

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT  
Liberty, Texas

FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT

December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

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

**Opinions**

We have audited the accompanying financial statements of the governmental activities and the general fund of Liberty County Central Appraisal District (the District) as of and for the year ended December 31, 2023 and the related notes to the financial statements, which 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 financial position of the governmental activities and the general fund of Liberty County Central Appraisal District as of December 31, 2023, and the 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 audits in accordance with auditing standards generally accepted in the United States of America. 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 Liberty County Central Appraisal District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Liberty County Central Appraisal 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 Responsibilities 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 opinion. 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks 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 Liberty County Central Appraisal 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Liberty County Central Appraisal 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, statement of revenues, expenses and changes in fund balance - budget to actual, schedule of changes in net pension liability and related ratios, the schedule of employer contributions and schedule of changes in net OPEB liability and related ratios and schedule of contributions be presented to supplement the basic financial statements. Such information, is the responsibility of management and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Lufkin, Texas  
April 11, 2024

  
CERTIFIED PUBLIC ACCOUNTANTS



LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Liberty County Central Appraisal District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended December 31, 2023. Please read it in conjunction with the District's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

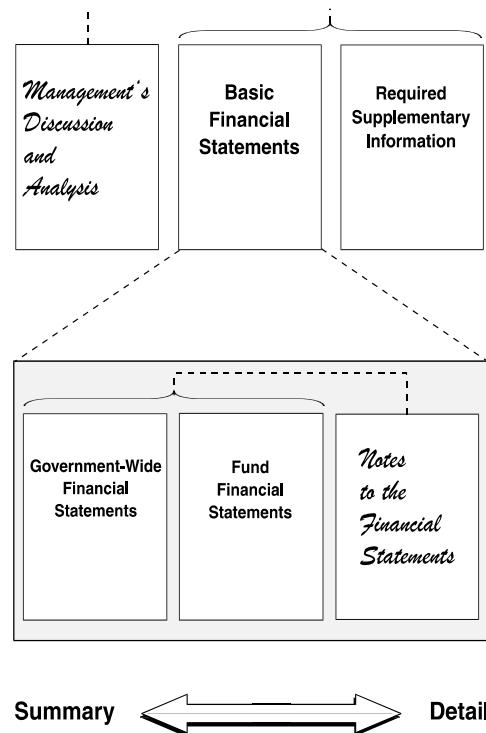
- The District's total combined net position was \$1,122,224 at December 31, 2023, compared to \$850,217 at December 31, 2022.
- During the year, the District's total expenses of \$4,228,883 were offset by \$4,550,653 in intergovernmental revenues, fees and interest income. The District also refunded \$49,763 to the entities. Revenues were greater than 2022 levels by \$629,590 (16.1%) primarily due to intergovernmental revenue budgeted and assessed to the taxing entities of \$628,595.
- The general fund reported a fund balance of \$845,977 at December 31, 2023. The fund balance is restricted to be credited to the taxing entities for the 2023 budget surplus \$216,678, committed to the District's reserve accounts \$572,254 and nonspendable for prepaid expenses \$57,046. This compared to a fund balance of \$654,647 at December 31, 2022. The 2022 surplus was committed to District reserve accounts in the amount of \$554,341 and \$50,543 was nonspendable for prepaid expenses. The remainder was credited to the taxing entities in 2023.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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



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

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

**Government-wide Statements**

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

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

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

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

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

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

**Fund Financial Statements**

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

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

The District has the following kinds of funds:

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

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

Net Position. The District's combined net position was \$1,122,224 at December 31, 2023 compared to \$850,217 at December 31, 2022. (See Table A-1).

