 in outstanding debt. This is predominantly accumulated amounts of compensated absences carried in the employees' payroll accounts as potential future expenditures as shown in the table below.

Debt Outstanding at Year End

	Governmental Activities		Total Percentage Change 2019-2018
	2019	2018	
Compensated Absences	<u>1,276</u>	<u>111</u>	<u>1049.55%</u>
Total Debt	<u>1,276</u>	<u>111</u>	<u>1049.55%</u>

General Fund Budgetary Highlights

During the year the original budget as a whole was not amended. There were only some line item adjustments made within the budget. Actual revenues exceeded budgeted revenues by \$6,365, while actual expenditures were \$96,758 less than the final amended budget. The most significant budget variation was for Payroll Costs, for which actual expenditures were \$39,783 less than the budgeted amount.

Economic Factors and Next Year's Budget

The approved budget for 2020 is \$607,202 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 P.O. Box 37, Tilden, Texas 78072.

Basic Financial Statements

**MCMULLEN CENTRAL APPRAISAL DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

ASSETS	
Cash and cash equivalents	\$123,003
Capital Assets, net of	
Accumulated Depreciation (Note 3)	2,814
TOTAL ASSETS	<u>125,817</u>
LIABILITIES	
Accounts Payable	669
Accrued Payroll	12,391
Unearned Revenue	-
Noncurrent Liabilities:	
Due within one year	1,276
TOTAL LIABILITIES	<u>14,336</u>
NET POSITION	
Net Investment in Capital Assets	2,814
Unrestricted	108,667
TOTAL NET POSITION	<u><u>\$111,481</u></u>

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

**MCMULLEN CENTRAL APPRAISAL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	TOTAL
EXPENSES:	
Payroll Costs	\$229,684
Contract Services	239,464
Supplies and Materials	6,111
Other Operating Expenses	21,249
Capital Outlay	-
Depreciation	2,751
TOTAL EXPENSES	499,259
 PROGRAM REVENUES:	
Levies from Taxing Units	591,962
NET PROGRAM REVENUE	92,703
 GENERAL REVENUES:	
Interest	572
Miscellaneous	5,933
 SPECIAL ITEM:	
Refund Prior Year Assessment to Entities	-
TOTAL GENERAL REVENUES AND SPECIAL ITEM	6,505
 Change in Net Position	 99,208
Net Position - beginning	12,274
Net Position - ending	\$111,481

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

**MCMULLEN CENTRAL APPRAISAL DISTRICT
BALANCE SHEET
GENERAL FUND
DECEMBER 31, 2019**

ASSETS

Cash and cash equivalents	\$ 123,003
Prepaid Item	-
TOTAL ASSETS	<u>123,003</u>

LIABILITIES

Accounts Payable	669
Accrued Payroll	12,391
Unearned Revenue	-
TOTAL LIABILITIES	<u>13,060</u>

FUND BALANCE

Unassigned	109,943
TOTAL FUND BALANCE	<u>109,943</u>

TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 123,003</u></u>
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RECONCILIATION TO THE STATEMENT OF NET POSITION:

Total fund balance reported above	\$ 109,943
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.	2,814
Long-term liabilities are not due and payable in the current period and therefore are not reported in the balance sheet.	<u>(1,276)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 111,481</u></u>

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

**MCMULLEN CENTRAL APPRAISAL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GENERAL FUND
YEAR ENDED DECEMBER 31, 2019**

REVENUES

Levies from Taxing Units	\$ 591,962
Interest	572
Miscellaneous	5,933
TOTAL REVENUES	<u>598,467</u>

EXPENDITURES

Payroll Costs	228,519
Contract Services	239,464
Supplies and Materials	6,111
Other Operating Expenses	21,249
Capital Outlay	-
TOTAL EXPENDITURES	<u>495,343</u>

Excess (Deficiency) of Revenues Over Expenditures	103,124
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SPECIAL ITEM

Refund Prior Year Assessment to Entities	<u>-</u>
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Net Change in Fund Balance	103,124
Fund Balance at Beginning of Year	<u>6,819</u>

FUND BALANCE AT END OF YEAR	<u><u>\$ 109,943</u></u>
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RECONCILIATION TO THE STATEMENT OF NET POSITION:

Net change in fund balance	\$ 103,124
Capital outlays are not reported as expenses in the Statement of Activities	-
The depreciation of capital assets used in governmental activities is not reported in the funds	(2,751)
The increase in compensated absences liability does not require the use of current financial resources but is recorded as an expense in the Statement of Activities	(1,165)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 99,208</u></u>
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The accompanying notes to financial statements are an integral part to this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The McMullen Central Appraisal District was organized as a result of the Texas Legislature adopting a comprehensive property code in 1979 which created a Central-wide appraisal district in each Central within the State of Texas. The McMullen Central 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 McMullen Central 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 type funds.

