

**MILAM APPRAISAL DISTRICT**

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**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

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**FOR THE YEAR ENDED  
DECEMBER 31, 2022**



# MILAM APPRAISAL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Milam Appraisal District:

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Milam Appraisal District (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Milam Appraisal District, as of December 31, 2022, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB related information on pages 3–7 and 30–35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Roberts & McGee, CPA*  
Roberts & McGee, CPA

Abilene, Texas,  
July 21, 2024

**MILAM APPRAISAL DISTRICT**  
Management Discussion and Analysis  
December 31, 2022

As management of Milam Appraisal District (the district), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2022.

### **Financial Statement Highlights**

#### **Government-Wide**

- The District's net position on a government-wide basis totaled \$514,257 at December 31, 2022, an increase of \$5,168 over the adjusted December 31, 2021 total net position. Approximately 25% of this balance is invested in capital assets.

#### **General Fund**

- At the end of the current fiscal year, the total fund balance for the General Fund was \$420,793. Of this amount \$11,354 is nonspendable, \$56,095 is assigned for contingency and \$353,344 is unassigned.

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### **Overview of the Financial Statements**

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

#### ***Government-Wide Financial Statements***

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

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

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

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

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

#### ***Fund Financial Statements***

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

**MILAM APPRAISAL DISTRICT**  
Management Discussion and Analysis  
December 31, 2022

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

Because the focus on governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the general fund with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The governmental fund financial statements can be found on pages 8 – 11 of this report.

The District has one individual government 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 budgetary comparison schedule can be found on page 30 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-29 of this report.

**Required supplementary information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that is required by the Governmental Accounting Standards Board to be a part of the District's basic financial statements. Required supplementary information can be found on page 30-35 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The Statement of Net Position and the Statement of Activities provide an indication of the District's financial condition and also indicate that the financial condition of the District increased the last fiscal year. The District's net position reflects the difference between assets and liabilities.

An increase in net position over time typically indicates an improvement in financial condition. Our analysis focuses on the net position and changes in net positions of the District's governmental activities.

Net position of the District's governmental activities increased from \$509,129 to \$514,257. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$386,180 at December 31, 2022. The increase in total net position was the result of the district's assessment and other revenue being slightly more than the District total expenses from operations during the year ended December 31, 2022.

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

**MILAM APPRAISAL DISTRICT**  
Management Discussion and Analysis  
December 31, 2022

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

**Milam Appraisal District**  
Summary of Statements of Net Position  
**Governmental Activities**

|                                    | 2022                     | 2021 as<br>restated      |
|------------------------------------|--------------------------|--------------------------|
| Current and other assets           | \$ 461,728               | \$ 528,450               |
| Capital assets, net                | 152,454                  | 185,611                  |
| Net pension asset                  | <u>21,834</u>            | <u>21,834</u>            |
| Total assets                       | 614,182                  | 735,895                  |
| <br>Deferred outflows of resources | <br>70,816               | <br>55,810               |
| <br>Current liabilities            | <br>58,559               | <br>187,317              |
| Net pension liability              | 3,304                    |                          |
| Long-term liabilities              | <u>32,390</u>            | <u>68,426</u>            |
| Total liabilities                  | 94,253                   | 255,743                  |
| <br>Deferred inflows of resources  | <br>76,488               | <br>26,833               |
| <br>Net position:                  |                          |                          |
| Net investment in capital assets   | 128,077                  | 143,692                  |
| Restricted for pension             |                          | 46,492                   |
| Unrestricted                       | <u>386,180</u>           | <u>318,945</u>           |
| Total net position                 | \$ <u><u>514,257</u></u> | \$ <u><u>509,129</u></u> |

**GOVERNMENTAL ACTIVITIES**

Revenues for the District's governmental activities were \$977,470 while total expenses from operations was \$972,342. Change in net position for operations was an increase of \$5,128. The prior year change in net assets was \$113,458.

**MILAM APPRAISAL DISTRICT**  
Management Discussion and Analysis  
December 31, 2022

**Milam Appraisal District**  
Changes in net Position  
For the fiscal year ended December 31  
**Governmental Activities**

|                         | <u>2022</u>       | <u>2021 as<br/>restated</u> |
|-------------------------|-------------------|-----------------------------|
| Revenues                |                   |                             |
| Appraisal assessments   | \$ 969,430        | \$ 939,430                  |
| Rendition income        | 978               | 1,796                       |
| Investment income       | 7,062             | 2,280                       |
| Total revenues          | <u>977,470</u>    | <u>943,506</u>              |
| Expenses                |                   |                             |
| Personnel services      | 585,623           | 487,952                     |
| Contractual services    | 284,291           | 250,052                     |
| Materials and supplies  | 17,998            | 17,769                      |
| Other services          | 51,273            | 51,576                      |
| Depreciation            | 33,157            | 22,699                      |
| Total expenses          | <u>972,342</u>    | <u>830,048</u>              |
| Change in net position  | 5,128             | 113,458                     |
| Net position, beginning | <u>509,129</u>    | <u>395,671</u>              |
| Net position, ending    | <u>\$ 514,257</u> | <u>\$ 509,129</u>           |

**FINANCIAL ANALYSIS OF THE DISTRICTS FUNDS**

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

**Governmental funds.** The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The general fund is the chief operation fund of the District. At the end of the fiscal year, the District's general fund reported an ending fund balance of \$420,793.

**General Fund Budgetary Highlights**

There were not differences between the original budget and the final amended budget. Differences between budgeted and actual amounts (as determined on the budget-basis of accounting) are as follows:

**MILAM APPRAISAL DISTRICT**  
Management Discussion and Analysis  
December 31, 2022

- Revenues – Additional revenues were collected that were not budgeted, including rendition penalties, and CD interest. Total unbudgeted revenues totaled \$8,040 which is the same as the amount of actual revenues over budget.
- Personnel costs were under budget by \$53,294 due to unfilled positions during the year
- Contractual services were over budget by \$38,691 due to the District hiring additional consultants to assist with appraisals.
- Materials and supplies were under budget by \$6,702
- Capital outlay was underbudget by \$31,000
- Debt service and principal for the right of use assets was not budgeted by the District which resulted in expenses over budget of \$17,726.

***CAPITAL ASSET AND DEBT ADMINISTRATION***

**Capital Assets.** The District's investment in capital assets for its governmental activities as of December 31, 2022, amounts to \$152,454 (net of accumulated depreciation). This investment in capital assets includes buildings, improvements, furniture and equipment, and right of use assets.

Capital Assts Schedule (net of depreciation and amortization)

|                                                 | Governmental Activities |                     |
|-------------------------------------------------|-------------------------|---------------------|
|                                                 | 2022                    | 2021 as<br>restated |
| Land                                            | \$ 14,400               | \$ 14,400           |
| Building                                        | 118,908                 | 118,908             |
| Buildings Improvements                          | 167,228                 | 167,228             |
| Furniture                                       | 10,926                  | 10,926              |
| Equipment/Computers                             | 317,206                 | 317,206             |
| Right of use asset                              | 59,380                  | 59,380              |
| Total depreciable assets                        | 688,048                 | 688,048             |
| Less: accumulated depreciation and amortization | (535,594)               | (502,437)           |
| Total capital assets, net                       | \$ 152,454              | \$ 185,611          |

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

**Long-term Obligations** At the end of the current year, the District had long-term obligations for compensated absences in the amount of \$11,342. The District also had long-term obligations related to the right of use liabilities in the amount of \$24,377.