**Table A-1**  
District's Net Position

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	2023	2022	2023-2022
Current assets	\$ 2 036 920	\$ 1 752 579	16.2
Noncurrent assets	1 126 928	977 699	15.1
Deferred outflows	846 420	799 111	5.9
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>4 010 268</b>	<b>3 529 389</b>	13.6
Current liabilities	170 029	92 525	83.8
Noncurrent liabilities	1 480 773	239 667	517.8
Deferred inflows	1 237 242	2 346 980	(47.3)
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>2 888 044</b>	<b>2 679 172</b>	7.8
<b>TOTAL NET POSITION</b>	<b>\$ 1 122 224</b>	<b>\$ 850 217</b>	32.0

As of December 31, 2023, the District had invested \$885,722 in capital assets (net of related debt). Restricted net position included \$788,931 restricted for budget surplus refunds to the participating taxing entities and committed to the District's reserve accounts. This restricted net position is combined with a \$19,827 surplus in unrestricted net position. This compared to \$762,607 invested in capital assets, \$604,104 restricted for budget surplus, and \$37,847 surplus in unrestricted net position at December 31, 2022.

**Changes in Net Position.** For the year ended December 31, 2023, the District's total revenues were \$4,550,654. A significant portion, 99.68%, of the District's revenue comes from intergovernmental revenues. These revenues are from the governmental entities serviced by the appraisal district. The other sources of revenue are fees and interest income and miscellaneous revenue, which together accounted for 0.32% of revenues. The total cost of the District's program service was \$4,228,883, 71.43% of these costs are for salaries and employee benefits, 16.22% are for operating expenses, 2.57% are for contract services, 4.68% are for depreciation of assets, 4.60% are for debt service, while the remaining 0.52% are for insurance costs. This compares to total revenues of \$3,921,063 and total costs of \$3,669,188 for the year ended December 31, 2022.

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

	GOVERNMENTAL ACTIVITIES		% CHANGE
	2023	2022	2023-2022
Revenues:			
Budget contributions - Net	\$ 4 537 151	\$ 3 908 556	16.1
Other income	10 105	9 474	6.6
Interest	3 398	3 033	12.0
TOTAL REVENUES	<u>4 550 654</u>	<u>3 921 063</u>	16.1
Expenses:			
Salaries and benefits	3 036 161	2 479 978	22.4
Contracted services	109 252	109 252	-
Operating	861 303	985 198	(12.6)
Insurance	21 166	26 662	(20.6)
Debt service	2 120	-	100.0
Depreciation	198 881	68 098	192.1
TOTAL EXPENSES	<u>4 228 883</u>	<u>3 669 188</u>	15.83
Refund to entities	(49 763)	(92 547)	(46.2)
CHANGE IN NET POSITION	<u>\$ 272 008</u>	<u>\$ 159 328</u>	70.7

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

For the year ended December 31, 2023, the District's total revenues from governmental fund type totaled \$4,550,654. Virtually all of the District's revenue comes from intergovernmental revenues. The other sources of revenue are fees and miscellaneous income of \$10,105 and interest income of \$3,398. The total expenditures from the governmental fund types were \$4,109,731. \$199,829 was spent from the committed reserves, and the District refunded \$49,763 to the entities. The District's expenditures incurred to provide appraisal services included \$2,993,723 for salaries and employee benefits, \$983,590 for operating expenses, \$109,252 for contract services, \$21,166 for insurance, and \$2,000 for capital outlay. This compared to total revenues from governmental fund types of \$3,921,063 and total expenditures from the governmental fund types of \$3,821,015 for the year ended December 31, 2022.

#### General Fund Budgetary Highlights

The District did not revise its budget during the year. Actual revenue amounts were \$9,189 more than budgeted amounts. Total expenditures were \$431,733 lower than expected primarily due to lower than expected costs for operating expenditures and personnel costs. Budgeted funds in the amount of \$216,678 were used to fund reserves, and the District refunded \$49,763 of restricted fund balance to the entities. The District also used \$199,829 of committed fund balance to purchase real estate.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

##### Capital Assets

At the end of 2023, the District had invested \$1,126,928 in net capital assets, including land, a building and office equipment compared to \$827,844 for 2022 (see Table A-4).