The District has presented the following major governmental funds:

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.

MCMULLEN CENTRAL APPRAISAL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

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

McMullen Central 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.

The District did not have a capital asset policy as of December 31, 2019.

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>
Furniture & Equipment	5
Software	3

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.

H. Compensated Absences

It is the District's policy to permit regular full-time employees to accumulate earned but unused vacation and sick pay benefits. A liability for unused vacation leave for regular

MCMULLEN CENTRAL APPRAISAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

full-time employees is calculated and reported in the government-wide financial statements. Full-time employees earn vacation monthly at 6.67 hours per monthly pay period. Full-time employees who have worked for 10 or more years in a position are eligible to receive vacation at 12 hours per month, beginning on their anniversary date. Vacation time not taken by the end of the calendar year is carried over to the next year, with a maximum carry-over of 80 hours. All regular full-time employees can accrue up to 480 hours of sick leave. There is no liability for unpaid accumulated sick leave, since the District does not have a policy to pay any amounts when employees separate from service with the District. Therefore, no liability for sick leave is reported in government-wide financial statements.

I. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

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 conveys 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.

MCMULLEN CENTRAL APPRAISAL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

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 \$123,003 and the bank balance was \$128,416. 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.

3. **CAPITAL ASSETS**

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

	Balance January 1	Additions/ Completions	Retirements/ Adjustments	Balance December 31
Governmental Activities:				
Capital assets, not being depreciated				
Land	-	-	-	-
Construction in Progress	-	-	-	-
Capital assets, being depreciated				
Buildings	-	-	-	-
Equipment	22,208	-	-	22,208
Software	7,230	-	-	7,230
Total capital assets, being depreciated	29,438	-	-	29,438
Less accumulated depreciation for:				
Buildings	-	-	-	-
Equipment	(16,720)	(2,674)	-	(19,394)
Software	(7,153)	(77)	-	(7,230)
Total accumulated depreciation	(23,873)	(2,751)	-	(26,624)
Total capital assets, being depreciated, net	5,565	(2,751)	-	2,814
Governmental activities capital assets, net	5,565	(2,751)	-	2,814

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

Governmental Activities:	
Appraisal services	<u>2,751</u>

MCMULLEN CENTRAL APPRAISAL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019.

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
Governmental Activities:					
Compensated Absences	111	1,165	-	1,276	1,276
Total Government	111	1,165	-	1,276	1,276

5. HEALTH CARE COVERAGE

During the year ended December 31, 2019, employees of the McMullen Central 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. 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.

7. LITIGATION

There is no pending or threatened litigation against McMullen Central Appraisal District involving claims for monetary damages.

8. TAX ASSESSMENT CONTRACT

The Appraisal District has entered into contracts with a number of taxing units for assessment of taxes. The contracts are automatically renewed on a year-to-year basis and remain in effect until terminated by either party.

9. PENSION PLAN

The District provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit plan in the statewide Texas Central and District Retirement System (TCDRS). District employees are members of the plan through the McMullen Central pension plan. More details of the plan are available in McMullen Central's annual financial report (AFR). The AFR information is available by contacting the McMullen Central Auditor's Office at (361) 274-3685, or by writing to: P.O. Box 37, Tilden, Texas 78072.

MCMULLEN CENTRAL APPRAISAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

10. SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The District is closely monitoring the situation, but the extent of financial impact to the District is unknown at this time.

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.

**MCMULLEN CENTRAL APPRAISAL DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE TOTALS FOR 2018**

	2019			2018	
	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	ACTUAL
	ORIGINAL	FINAL			
REVENUES					
Levies from Taxing Units	\$ 591,602	\$ 591,602	\$ 591,962	\$ 360	\$ 596,524
Interest	200	200	572	372	717
Miscellaneous	300	300	5,933	5,633	973
TOTAL REVENUES	<u>592,102</u>	<u>592,102</u>	<u>598,467</u>	<u>6,365</u>	<u>598,214</u>
EXPENDITURES					
Payroll Costs	268,302	268,302	228,519	39,783	275,523
Contract Services	265,000	265,000	239,464	25,536	221,828
Supplies and Materials	9,000	9,000	6,111	2,889	7,043
Other Operating Expenses	46,800	46,800	21,249	25,551	28,848
Capital Outlay	3,000	3,000	-	3,000	2,175
TOTAL EXPENDITURES	<u>592,102</u>	<u>592,102</u>	<u>495,343</u>	<u>96,758</u>	<u>535,417</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,124</u>	<u>\$ 103,124</u>	<u>\$ 62,797</u>

See accompanying notes to required supplementary information.

**MCMULLEN CENTRAL APPRAISAL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019**

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.

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). The level of control for the budget is the fund level.