**Requests for Information**

This financial report is designed to provide a general overview of the District's finances and accountability. If you have any questions concerning this report, or if you need additional information, please contact the Milam Appraisal District, Business Manager, PO BOX 769, Cameron, Texas 76520.

## BASIC FINANCIAL STATEMENTS

**MILAM APPRAISAL DISTRICT**  
Statement of Net Position and Governmental Fund Balance Sheet  
December 31, 2022

|                                                                | General<br>Fund   | Adjustments<br>(Note A) | Statement of<br>Net Position |
|----------------------------------------------------------------|-------------------|-------------------------|------------------------------|
| <b>ASSETS</b>                                                  |                   |                         |                              |
| Cash and cash equivalents                                      | \$ 350,952        | \$                      | \$ 350,952                   |
| Investments                                                    | 88,783            |                         | 88,783                       |
| Accounts receivable                                            | 10,639            |                         | 10,639                       |
| Prepaid assets                                                 | 11,354            |                         | 11,354                       |
| Capital assets, net                                            | -                 | 152,454                 | 152,454                      |
| Total Assets                                                   | <u>461,728</u>    | <u>152,454</u>          | <u>614,182</u>               |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                          |                   |                         |                              |
| Deferred outflows - OPEB                                       | -                 | 5,649                   | 5,649                        |
| Deferred outflows - pension                                    | -                 | 65,167                  | 65,167                       |
| <b>TOTAL ASSETS &amp; DEFERRED<br/>OUTFLOWS OF RESOURCES</b>   | <u>\$ 461,728</u> | <u>223,270</u>          | <u>684,998</u>               |
| <b>LIABILITIES</b>                                             |                   |                         |                              |
| Accounts payable                                               | \$ 2,185          |                         | 2,185                        |
| Accrued payroll liabilities                                    | 38,750            | -                       | 38,750                       |
| Noncurrent liabilities:                                        |                   |                         |                              |
| Due within one year                                            |                   | 17,624                  | 17,624                       |
| Due in more than one year                                      |                   | 6,753                   | 6,753                        |
| Accrued compensated absences                                   |                   | 11,342                  | 11,342                       |
| Pension liability                                              |                   | 3,304                   | 3,304                        |
| OPEB liability                                                 |                   | 14,295                  | 14,295                       |
| Total Liabilities                                              | <u>40,935</u>     | <u>53,318</u>           | <u>94,253</u>                |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                           |                   |                         |                              |
| Deferred inflows - OPEB                                        |                   | 523                     | 523                          |
| Deferred inflows - pension                                     |                   | 75,965                  | 75,965                       |
| Total Deferred Inflows of Resources                            | -                 | 76,488                  | 76,488                       |
| <b>TOTAL LIABILITIES AND DEFERRED<br/>INFLOWS OF RESOURCES</b> | <u>40,935</u>     | <u>129,806</u>          | <u>170,741</u>               |
| <b>FUND BALANCE/NET POSITION</b>                               |                   |                         |                              |
| Fund balances                                                  |                   |                         |                              |
| Nonspendable                                                   | 11,354            | (11,354)                |                              |
| Assigned for:                                                  |                   |                         |                              |
| Reserve for contingency                                        | 56,095            | (56,095)                |                              |
| Unassigned fund balance                                        | <u>353,344</u>    | <u>(353,344)</u>        |                              |
| Total Fund Balance                                             | <u>420,793</u>    | <u>(420,793)</u>        |                              |
| <b>TOTAL LIABILITIES AND FUND BALANCE</b>                      | <u>\$ 461,728</u> |                         |                              |
| <b>Net Position</b>                                            |                   |                         |                              |
| Net investment in capital assets                               |                   | 128,077                 | 128,077                      |
| Unrestricted                                                   |                   | 386,180                 | 386,180                      |
| Total Net Position                                             |                   | <u>\$ 514,257</u>       | <u>\$ 514,257</u>            |

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

**MILAM APPRAISAL DISTRICT**  
Adjustments to the Governmental Fund Balance Sheet – Note A  
December 31, 2022

Total Fund Balances - Governmental Funds \$ 420,793

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 \$688,048 and the accumulated depreciation was \$535,594. The net effect of including capital assets (net of accumulated depreciation) in the governmental activities is an increase to net position. 152,454

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. (11,342)

Accrued liabilities for lease liabilities 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 lease liabilities in the governmental activities is a decrease to net position. (24,377)

The District recognized a net pension liability in the amount of \$3,304, deferred outflows of resources of \$65,167 and deferred inflows of resources of \$75,965. The net effect of these is to decrease net position. (14,102)

The District recognized a net OPEB liability in the amount of \$14,295, deferred outflows of resources of \$5,649 and deferred inflows of resources of \$523. The net effect of these is to decrease net position. (9,169)

Net Position of Governmental Activities \$ 514,257

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

**MILAM APPRAISAL DISTRICT**  
**Statements of Activities and Governmental Fund Revenues,**  
**Expenditures, and Changes in Fund Balance**  
**For the Year Ended December 31, 2022**

|                               | General<br>Fund   | Adjustments<br>(Note B) | Statement of<br>Activities |
|-------------------------------|-------------------|-------------------------|----------------------------|
| <b>REVENUES:</b>              |                   |                         |                            |
| Appraisal assessments         | \$ 969,430        | \$                      | \$ 969,430                 |
| Rendition income              | 978               |                         | 978                        |
| Investment income             | 7,062             |                         | 7,062                      |
| Total Revenues                | <u>977,470</u>    |                         | <u>977,470</u>             |
| <b>EXPENDITURES:</b>          |                   |                         |                            |
| Current:                      |                   |                         |                            |
| Personnel services            | 526,706           | 58,917                  | 585,623                    |
| Contractual services          | 284,291           |                         | 284,291                    |
| Materials and supplies        | 17,998            |                         | 17,998                     |
| Other services                | 51,089            |                         | 51,089                     |
| Capital outlay                | -                 |                         |                            |
| Debt service principal        | 17,542            | (17,542)                |                            |
| Debt service interest         | 184               |                         | 184                        |
| Depreciation and amortization |                   | 33,157                  | 33,157                     |
| Total Expenditures            | <u>897,810</u>    | <u>74,532</u>           | <u>972,342</u>             |
| CHANGE IN FUND BALANCE        | 79,660            |                         |                            |
| CHANGE IN NET POSITION        |                   | (74,532)                | 5,128                      |
| FUND BALANCE/NET POSITION     |                   |                         |                            |
| BEGINNING OF YEAR             | <u>341,133</u>    | <u>167,996</u>          | <u>509,129</u>             |
| FUND BALANCE/NET POSITION END |                   |                         |                            |
| OF YEAR                       | <u>\$ 420,793</u> | <u>\$ 93,464</u>        | <u>\$ 514,257</u>          |