**Table A-4**  
District's Capital Assets

	GOVERNMENTAL ACTIVITIES		% CHANGE
	2023	2022	2023-2022
Land	\$ 229 609	\$ 27 780	726.52
Buildings and improvements	1 028 100	1 028 100	-
Office furniture, fixtures and equipment	581 519	541 450	7.4
Software	141 745	141 745	-
Right of use asset - Leases	84 104	84 104	-
Right of use asset - Subscriptions	256 067	-	100.00
TOTALS AT HISTORICAL COST	<u>2 321 144</u>	<u>1 823 179</u>	27.31
TOTAL ACCUMULATED DEPRECIATION	<u>1 194 216</u>	<u>995 335</u>	19.98
NET CAPITAL ASSETS	<u>\$ 1 126 928</u>	<u>\$ 827 844</u>	36.12

## Long-Term Liabilities

The District had \$360,969 in long-term liabilities outstanding at December 31, 2023, compared to \$164,901 outstanding at December 31, 2022 (see Table A-5). The District's debt is currently unrated. More detailed information about the District's debt is presented in the notes to the financial statements.

**Table A-5**  
District's Liabilities

	GOVERNMENTAL ACTIVITIES		% CHANGE
	2023	2022	2023-2022
Capital leases payable	\$ 27 921	\$ -	100.00
Compensated absences	119 763	99 664	20.17
Right of use liability	45 757	65 237	(29.86)
Right of use liability - Subscriptions	167 528	-	100.00
TOTAL LONG-TERM LIABILITIES	\$ <u>360 969</u>	\$ <u>164 901</u>	118.90

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

## FINANCIAL STATEMENTS

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET  
December 31, 2023

	GENERAL FUND	ADJUSTMENTS	STATEMENT OF NET POSITION
<b>ASSETS</b>			
Current Assets:			
Cash on hand and in bank	\$ 1 979 874	\$ -	\$ 1 979 874
Prepaid expenses	57 046	-	57 046
TOTAL CURRENT ASSETS	2 036 920	-	2 036 920
Noncurrent Assets:			
Capital assets, net of accumulated depreciation	-	1 126 928	1 126 928
TOTAL ASSETS	2 036 920	1 126 928	3 163 848
<b>DEFERRED OUTFLOWS</b>			
Deferred outflows - Pension	-	822 248	822 248
Deferred outflows - OPEB	-	24 172	24 172
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 2 036 920	1 973 348	4 010 268
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 52 998	-	52 998
Current portion of long-term debt	-	12,308	12 308
Current portion of right of use liability	-	22 512	22 512
Current portion of right of use liability - Subscriptions	-	82 211	82 211
TOTAL CURRENT LIABILITIES	52 998	117 031	170 029
Long-Term Liabilities:			
Accrued vacation and sick pay	-	119 763	119 763
Long term debt	-	15 613	15 613
Right of use liability	-	23 245	23 245
Right of use liability - Subscriptions	-	85 317	85 317
Net pension liability	-	1 162 254	1 162 254
Net OPEB liability	-	74 581	74 581
TOTAL LIABILITIES	52 998	1 597 804	1 650 802
<b>DEFERRED INFLOWS</b>			
Unearned revenue	1 137 945	-	1 137 945
Deferred inflows - Pension	-	72 493	72 493
Deferred inflows - OPEB	-	26 804	26 804
TOTAL LIABILITIES AND DEFERRED INFLOWS	1 190 943	1 697 101	2 888 044
<b>FUND BALANCE</b>			
Fund Balance:			
Nonspendable - Prepaid expenses	57 046	(57 046)	-
Committed for reserve funds	572 254	(572 254)	-
Restricted for jurisdictions	216 677	(216 677)	-
TOTAL FUND BALANCE	845 977	(845 977)	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 2 036 920		
<b>NET POSITION</b>			
Net investment in capital assets		885 722	885 722
Restricted		216 677	216 677
Unrestricted		19 825	19 825
TOTAL NET POSITION		\$ 1 122 224	\$ 1 122 224

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

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Year Ended December 31, 2023

	GENERAL FUND	ADJUSTMENTS	STATEMENT OF ACTIVITIES
Revenues:			
Budget contributions	\$ 4 537 151	\$ -	\$ 4 537 151
Interest income	3 398	-	3 398
Other income	10 105	-	10 104
TOTAL REVENUES	4 550 654	-	4 550 653
Expenses:			
Salaries	2 258 390	20 099	2 278 489
Employee benefits	735 333	22 339	757 672
Contracted services	109 252	-	109 252
Operating	983 590	(122 287)	861 303
Insurance	21 166	-	21 166
Capital outlay	2 000	(2 000)	-
Interest expense	-	2 120	2 120
Depreciation expense	-	198 881	198 881
TOTAL EXPENSES	4 109 731	119 152	4 228 883
NET CHANGE IN FUND BALANCE BEFORE REFUND TO ENTITIES	440 922	(119 152)	321 770
Less: Committed funds spent from computer reserve	(199 829)	199 829	-
Less: Refund to entities	(49 763)	-	(49 763)
NET CHANGE IN FUND BALANCE	191 330	(191 330)	
CHANGE IN NET POSITION		\$ 272 007	272 007
Fund Balance/Net Position:			
Beginning of year	654 647		850 217
END OF YEAR	\$ 845 977		\$ 1 122 224

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

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

The District's general purpose financial statements include the accounts of all district operations. The measure for including organizations as component units of the District was made by applying the criteria set forth in generally accepted accounting principles. The basic, but not the only, criterion for inclusion is the degree of oversight responsibility maintained by the Board of Directors. Examples of oversight responsibility include financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Based on these criteria, no potential component unit has been excluded from these statements. As of December 31, 2023, the District does not have any component units and is not considered a component unit of any other entity.

B. Basis of Presentation and Basis of Accounting

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

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

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

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

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

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

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

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

C. Revenue Recognition

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

D. Budgets

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

E. Prepaid Assets

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

F. Capital Assets

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

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

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

Capital assets also includes right of use (ROU) assets as determined per GASB Statement No. 87. The District was required to adopt GASB Statement No. 87 effective January 1, 2022. ROU assets represents the District's right to use an underlying asset for the lease term, and ROU liabilities represents the District's obligation to make lease payments arising from the lease. The ROU assets and liabilities are recognized at commencement date based on the present value of the future lease payments over the lease term. The ROU assets are amortized over the lease term.

G. Deferred Outflows/Inflows of Resources

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

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

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

H. Fund Balances

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

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

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

I. Net Position

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

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

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

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

J. Use of Estimates

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

K. Pensions and Other Postemployment Benefits

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

L. Subsequent Events

Management has evaluated subsequent events through April 11, 2024 the date the financial statements were available to be issued.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

A. Finance-Related Legal and Contractual Provisions

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

VIOLATION	ACTION TAKEN
None reported	Not applicable

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 December 31, 2023

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY - CONTINUED

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

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

At December 31, 2023, the carrying amount of the district's deposits was \$1,979,874 and the combined bank balance was \$2,120,381. The District's cash deposits at December 31, 2023, and during the year, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

B. Investments

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

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

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

C. Analysis of Specific Deposit and Investment Risks

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The District was not exposed to any credit risk at December 31, 2023.

Custodial Credit Risk

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

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

Concentration of Credit Risk

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

Interest Rate Risk

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

Foreign Currency Risk

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

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
December 31, 2023

**NOTE 4 - CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2023, was as follows:

	BALANCE 01/01/2023	ADDITIONS	DELETIONS	BALANCE 12/31/2023
Capital Assets Not Being Depreciated:				
Land	\$ 27 780	\$ 201 829	\$ -	\$ 229 609
Capital Assets Being Depreciated:				
Buildings and improvements	1 028 100	-	-	1 028 100
Furniture and equipment	541 450	40 069	-	581 519
Software	141 745	-	-	141 745
Right of use asset	84 104	-	-	84 104
Right of use asset - Subscriptions	-	256 067	-	256 067
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>1 795 399</u>	<u>296 136</u>	<u>-</u>	<u>2 091 535</u>
TOTAL ACCUMULATED DEPRECIATION	976 468	179 401	-	1 155 869
TOTAL ACCUMULATED AMORTIZATION	18 867	19 480	-	38 347
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	<u>800 064</u>	<u>97 255</u>	<u>-</u>	<u>897 319</u>
CAPITAL ASSETS, NET	<u>\$ 827 844</u>	<u>\$ 299 084</u>	<u>\$ -</u>	<u>\$ 1 126 928</u>

The above additions include \$40,069 for a capital lease and \$256,067 related to right of use assets - subscriptions. The additions purchased during the year totaled \$201,829 of which \$199,829 came from committed funds.