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

**MILAM APPRAISAL DISTRICT**  
Adjustments to the Governmental Fund Revenues, Expenditures,  
And Changes in Fund Balance – Note B  
For the Year Ended December 31, 2022

|                                                  |    |        |
|--------------------------------------------------|----|--------|
| Net Change in Fund Balances - Governmental Funds | \$ | 79,660 |
|--------------------------------------------------|----|--------|

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

|                                                                                                                                                                                                          |  |       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------|
| Liabilities for compensated absences for vacation leave are not shown in the fund financial statements. The net effect of the current year's decrease in the liabilities is an increase to net position. |  | 3,575 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------|

|                                                                                                                                                                                                                                                                                                                              |  |        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------|
| Repayment of the right of use liabilities are expenditures in the governmental fund, but the repayment reduces the long-term liabilities in the statement of net position and is not an expense on the statement of activities. The net result of principal paid on right of use liabilities is an increase to net position. |  | 17,542 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------|

|                                                                                                                                                                                                                         |  |          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------|
| Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The effect of recording current year depreciation is to decrease net position. |  | (33,157) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------|

|                                                                                                                                                                                                                                                                                                                                                                              |  |         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------|
| Certain expenditures for the OPEB benefits that are recorded to the fund financial statements must be recorded as deferred outflows of resources. The District's unrecognized deferred inflows and outflows for TCDRS as of the measurement date must be amortized and the District's OPEB liability must be recognized. These cause the change in net position to decrease. |  | (1,898) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------|

|                                                                                                                                                                                                                                                                                                                                                                                        |  |          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------|
| Certain expenditures for the pension benefits that are recorded to the fund financial statements must be recorded as deferred outflows of resources. The District's unrecognized deferred inflows and outflows for TCDRS as of the measurement date must be amortized and the District's net pension liability must be recognized. These cause the change in net position to decrease. |  | (60,594) |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------|

|                                                   |    |       |
|---------------------------------------------------|----|-------|
| Change in Net Position of Governmental Activities | \$ | 5,128 |
|---------------------------------------------------|----|-------|

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

**MILAM APPRAISAL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**Note 1: Reporting Entity**

The District was organized, created and established pursuant to rules established by the Texas Property 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 activities of the primary government. The effect of interfund activity has been removed from these statements. The government-wide financial statements are combined with the fund financial statements because this is allowed reporting under a special purpose governmental entity.

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

The government-wide fund 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. Assessment revenues are recognized as revenue as the District performs the services for the entities. Assessments are billed quarterly to each entity the month prior to the service dates, but are recognized as revenue on the service date. All other revenue items are considered to be measurable and available only when the District receives cash.

The District reports the following major governmental fund:

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

**MILAM APPRAISAL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

Deposits and Investments

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

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 authorize the District to invest, with certain stipulations, in fully collateralized time deposits, certificated of deposit, money market accounts, interest-bearing checking accounts or "NOW" accounts, and United States Treasury securities. At December 31, 2022, the District had \$439,735 invested in interest-bearing checking or savings accounts and certificates of deposit. During the year ended December 31, 2022, the District did not own any types of securities other than those permitted by the state.

Accounts Receivable

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

Capital Assets

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

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

|                           |            |
|---------------------------|------------|
| Building and Improvements | 7-30 years |
| Furniture and Equipment   | 5-7 years  |
| Office Equipment          | 5-7 years  |

**MILAM APPRAISAL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

Right to use leased assets are recognized at the lease commencement date and represent the District's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease term plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period for the equipment leases range from 3 to 5 years.

Long-Term Obligations

In the government-wide financial statements, long-term obligations such as accrued compensated absences for vacation leave and compensatory time and right of use liabilities are reported as liabilities in the statement of net position.

Compensated Absences

It is the District's policy to allow employees to accumulate a limited amount of earned vacation which, if not used, will be paid to the employees upon separation from the District's service. The compensated absences balance is \$11,342 at December 31, 2022.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflow of resources and liabilities and deferred inflows of resources and disclosures 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/Inflows of Resources

In addition to assets and liabilities, the statement of net position will report a separate section for deferred outflows of resources and the deferred inflows of resources. These separate financial statement elements, deferred outflows and inflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then or 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 outflows or inflows of resources based on the actuarial valuations for the pension plan. These deferred outflows and inflows of resources include the following items: (1) differences in expected and actual experiences, (2) differences due to changes in actuarial assumptions, (3) difference in projected and actual earnings, and (4) contributions made subsequent to the measurement dates for the pension.

**MILAM APPRAISAL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

Pension Liabilities

The fiduciary net position of the 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 TCERS's fiduciary net position. Benefit payments (including refunds or employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB)

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

Fund Balance

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

- *Nonspendable fund balance* – includes the portion of net resources that cannot be spent because of their form (i.e. inventory, long-term loans, or prepaids) or because they must remain intact such as the principal of an endowment. The District has nonspendable fund balance of \$11,354 at December 31, 2022.
- *Restricted fund balance* – includes the portion of net resources on which limitations are imposed by creditors, grantors, contributors, or by law or regulations of other governments (i.e. externally imposed limitations). Amounts can be spent only for the specific purposes stipulated by external resource providers or as allowed by law through constitutional provisions or enabling legislation. Examples include grant awards and bond proceeds. The District has no restricted fund balance at December 31, 2022.
- *Committed fund balance* – includes the portion of net resources upon which the Board of Directors has imposed limitations on use. Amounts that can be used only for the specific purposes are determined by formal action of the Board of Directors, the District's highest level of decision-making authority. Commitments may be changed or lifted only by the Board taking the same formal action that originally imposed the constraint. The formal action must be approved before the end of the fiscal year in which the commitment will be reflected on the financial statements. The District has no committed funds at December 31, 2022.

**MILAM APPRAISAL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

- *Assigned fund balance* – includes the portion of net resources for which an intended use has been established by the Board of Directors or by an official who has been delegated by official Board action the authority to assign amounts. Assignments of fund balances are much less formal than commitments and do not require formal action for their imposition or removal. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed which indicates that resources are, at a minimum intended to be used for the purpose of that fund. The District has assigned fund balance of \$56,095 at December 31, 2022.
- *Unassigned fund balance* – includes the amount in the general fund in excess of what can properly be classified in one of the other four categories of fund balance. It is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. Negative residual amounts for all other governmental funds are reported in this classification.

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

Assessments from Taxing Authorities

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.

Subsequent Events

Management has evaluated subsequent events through July 21, 2024, the date the financial statements were available to be issued.

**Note 5: Stewardship, Compliance and Accountability**

Budgetary Information

A budget is adopted for the general fund on a budget basis which differs from generally accepted accounting principles in that expenditures to be paid for out of prior years' surpluses are not budgeted. 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). Budget transfers between expenditure line items require approval by the Board. Budgetary preparation and control is exercised at the fund level. Actual expenditures may not legally exceed appropriations at the fund level.

**Note 6: Deposits and Investments**

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.