**NOTE 5 - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

Deferred outflows and inflows of resources consisted of the following at December 31, 2023:

	DEFERRED OUTFLOWS	DEFERRED INFLOWS
Deferred outflows/inflows related to pensions	\$ 822 248	\$ 72 493
Deferred outflows/inflows related to OPEB	24 172	26 804
Deferred income - Intergovernmental revenues	-	1 137 945
TOTAL	<u>\$ 846 420</u>	<u>\$ 1 237 242</u>

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

The participating taxing entities within the District pay their proportionate share of the costs of the District based on the budget estimates for the year. As of December 31, 2023, \$1,137,945 had been received by the District related to the 2024 budget requirements. Accordingly, these amounts have been reflected as deferred income in the financial statements.

**NOTE 6 - LONG-TERM LIABILITIES**

Long-term liability activity for the year ended December 31, 2023, was as follows:

GOVERNMENTAL ACTIVITIES	BALANCE DECEMBER 31, 2022	ADDITIONS	RETIREMENTS	BALANCE DECEMBER 31, 2023	DUE WITHIN ONE YEAR
Notes and Leases:					
Capital leases	\$ -	\$ 40 069	\$ (12 148)	\$ 27 921	\$ 12 308
Other Liabilities:					
Compensated absences	99 664	20 099	-	119 763	-
Right of use liability	65 237	-	(19 480)	45 757	22 512
Right of use liability - Subscriptions	-	256 067	(88 539)	167 528	82 211
TOTAL GOVERNMENTAL ACTIVITIES					
LONG-TERM LIABILITIES	<u>\$ 164 901</u>	<u>\$ 316 235</u>	<u>\$ (120 167)</u>	<u>\$ 360 969</u>	<u>\$ 117 031</u>

**Lease Liability**

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

In December 2020, the District entered into a lease agreement with Canon Financial Services for the purchase of five new Canon copiers for \$63 893. Under the terms of the capital lease, the district will make regular monthly payments of \$1,050 ending in 2026 at 1.310%.

As of December 31, 2023, assets held under leases amounted to \$113,149 with accumulated depreciation of \$90,115 and a net book value of \$23,034. The lease liability amounted to \$27,921 at December 31, 2023.

**Compensated Absences**

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

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 December 31, 2023

**NOTE 6 - LONG-TERM LIABILITIES - CONTINUED**

**Right of Use Liability (ROU)**

New Authoritative Guidance Adopted - GASBS No. 87, *Leases*, and GASBS No. 96, *Subscription Based IT Arrangements* is the new lease accounting standard for public sector entities in the United States that is effective for fiscal years beginning after June 15, 2021. The standard requires the government to record a lease liability and capitalize and amortize the underlying asset over the shorter of the asset life or the lease term. The guidance provides an exception for short-term leases (e.g., less than 12 months) and requires leases that transfer ownership of the underlying asset to be accounted for as a financed purchase.

The District leases office space under a non-cancelable lease arrangement that matures in December 2025 with monthly rent payments of \$1,800 for the first five years and \$2,000 for the last two years of the lease term. The District's lease liability is calculated using the prime rate on the date the lease standard is adopted.

This District has subscriptions with the PACS Software, website hosting and Cloud Hosting software that matures in 2025 with annual payments of \$72,252, \$2,542, and \$13,745 respectfully. The Districts liability is calculated using the Applicable Federal Rate on the date the subscription started which is 3.777% for each subscription.

The statement of net position presents lease right-of-use assets of \$340,171 and lease liabilities of \$241,206 as of December 31, 2023.

Lease cost in 2023 was \$21,600. Rent expense in 2022 was \$21,600.