**MILAM APPRAISAL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**Note 6: Deposits and Investments - continued**

The District's deposits at December 31, 2022 were fully secured by federal deposit insurance coverage as well as pledged securities. As such, the District has not 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 a fully collateralized NOW account and a certificate of deposit. To match anticipated cash flow requirements, the maximum weighted average maturity of the overall portfolio may not exceed three months. The Investment Officer may not invest more than 20% of the portfolio for a period greater than three months.

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, 2022, as the District's investment in certificates of deposit is reported at amortized cost.

A summary of investments at December 31, 2022 is as follows:

| <u>General Fund</u>    | <u>Reported<br/>Value</u> |
|------------------------|---------------------------|
| Certificate of Deposit | \$ 88,783                 |
| Total Investments      | <u><u>\$ 88,783</u></u>   |

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

The District's policy does not limit investments in any one issuer.

**MILAM APPRAISAL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**Note 7: Capital Assets**

Capital asset activity for the year ended December 31, 2022 is as follows:

|                                                 | January 1,<br>2022 | Additions   | Retirements | December 31,<br>2022 |
|-------------------------------------------------|--------------------|-------------|-------------|----------------------|
| Capital assets not being depreciated            |                    |             |             |                      |
| Land                                            | \$ 14,400          | \$          | \$          | \$ 14,400            |
| Total capital assets not being depreciated      | 14,400             | -           | -           | 14,400               |
| Depreciable assets:                             |                    |             |             |                      |
| Office building                                 | \$ 118,908         | \$ -        | \$          | \$ 118,908           |
| Building improvements                           | 167,228            |             |             | 167,228              |
| Office furniture                                | 10,926             |             |             | 10,926               |
| Office equipment/computers                      | 317,206            |             |             | 317,206              |
| Right of use assets                             | 59,380             |             |             | 59,380               |
| Total depreciable assets                        | 673,648            | -           | -           | 673,648              |
| Less: accumulated depreciation and amortization |                    |             |             |                      |
| Office building                                 | (118,908)          |             |             | (118,908)            |
| Building improvements                           | (69,179)           | (5,946)     |             | (75,125)             |
| Office furniture                                | (8,898)            | (527)       |             | (9,425)              |
| Office equipment/computers                      | (298,545)          | (9,130)     |             | (307,675)            |
| Right of use assets                             | (6,907)            | (17,554)    |             | (24,461)             |
| Total accumulated depreciation and amortization | (502,437)          | (33,157)    | -           | (535,594)            |
| Total capital assets, net                       | \$ 185,611         | \$ (33,157) | \$ -        | \$ 152,454           |

The District recognized depreciation and amortization expense of \$33,157 during the year ended December 31, 2022 in the statement of activities.

**Note 8: Long-Term Obligations**

Right of Use Liabilities

The District is a lessee in noncancelable operating leases for the right to use office equipment. The District has recorded a right to use asset and liability at the lease commencement date based on the present value of the future lease payments over the expected lease terms. The right of use asset is amortized on a straight line basis over the life of the lease and the asset is recognized on the statement of net position with the depreciable capital assets. The lease liability is calculated based on the present value of the non-cancelable lease payments over the term of the lease and is recognized as a right to use liability on the statement of net position.

**MILAM APPRAISAL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**Note 8: Long-Term Obligations - continued**

The details of the lease agreements are as follows:

| Description                | Beginning<br>Lease<br>Date | Payment<br>Terms | Payment<br>Amount | Imputed<br>Interest<br>Rate | Balance at<br>December<br>31, 2022 |
|----------------------------|----------------------------|------------------|-------------------|-----------------------------|------------------------------------|
| Office Equipment - Copiers | 1/1/2021                   | 60 Months        | \$ 282            | 0.37%                       | \$ 10,111                          |
| Computer Equipment - BIS   | 10/1/2021                  | 3 Years          | \$ 14,336         | 0.49%                       | 14,266                             |
|                            |                            |                  |                   |                             | <u>\$ 24,377</u>                   |

The change in long-term obligations for the year ended December 31, 2022 were as follows:

|                          | January 1,<br>2022 | Additions   | Retirements        | December 31,<br>2023 | Due Within<br>One Year |
|--------------------------|--------------------|-------------|--------------------|----------------------|------------------------|
| Compensated absences     | \$ 14,917          | \$ -        | \$ (3,575)         | \$ 11,342            | \$ -                   |
| Right of use liabilities | 41,919             | -           | (17,542)           | 24,377               | 17,624                 |
| Total long-term debt     | <u>\$ 56,836</u>   | <u>\$ -</u> | <u>\$ (21,117)</u> | <u>\$ 35,719</u>     | <u>\$ 17,624</u>       |

The future minimum lease obligations and the net present value of the minimum lease payments as of December 31, 2022 were as follows:

| Year Ending<br>December 31 | Principal        | Interest      | Total            |
|----------------------------|------------------|---------------|------------------|
| 2023                       | \$ 17,624        | \$ 102        | \$ 17,726        |
| 2024                       | 3,370            | 19            | 3,389            |
| 2025                       | 3,383            | 7             | 3,390            |
|                            | <u>\$ 24,377</u> | <u>\$ 128</u> | <u>\$ 24,505</u> |

**Note 9: Unearned Revenue**

The District assesses appraisal fees for the first quarter of the following year, prior to year-end. Any collections received prior to year-end will be recorded as unearned revenue. At December 31, 2022, the District had no recorded unearned revenue for appraisal assessments for 2023.

**Note 10: Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The District's risk management program encompasses obtaining workers' compensation and property and liability insurance through Texas Municipal League (TML) Intergovernmental Risk Pool, a public entity risk pool for the benefit of governmental units located within the state. TML Intergovernmental Risk Pool ("Pool") is considered a self-sustaining risk pool that provides coverage for its members. The District's contributions to the Pool are limited to the amount of premiums as calculated at the beginning of each fund year. Premiums reflect the claims experienced to date of the District.

**MILAM APPRAISAL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**Note 10: Risk Management - continued**

The Pool's liability is limited to the coverage that the District elects as stated in the Pool's Declarations of Coverage for that fund year. The District has not had any significant reduction in insurance coverage and the amount of insurance settlements have not exceeded insurance coverage for any of the last three years.

**Note 11: Pension Plan**

Plan Description

The District provides retirement, disability, and death benefits for all of its full-time and part-time non-temporary employees through a nontraditional defined benefits 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 818 nontraditional defined benefits pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR 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 (TDCRS Act). Members can retire at age 60 and above with 8 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 8 years but must leave their accumulated contributions in the plan to receive any employer-financial 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 purchases rates prescribed by the TCDRS Act. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc post-employment benefits 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, 2021 consisted of the following:

|                                               |          |
|-----------------------------------------------|----------|
| Inactive Employees Receiving Benefits         | 1        |
| Inactive Employees Not Yet Receiving Benefits | 6        |
| Current Employee's Accounts                   | <u>7</u> |
| Active Employee Accounts                      | 9        |

**MILAM APPRAISAL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**Note 11: Pension Plan - continued**

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 TDCRS 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 and Amounts |           |           |
|--------------------------------|-----------|-----------|
|                                | 2021      | 2022      |
| Member                         | 4.00%     | 7.00%     |
| Employer                       | 5.92%     | 9.63%     |
| Employer Contributions         | \$ 20,725 | \$ 35,612 |
| Member Contributions           | \$ 14,003 | \$ 25,886 |

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

|                                              |                                        |
|----------------------------------------------|----------------------------------------|
| Valuation Date                               | December 31, 2021                      |
| Actuarial Cost Method                        | Entry Age (level of percentage of pay) |
| Amortization Method                          | Level percentage of payroll, closed    |
| Remaining Amortization Period                | 11.6 years                             |
| Asset Valuation Method                       | 5 Year smoothed market                 |
| Discount Rate                                | 7.60%                                  |
| Long-term expected Investment Rate of Return | 7.60%                                  |
| Salary Increases                             | 4.70% average over career              |
| Payroll Growth Rate                          | 0.00%                                  |

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.

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by the actuaries and adopted by the TCDRS Board of Trustees in December 2021. All economic assumptions were recommended by the actuaries and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2022. The assumptions were reviewed annually for continued compliance with the relevant actuarial standards of practice.

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

**MILAM APPRAISAL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**Note 11: Pension Plan – continued**

Discount Rate

In order to determine the discount rate to be used, we have 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 our 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 project to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefits 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, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.5%, 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 2021 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. The actuary relies on the expertise of Cliffwater LLC in this assessment.

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

**MILAM APPRAISAL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**Note 11: Pension Plan – continued**

| <b>Asset Class</b>                  | <b>Benchmark</b>                                                                    | <b>Target Allocation</b> | <b>Geometric Real Rate of Return (Expected minus inflation)</b> |
|-------------------------------------|-------------------------------------------------------------------------------------|--------------------------|-----------------------------------------------------------------|
| US Equities                         | Dow Jones US Total Stock Market Index                                               | 11.50%                   | 3.80%                                                           |
| Global Equities                     | MSCI World (net) Index                                                              | 2.50%                    | 4.10%                                                           |
| International Equities – Developed  | MSCI Work (net) Index Ex USA                                                        | 5.00%                    | 3.80%                                                           |
| International Equities – Emerging   | MSCI Emerging Markets (net) index                                                   | 6.00%                    | 4.30%                                                           |
| Investment Grade Bonds              | Bloomberg Barclays U.S. Aggregate Bond Index                                        | 3.00%                    | -0.85%                                                          |
| Strategic Credit                    | FTSE High-Yield Cash-Pay Capped Index                                               | 9.00%                    | 1.77%                                                           |
| Direct Lending                      | S&P/LSTA Leveraged Loan Index                                                       | 16.00%                   | 6.25%                                                           |
| Distressed Debt                     | Cambridge Associates Distressed Securities Index                                    | 4.00%                    | 4.50%                                                           |
| REIT Equities                       | 67% FTSE NAREIT Equity REIT's Index + 33% FRSE EPRA/NAREIT Global Rate Estate Index | 2.00%                    | 3.10%                                                           |
| Master Limited Partnerships (MLP's) | Alerian MLP Index                                                                   | 2.00%                    | 3.85%                                                           |
| Private Real Estate Partnerships    | Cambridge Associates Real Estate Index                                              | 6.00%                    | 5.10%                                                           |
| Private Equity                      | Cambridge Associates Global Private Equity & Venture Capital Index                  | 25.00%                   | 6.80%                                                           |
| Hedge Funds                         | Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index                      | 6.00%                    | 1.55%                                                           |
| Cash Equivalents                    | 90-Day U.S. treasury                                                                | 2.00%                    | -1.05%                                                          |

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

At December 31, 2022, the District reported a net pension liability of \$3,304 measured at December 31, 2021. For the year ended December 31, 2022, the District recognized pension expense on \$96,205.

Changes to the real rate of return, inflation, long-term investment return, and the payroll growth assumptions affected measurement of the total pension liability during the measurement period.

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

Changes in the net pension asset for the measurement year ended December 31, 2021 are as follows:

**MILAM APPRAISAL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**Note 11: Pension Plan – continued**

|                                                | Increases (Decreases)             |                                  |                                              |
|------------------------------------------------|-----------------------------------|----------------------------------|----------------------------------------------|
|                                                | Total<br>Pension<br>Liability (a) | Fiduciary<br>Net Position<br>(b) | Net Pension<br>Liability/(Ass<br>et) (a)-(b) |
| Changes in Net Pension Liability               |                                   |                                  |                                              |
| Balance at December 31, 2020                   | \$ 265,882                        | \$ 287,716                       | \$ (21,834)                                  |
| Changes for the year:                          |                                   |                                  |                                              |
| Service Cost                                   | 35,648                            |                                  | 35,648                                       |
| Interest on total pension liability            | 22,893                            |                                  | 22,893                                       |
| Effect of plan changes                         | 87,409                            |                                  | 87,409                                       |
| Effect of economic/demographic gains or losses | (19,269)                          |                                  | (19,269)                                     |
| Effect of assumptions changes or inputs        | 1,137                             |                                  | 1,137                                        |
| Refunds of contributions                       | -                                 |                                  | -                                            |
| Benefit payments                               | (617)                             | (617)                            | -                                            |
| Administrative expenses                        |                                   | (211)                            | 211                                          |
| Member contributions                           |                                   | 14,003                           | (14,003)                                     |
| Net investment income                          |                                   | 67,118                           | (67,118)                                     |
| Employer contributions                         |                                   | 20,725                           | (20,725)                                     |
| Other                                          |                                   | 1,045                            | (1,045)                                      |
| Balance as of December 31, 2021                | <u>\$ 393,083</u>                 | <u>\$ 389,779</u>                | <u>\$ 3,304</u>                              |

Discount Rate Sensitivity Analysis

The following presents the net pension liability (asset) of the District, calculated using the discount rate of 7.60%, as well as what the District's net pension liability would be if it were calculated using the discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than current rate.

|                                | 1%<br>Decrease in<br>Discount<br>Rate<br>(6.60%) | Discount<br>Rate<br>(7.60%) | 1% Increase<br>in Discount<br>Rate<br>(8.60%) |
|--------------------------------|--------------------------------------------------|-----------------------------|-----------------------------------------------|
| Total Pension Liability        | \$ 473,744                                       | \$ 393,083                  | \$ 329,038                                    |
| Fiduciary Net Position         | 389,780                                          | 389,779                     | 389,780                                       |
| Net Pension Liability/ (Asset) | \$ 83,964                                        | \$ 3,304                    | \$ (60,742)                                   |

At December 31, 2022, 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:

**MILAM APPRAISAL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**Note 11: Pension Plan – continued**

|                                                              | Deferred<br>Outflows of<br>Recourses | Deferred<br>Inflows of<br>Recourses |
|--------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience  | \$ 7,667                             | \$ 33,999                           |
| Changes in actuarial assumptions                             | 19,164                               | -                                   |
| Differences between projected and actual investment earnings | 2,724                                | 41,966                              |
| Contributions subsequent to the measurement date             | 35,612                               |                                     |
| Total                                                        | <u>\$ 65,167</u>                     | <u>\$ 75,965</u>                    |

\$35,612 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 year ending December 31, 2022.