The future minimum debt commitments under the right of use liabilities at December 31, 2023 are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2024	\$ 117 032	\$ 8 107	\$ 125 139
2025	121 031	4 107	125 138
2026	3 143	7	3 150
	<u>\$ 241 206</u>	<u>\$ 12 221</u>	<u>\$ 253 427</u>

**NOTE 7 - BUDGET SURPLUS AND RESTRICTED FUND BALANCE**

In accordance with the Texas Property Tax Code, Section 6.06(j), any annual budget surplus of the appraisal district must be credited or refunded to the participating taxing entities in the District on an annual basis. This amount is classified as restricted fund balance in the accompanying Governmental Fund Balance Sheet. In 2023, the District committed 50% of the remaining change in fund balance (\$433,355) to be contributed to the District's reserve funds as follows:

	<u>Committed</u>	<u>Restricted</u>	<u>Total</u>
Fund balance at beginning of year	\$ 554 341	\$ 49 763	\$ 604 104
Refund to entities	-	(49 763)	(49 763)
Used from real estate reserve	(199 829)	-	(199 829)
Interest income on committed funds	1 064	-	1 064
Remaining change in fund balance	<u>216 678</u>	<u>216 677</u>	<u>433 355</u>
BALANCE AT END OF YEAR	572 254	216 677	788 931
Non-spendable - Prepaid expenses	-	-	57 046
FUND BALANCE AT END OF YEAR	<u>\$ 572 254</u>	<u>\$ 216 677</u>	<u>\$ 845 977</u>

The restricted amounts are restricted per the Property Tax Code.

**NOTE 8 - PENSION PLAN**

**Plan Information**

Plan Description

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

Benefits Provided

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

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
December 31, 2023

NOTE 8 - PENSION PLAN - CONTINUED

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

At December 31, 2022, the latest available valuation and measurement date, the following employees were covered by the plan:

Active employees	41
Inactive employees or beneficiaries currently receiving benefits	22
Inactive employees entitled to but not yet receiving benefits	39
	102

Contributions

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 16.22% and 17.92% for the months of the accounting years in 2023 and 2022, respectively. The contribution rate payable by the employee members for 2023 and 2022 is the rate of 7% adopted by the governing body of the employer. All eligible employees of the District are required to participate in TCDRS.

Net Pension Liability

The District's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Real rate of return	5.00%
Inflation	2.50%
Long-term investment return	7.50%, net of Plan investment expense

The valuation assumptions used for long-term expected return is re-assessed at a minimum of every four years, and is set based on a long-term horizon; the most recent analysis was performed in 2023.

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

Asset Class	Benchmark	Target Allocation <sup>(1)</sup>	Geometric Real Rate of Return <sup>(2)</sup>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(3)</sup>	25.00%	7.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>(4)</sup>	4.00%	7.60%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(5)</sup>	6.00%	5.70%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

(1) Target asset allocation adopted at the March 2023 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.30%, per Cliffwater's 2023 capital market assumptions.

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

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

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

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
December 31, 2023

**NOTE 8 - PENSION PLAN - CONTINUED**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**Changes in the District's Net Pension Liability**

Changes in the District's net pension liability for the year ended December 31, 2022 were as follows:

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Increase (Decrease) Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2021	\$ 10 520 715	\$ 10 670 570	\$ (149 855)
Changes for the Year:			
Service cost	343 500	-	343 500
Interest on total pension liability <sup>(1)</sup>	807 273	-	807 273
Effect of plan changes <sup>(2)</sup>	-	-	-
Effect of economic/demographic gains or losses	51 550	-	51 550
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(4 112)	(4 112)	-
Benefit payments	(489 316)	(489 316)	-
Administrative expenses	-	(5 900)	5 900
Member contributions	-	143 738	(143 738)
Net investment income	-	(627 084)	627 084
Employer contributions	-	367 969	(367 969)
Other <sup>(3)</sup>	-	11 491	(11 491)
Balances as of December 31, 2022	\$ <u>11 229 610</u>	\$ <u>10 067 356</u>	\$ <u>1 162 254</u>

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

(2) No plan changes valued.