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:

|            |                    |
|------------|--------------------|
| 2022       | \$ (10,815)        |
| 2023       | (13,538)           |
| 2024       | (11,195)           |
| 2025       | (10,486)           |
| 2026       | (1,695)            |
| Thereafter | 1,319              |
|            | <u>\$ (46,410)</u> |

**Note 12: Other Post-Employment Benefits**

Plan Description

The District participates in the retiree Group Term Life (GTL) program for the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system. The fund for this benefit is a separate trust administered by the board of TCERS. The fund receives monthly participating employers' premiums and pays benefits when due. The obligations of the program are payable only from this fund, and are not an obligation of, or a claim against, the TCERS Pension Trust Fund. The fund's assets are pooled with those of the Pension Trust Fund under provisions of the TCERS Act and annually receive an allocation of income based on the fund value. No assets are accumulated in a trust that meets the criteria in GASB 74, paragraph 4, for the OPEB plan. This optional program provides group term life insurance coverage to currently employed members, and if elected by employers, to retirees.

**MILAM APPRAISAL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**Note 12: Other Post-Employment Benefits - continued**

Benefits Provided

Benefits are provided under the authority of the TCDRS Act and may be amended by the Texas State Legislature. Current employees of participating employers are insured for an amount equivalent to the employee's current annual compensation. Employers may also choose to cover retirees. Retirees are insured for \$5,000. Life insurance proceeds are payable as a lump sum. The coverage provided to retirees is a postemployment benefit other than pension benefits.

Membership

District membership in the GTL plan at December 31, 2021 consisted of the following:

|                                               |         |
|-----------------------------------------------|---------|
| Inactive Employees Receiving Benefits         | 1       |
| Inactive Employees Not Yet Receiving Benefits | 3       |
|                                               | <hr/> 4 |
| Active Employee Accounts                      | 9       |

Contributions

The District contributes to the GTL program at a contractually required rate. An annual actuarial valuation is performed, and the contractual rate is equal to the cost of providing one-year term life insurance. The premium rate is expressed as a percentage of the covered payroll of members employed by the participating employer. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect.

The GTL program is voluntary, and the employers can cease participation at any time. Therefore, the funding policy of the program is to ensure that adequate resources are available to meet all insurance benefit payments for the upcoming year. It is not the intent of the funding policy to pre-fund retiree term life insurance during employees' entire careers. The District's contribution, which equaled the required contribution, were as follows for the years ended December 31:

|                        | <u>2021</u> | <u>2022</u> |
|------------------------|-------------|-------------|
| Employer Rate          | 0.02%       | 0.03%       |
| Employer Contributions | \$ 71       | \$ 111      |

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

**MILAM APPRAISAL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**Note 12: Other Post-Employment Benefits - continued**

|                                              |                                   |
|----------------------------------------------|-----------------------------------|
| Valuation Date                               | December 31, 2021                 |
| Actuarial Cost Method                        | Entry Age Level percent of Salary |
| Amortization Method                          | Straight-Line amortization        |
| Remaining Amortization Period                | Expected Working Life             |
| Asset Valuation Method                       | Does not apply                    |
| Discount Rate *                              | 2.06%                             |
| Inflation Rate                               | Does not apply                    |
| Long-term expected Investment Rate of Return | Does not apply                    |
| Salary Increases                             | Does not apply                    |
| Payroll Growth Rate                          | Does not apply                    |

\* 20 Year Bond GO Index published by bondbuyer.com as of December 30, 2021

The plan does not have an automatic cost-of-living adjustments. 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 100% 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 and methods that determined the total OPEB liability as of December 31, 2021, were based on results of an actuarial experience study for the period January 1, 2013 – December 31, 2016 as conducted by TCDRS.

Discount Rate

The GTL program is treated as an unfunded OPEB plan because the CTL trust covers both actives and retirees and the assets are not segregated for these groups. A discount rate of 2.06% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 30, 2021.

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

At December 31, 2022, the District reported a total OPEB liability of \$14,295 measured at December 31, 2021. For the year ended December 31, 2022, the District recognized OPEB expense of \$2,008.

Changes in the total OPEB liability for the measurement year ended December 31, 2021 are as follows:

**MILAM APPRAISAL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**Note 12: Other Post-Employment Benefits - continued**

|                                                | OPEB<br>Liability |
|------------------------------------------------|-------------------|
| Changes in OPEB Liability                      |                   |
| Balance at December 31, 2020                   | \$ 11,590         |
| Changes for the year:                          |                   |
| Service Cost                                   | 1,010             |
| Interest on total pension liability            | 266               |
| Change of benefit terms                        | -                 |
| Effect of economic/demographic gains or losses | 1,210             |
| Effect of assumptions changes or inputs        | 289               |
| Benefit payments                               | (70)              |
| Other                                          | -                 |
| Balance as of December 31, 2021                | <u>\$ 14,295</u>  |

Discount Rate Sensitivity Analysis

The following presents the total OPEB liability of the District, calculated using the discount rate of 2.06%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.06%) or 1 percentage point higher (3.06%) than the current rate.

|                      | 1%<br>Decrease in<br>Discount<br>Rate<br>(1.06%) | Discount<br>Rate<br>(2.06%) | 1% Increase<br>in Discount<br>Rate<br>(3.06%) |
|----------------------|--------------------------------------------------|-----------------------------|-----------------------------------------------|
| Total OPEB Liability | \$ 19,411                                        | \$ 14,295                   | \$ 10,803                                     |

At December 31, 2022, the District reported its deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                              | Deferred<br>Outflows of<br>Recourses | Deferred<br>Inflows of<br>Recourses |
|--------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience  | \$ 2,148                             | \$ -                                |
| Changes in actuarial assumptions                             | -                                    | -                                   |
| Differences between projected and actual investment earnings | 3,390                                | 523                                 |
| Contributions subsequent to the measurement date             | 111                                  |                                     |
| Total                                                        | <u>\$ 5,649</u>                      | <u>\$ 523</u>                       |

\$111 reported as deferred outflows of resources related to OPEB resulting from contribution subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended December 31, 2023. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

**MILAM APPRAISAL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**Note 12: Other Post-Employment Benefits - continued**

Year Ended December 31:

|            |                 |
|------------|-----------------|
| 2022       | \$ 732          |
| 2023       | 732             |
| 2024       | 732             |
| 2025       | 732             |
| 2026       | 732             |
| Thereafter | 1,355           |
|            | <u>\$ 5,015</u> |

**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 values.

**Note 14: Commitments**

The District has contracted with a company to provide the District with valuations of oil, gas, and certain other industrial properties for \$55,800 for the year ended December 31, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

**MILAM APPRAISAL DISTRICT**  
Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual – General Fund  
For the Year Ended December 31, 2022

|                                                                     | Original<br>Budget | Final<br>Budget   | Actual            | Variance<br>from Final<br>Budget |
|---------------------------------------------------------------------|--------------------|-------------------|-------------------|----------------------------------|
| <b>REVENUES</b>                                                     |                    |                   |                   |                                  |
| Appraisal assessments                                               | \$ 969,430         | \$ 969,430        | \$ 969,430        | \$ -                             |
| Rendition income                                                    | -                  | -                 | 978               | 978                              |
| Investment income                                                   | -                  | -                 | 7,062             | 7,062                            |
| <b>Total Revenues</b>                                               | <u>969,430</u>     | <u>969,430</u>    | <u>977,470</u>    | <u>8,040</u>                     |
| <b>EXPENDITURES</b>                                                 |                    |                   |                   |                                  |
| Current                                                             |                    |                   |                   |                                  |
| Personnel services                                                  | 580,000            | 580,000           | 526,706           | 53,294                           |
| Contractual services                                                | 245,600            | 245,600           | 284,291           | (38,691)                         |
| Materials and supplies                                              | 24,700             | 24,700            | 17,998            | 6,702                            |
| Other services                                                      | 88,130             | 88,130            | 51,089            | 37,041                           |
| Capital outlay                                                      | 31,000             | 31,000            | 0                 | 31,000                           |
| Debt service principal                                              | -                  | -                 | 17,542            | (17,542)                         |
| Debt service interest                                               | -                  | -                 | 184               | (184)                            |
| <b>Total Expenditures</b>                                           | <u>969,430</u>     | <u>969,430</u>    | <u>897,810</u>    | <u>71,620</u>                    |
| <b>EXCESS (DEFICIENCY) OF REVENUE<br/>OVER (UNDER) EXPENDITURES</b> | -                  |                   | 79,660            | 79,660                           |
| Fund Balance at January 1 - restated                                | <u>341,133</u>     | <u>341,133</u>    | <u>341,133</u>    | <u>-</u>                         |
| Fund Balance at December 31                                         | <u>\$ 341,133</u>  | <u>\$ 341,133</u> | <u>\$ 420,793</u> | <u>\$ 79,660</u>                 |

**MILAM APPRAISAL DISTRICT**  
Schedule of Changes in Net Pension Liability and Related Ratios  
Texas County & District Retirement System  
Year Ended December 31

|                                                                           | 2021              | 2020               | 2019               | 2018               |
|---------------------------------------------------------------------------|-------------------|--------------------|--------------------|--------------------|
| <b>Total Pension Liability</b>                                            |                   |                    |                    |                    |
| Service cost                                                              | \$ 35,648         | \$ 31,902          | \$ 30,361          | \$ 26,539          |
| Interest (on the Total Pension Liability)                                 | 22,893            | 18,039             | 14,061             | 10,432             |
| Effect of plan changes                                                    | 87,409            | -                  | -                  | -                  |
| Effect of assumption changes or inputs                                    | (19,269)          | 23,594             | -                  | -                  |
| Effect of economic/demographic (gains)loss                                | 1,137             | 1,863              | 3,761              | 4,627              |
| Benefit payments, including refunds of<br>employee contributions          | (617)             | (617)              | (617)              | (617)              |
| Net Change in Total Pension Liability                                     | 127,201           | 74,781             | 47,566             | 40,981             |
| Total Pension Liability - Beginning                                       | 265,883           | 191,102            | 143,536            | 102,555            |
| Total Pension Liability - Ending (a)                                      | <u>\$ 393,084</u> | <u>\$ 265,883</u>  | <u>\$ 191,102</u>  | <u>\$ 143,536</u>  |
| <b>Plan Fiduciary Net Position</b>                                        |                   |                    |                    |                    |
| Contributions - Employer                                                  | \$ 14,003         | \$ 23,370          | \$ 22,827          | \$ 21,026          |
| Contributions - Employee                                                  | 67,118            | 15,790             | 15,424             | 14,207             |
| Net Investment Income                                                     | 20,725            | 23,313             | 26,221             | (1,967)            |
| Benefit payments, including refunds of<br>employee contributions          | (617)             | (617)              | (617)              | (617)              |
| Administrative Expense                                                    | (211)             | (211)              | (171)              | (128)              |
| Other                                                                     | 1,045             | 1,164              | 1,320              | 1,043              |
| Net Change in Plan Fiduciary Net Position                                 | 102,063           | 62,809             | 65,004             | 33,564             |
| Plan Fiduciary Net Position - Beginning                                   | 287,717           | 224,908            | 159,904            | 126,340            |
| Plan Fiduciary Net Position - Ending (b)                                  | <u>\$ 389,780</u> | <u>\$ 287,717</u>  | <u>\$ 224,908</u>  | <u>\$ 159,904</u>  |
| Net Pension Liability - Ending (a)-(b)                                    | <u>\$ 3,304</u>   | <u>\$ (21,834)</u> | <u>\$ (33,806)</u> | <u>\$ (16,368)</u> |
| Plan Fiduciary Net Position as a<br>Percentage of Total Pension Liability | 99.16%            | 108.21%            | 117.69%            | 111.40%            |
| Covered Employee Payroll                                                  | \$ 369,799        | \$ 394,764         | \$ 385,583         | \$ 355,172         |
| Net Pension Liability as a Percentage of<br>Covered Employee Payroll      | 0.89%             | -5.53%             | -8.77%             | -4.61%             |

**MILAM APPRAISAL DISTRICT**  
Schedule of Changes in Net Pension Liability and Related Ratios  
Texas County & District Retirement System  
Year Ended December 31

|                                                                        | 2017               | 2016               | 2015              | 2014             |
|------------------------------------------------------------------------|--------------------|--------------------|-------------------|------------------|
| <b>Total Pension Liability</b>                                         |                    |                    |                   |                  |
| Service cost                                                           | \$ 24,595          | \$ 29,363          | \$ 23,140         | \$ 45,935        |
| Interest (on the Total Pension Liability)                              | 7,561              | 4,244              | 4,737             | 1,824            |
| Effect of plan changes                                                 | -                  | -                  | (2,169)           | -                |
| Effect of assumption changes or inputs                                 | 281                | -                  | 822               | -                |
| Effect of economic/demographic (gains) losses                          | 1,689              | (2,352)            | (36,129)          | 44               |
| Benefit payments, including refunds of employee contributions          | (618)              | (412)              | -                 | -                |
| Net Change in Total Pension Liability                                  | 33,508             | 30,843             | (9,599)           | 47,803           |
| Total Pension Liability - Beginning                                    | 69,047             | 38,204             | 47,803            | -                |
| Total Pension Liability - Ending (a)                                   | <u>\$ 102,555</u>  | <u>\$ 69,047</u>   | <u>\$ 38,204</u>  | <u>\$ 47,803</u> |
| <b>Plan Fiduciary Net Position</b>                                     |                    |                    |                   |                  |
| Contributions - Employer                                               | \$ 19,390          | \$ 17,787          | \$ 26,274         | \$ 4,941         |
| Contributions - Employee                                               | 12,423             | 12,141             | 13,179            | 3,379            |
| Net Investment Income                                                  | 12,514             | 3,611              | (502)             | 33               |
| Benefit payments, including refunds of employee contributions          | (617)              | (412)              | -                 | -                |
| Administrative Expense                                                 | (84)               | (39)               | (21)              | (4)              |
| Other                                                                  | 417                | 1,932              | (2)               | -                |
| Net Change in Plan Fiduciary Net Position                              | 44,043             | 35,020             | 38,928            | 8,349            |
| Plan Fiduciary Net Position - Beginning                                | 82,297             | 47,277             | 8,349             | -                |
| Plan Fiduciary Net Position - Ending (b)                               | <u>\$ 126,340</u>  | <u>\$ 82,297</u>   | <u>\$ 47,277</u>  | <u>\$ 8,349</u>  |
| Net Pension Liability - Ending (a)-(b)                                 | <u>\$ (23,785)</u> | <u>\$ (13,250)</u> | <u>\$ (9,073)</u> | <u>\$ 39,454</u> |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 123.19%            | 119.19%            | 123.75%           | 17.47%           |
| Covered Employee Payroll                                               | \$ 310,575         | \$ 303,528         | \$ 329,468        | \$ 337,874       |
| Net Pension Liability as a Percentage of Covered Employee Payroll      | -7.66%             | -4.37%             | -2.75%            | 11.68%           |