(3) Relates to allocation of system-wide items

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

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

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 12 854 582	\$ 11 229 610	\$ 9 880 958
Fiduciary net position	10 067 356	10 067 356	10 067 356
Net pension liability/(asset)	\$ <u>2 787 226</u>	\$ <u>1 162 254</u>	\$ <u>(186 398)</u>

**Pension Expense and Deferred Inflows/Outflows**

For the year ended December 31, 2023, the District recognized pension expense of \$247,326. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Inflows/ Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 72 493	\$ 76 487
Change of assumptions	-	156 303
Net difference between projected and actual earnings	-	209 687
Contributions made subsequent to measurement date	-	379 771
TOTAL	\$ <u>72 493</u>	\$ <u>822 248</u>

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 December 31, 2023

**NOTE 8 - PENSION PLAN - CONTINUED**

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$379,771 will be recognized as a reduction of the net pension liability (or increase in the net pension asset) for the year ended December 31, 2023. Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

YEAR ENDED DECEMBER 31,	
2024	\$ 50 147
2025	(24 524)
2026	46 265
2027	298 096
2028	-
Thereafter	-
	\$ 369 984

**NOTE 9 - POSTEMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

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

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

**Benefits Provided**

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

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefits	5
Active employees	41
TOTAL	65

**Benefits Provided**

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

**Contributions**

The District's contributions to the GTLF for active and inactive employees for the year ended December 31, 2023 were \$3,263, and were equal to the required contribution.

**OPEB Liability**

The District's OPEB liability was measured as of December 31, 2022, and the liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions*

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

Mortality rates for active members were based on the RP-2014 Healthy Annuitant Mortality Tables for males and females, with male rates multiplied by 120% and female rates multiplied by 100%. For disabled annuitants, the gender-distinct RP-2014 Disabled Annuitant Mortality Tables are used with males rates multiplied by 125% and female rates multiplied by 100%. The rates are projected with a 100% of the MP-2021 Ultimate scale after 2010.

Actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 75.

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
December 31, 2023

**NOTE 9 - POSTEMPLOYMENT BENEFITS (OPEB) - CONTINUED**

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.72%. Because the GTLF is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the total OPEB liability is based on the 20-year bond GO Index published by bondbuyer.com as of the measurement date.

**Changes in the District's Net Pension Liability**

Changes in the District's net pension liability for the year ended December 31, 2022 were as follows:

Changes in Net OPEB Liability / (Asset)	Total OPEB Liability
Balances as of December 31, 2021	\$ 94 246
Changes for the Year:	
Service cost	3 041
Interest on total OPEB liability <sup>(1)</sup>	1 938
Changes in benefit terms <sup>(2)</sup>	-
Effect of economic/demographic experience	5 113
Effect of assumptions changes or inputs <sup>(3)</sup>	(27 704)
Benefit payments	(2 053)
Other	-
Balances as of December 31, 2022	\$ 74 581

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

(2) No plan changes valued.

(3) Reflects change in discount rate.

**Sensitivity of OPEB Liability to Changes in the Discount Rate**

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

	1% Decrease (2.72%)	Current Discount Rate (3.72%)	1% Increase (4.72%)
Total OPEB Liability	\$ 89 819	\$ 74 581	\$ 62 891

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

For the year ended December 31, 2023, the District recognized OPEB expense of \$9,241. As of December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual	\$ 507	\$ 5 958
Changes in actuarial assumptions	26 297	14 951
Subsequent contributions	-	3 263
TOTAL	\$ 26 804	\$ 24 172

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$3,263 be recognized as a reduction of the total OPEB liability for the year ending December 31, 2023. Other amounts reported as deferred outflows of resources related to pensions will be recognized in employee benefits expense as follows:

YEAR ENDED DECEMBER 31,	AMORTIZATION
2023	\$ 954
2024	948
2025	1 375
2026	(968)
2027	(2 557)
Thereafter	(5 647)
TOTAL	\$ (5 895)

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
December 31, 2023

NOTE 10 - COMMITMENTS, CONTINGENCIES AND RISK MANAGEMENT

At December 31, 2023, the District had no significant litigation or other claims pending, or asserted against it, which would have a material, adverse effect on the District's financial position or future operations.