**MILAM APPRAISAL DISTRICT**  
Schedule of Employer Contributions  
Texas County & District Retirement System  
For Fiscal Year 2022

| <b>Year Ending<br/>December 31,</b> | <b>Actuarially<br/>Determined<br/>Contribution</b> | <b>Actual<br/>Employer<br/>Contribution</b> | <b>Contribution<br/>Deficiency<br/>(Excess)</b> | <b>Pensionable<br/>Covered<br/>Payroll (1)</b> | <b>Actual<br/>Contribution as a<br/>Percentage of<br/>Covered Payroll</b> |
|-------------------------------------|----------------------------------------------------|---------------------------------------------|-------------------------------------------------|------------------------------------------------|---------------------------------------------------------------------------|
| 2013                                | \$                                                 | \$                                          | \$ -                                            | \$                                             | 0.00%                                                                     |
| 2014                                |                                                    | 4,367                                       | (574)                                           | 84,469                                         | 0.00%                                                                     |
| 2015                                |                                                    | 17,033                                      | (9,241)                                         | 329,468                                        | 7.97%                                                                     |
| 2016                                |                                                    | 14,084                                      | (3,703)                                         | 303,528                                        | 5.86%                                                                     |
| 2017                                |                                                    | 13,634                                      | (5,756)                                         | 310,575                                        | 6.24%                                                                     |
| 2018                                |                                                    | 14,988                                      | (6,038)                                         | 355,172                                        | 5.92%                                                                     |
| 2019                                |                                                    | 15,385                                      | (7,442)                                         | 385,593                                        | 5.92%                                                                     |
| 2020                                |                                                    | 15,435                                      | (7,935)                                         | 394,754                                        | 5.92%                                                                     |
| 2021                                |                                                    | 13,268                                      | (7,457)                                         | 350,083                                        | 5.92%                                                                     |
| 2022                                |                                                    | 35,612                                      | -                                               | 369,799                                        | 9.63%                                                                     |

**MILAM APPRAISAL DISTRICT**  
Notes to Schedule of Employer Contributions  
For the Year Ended December 31, 2023

Valuation date                      Actuarially determined contributions rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are

Methods and assumptions used to determine contribution rates:

|                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial cost method                                                                      | Entry age (level percentage of pay)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Amortization method                                                                        | Level percentage of payroll, closed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Remaining amortization period                                                              | 11.6 years (based on contribution rate calculated in 12/31/2021 valuation)                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Asset valuation method                                                                     | 5-year smoothed market                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Inflation                                                                                  | 2.50%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Salary increases                                                                           | Varies by age and service. 4.7%, average over career, including inflation                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Investment rate of return                                                                  | 7.50%, net of administrative and investment expenses, including inflation                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Retirement Age                                                                             | Members who are eligible for service retirement age assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.                                                                                                                                                                                                                                                                                                                                             |
| Mortality                                                                                  | 135% of the Pub-2010 General Retirees Table for males and<br>120% of the Pub-2010 General Retirees Table for females, both projected with<br>100% of the MP-2021 Ultimate scale after 2010.                                                                                                                                                                                                                                                                                                                                   |
| Changes in Assumptions and<br>Methods Reflect in the Schedule<br>of Employer Contributions | 2015: New inflation, mortality and other assumptions were reflected.<br>2017: New mortality assumptions were reflected.<br>2019: New Inflation, mortality and other assumptions were reflected.                                                                                                                                                                                                                                                                                                                               |
| Changes in Plan Provisions<br>Reflected in the Schedule<br>of Employer Contributions       | 2015: No changes in plan provisions were reflected in the schedule<br>2016: No changes in plan provisions were reflected in the schedule<br>2017: New Annuity Purchase Rates were reflected for benefits earned after<br>2017.<br>2018: No changes in plan provisions were reflected in the Schedule.<br>2019: No changes in plan provisions were reflected in the Schedule.<br><br>2020: No changes in plan provisions were reflected in the Schedule.<br>2021: No changes in plan provisions were reflected in the Schedule |

\* Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes

**MILAM APPRAISAL DISTRICT**  
Schedule of Changes in Total OPEB Liability and Related Ratios  
Texas County & District Retirement System  
For the Year Ended December 31, 2022

|                                                                          | 2021             | 2020             | 2019            | 2018            | 2017            |
|--------------------------------------------------------------------------|------------------|------------------|-----------------|-----------------|-----------------|
| <b>Total OPEB Liability</b>                                              |                  |                  |                 |                 |                 |
| Service cost                                                             | \$ 1,010         | \$ 824           | \$ 533          | \$ 563          | \$ 460          |
| Interest on total OPEB liability                                         | 266              | 244              | 233             | 198             | 148             |
| Effect of plan changes                                                   | -                | -                | -               | -               | -               |
| Effect of assumption changes or inputs                                   | 1,210            | 691              | 66              | (823)           | 298             |
| Effect of economic/demographic (gains)losses                             | 289              | 1,800            | 2,170           | 90              | 858             |
| Benefit payments, including refunds of<br>employee contributions         | (70)             | (79)             | (77)            | (71)            |                 |
| Net Change in Total OPEB Liability                                       | 2,705            | 3,480            | 2,925           | (43)            | 1,764           |
| Total OPEB Liability - Beginning                                         | 11,590           | 8,110            | 5,185           | 5,228           | 3,464           |
| Total OPEB Liability - Ending (a)                                        | \$ <u>14,295</u> | \$ <u>11,590</u> | \$ <u>8,110</u> | \$ <u>5,185</u> | \$ <u>5,228</u> |
| <br>Covered Employee Payroll                                             | <br>\$ 369,799   | <br>\$ 394,764   | <br>\$ 385,583  | <br>\$ 355,172  | <br>\$ 310,575  |
| <br>Net Pension Liability as a Percentage of Covered Employee<br>Payroll | <br>3.87%        | <br>2.94%        | <br>2.10%       | <br>1.46%       | <br>1.68%       |