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

REQUIRED SUPPLEMENTARY INFORMATION

LIBERTY COUNTY CENTRAL APPRAISAL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>Revenues:</b>			
Budget contributions	\$ 4 536 964	\$ 4 537 151	\$ 187
911 revenue	-	-	-
Interest income	500	3 398	2 898
Other income	4 000	10 105	6 104
<b>TOTAL REVENUES</b>	<b>4 541 464</b>	<b>4 550 654</b>	<b>9 189</b>
<b>Expenditures:</b>			
<b>Salaries:</b>			
Salaries	2 364 300	2 224 621	139 679
Medicare tax	35 900	33 769	2 131
	<b>2 400 200</b>	<b>2 258 390</b>	<b>141 810</b>
<b>Benefits:</b>			
Retirement benefits	406 660	383 033	23 627
Hospitalization insurance	407 280	352 300	54 980
	<b>813 940</b>	<b>735 333</b>	<b>78 607</b>
<b>Contracted Services:</b>			
Mail machine	6 000	5 752	248
Valuation firm	103 500	103 500	-
	<b>109 500</b>	<b>109 252</b>	<b>248</b>
<b>General Operating Expenses:</b>			
Other expenses	4 000	2 597	1 403
Office supplies	33 000	28 764	4 236
Postage	120 000	90 909	29 091
Legal services	100 000	62 654	37 346
Office rental	25 000	24 102	898
Office maintenance	32 800	26 722	6 078
Mapping	112 000	112 102	(102)
Telephone	24 000	23 804	196
Travel expenses	25 000	32 917	(7 917)
Office equipment maintenance	30 000	23 567	6 433
Utilities	26 000	25 239	761
Office furniture	3 000	3 290	(290)
Dues and memberships	8 500	8 390	110
Legal notices	1 300	1 425	(125)
Appraisal review board	35 000	24 862	10 138
Education	18 000	19 059	(1 059)
Audit	14 000	6 800	7 200
Bond	600	412	188
Appraisal services	15 000	11 735	3 265
Janitorial supplies	2 000	878	1 122
Car mileage	48 800	25 384	23 416
Car allowances	109 300	104 050	5 250
	<b>787 300</b>	<b>659 662</b>	<b>127 638</b>
<b>Insurance:</b>			
Workers compensation	6 500	4 113	2 387
Fire and theft	11 774	13 157	(1 383)
Unemployment insurance	10 000	374	9 626
Liability insurance	3 300	3 522	(222)
	<b>31 574</b>	<b>21 166</b>	<b>10 408</b>
<b>Computer:</b>			
Computer and software	331 950	300 497	31 453
Computer paper goods	2 000	1 168	832
Forms	35 000	22 263	12 737
	<b>368 950</b>	<b>323 928</b>	<b>45 022</b>
<b>Capital outlay</b>			
Contingency fund	10 000	2 000	8 000
	<b>20 000</b>	<b>-</b>	<b>20 000</b>
<b>TOTAL EXPENDITURES</b>	<b>4 541 464</b>	<b>4 109 731</b>	<b>431 733</b>
<b>NET CHANGE IN FUND BALANCE BUDGETARY</b>	<b>-</b>	<b>440 923</b>	<b>440 922</b>
Committed funds used from Real Estate Reserve	-	(199 829)	(199 829)
Refund to entities	-	(49 763)	(49 763)
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>191 330</b>	<b>191 330</b>
Fund balance, beginning of year	654 647	654 647	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 654 647</b>	<b>\$ 845 977</b>	<b>\$ 191 330</b>

See independent auditor's report.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:									
Service cost	\$ 343 500	\$ 325 237	\$ 268 164	\$ 254 287	\$ 245 529	\$ 219 897	\$ 242 550	\$ 223 119	\$ 211 176
Interest on total pension liability	807 273	769 774	710 559	660 013	621 027	575 521	521 683	478 020	435 302
Effect of plan changes	-	-	-	-	-	-	-	(62 245)	-
Effect of assumption changes or inputs	-	4 466	616 281	93 536	-	55 090	-	93 568	-
Effect of economic/demographic (gains) or losses	51 550	(144 985)	140 994	-	(28 068)	20 433	57 954	(17 116)	18 831
Benefit payments/refunds of contributions	(493 428)	(465 747)	(408 444)	(387 343)	(345 357)	(324 586)	(194 949)	(146 896)	(170 927)
NET CHANGE IN TOTAL PENSION LIABILITY	<u>708 895</u>	<u>488 745</u>	<u>1 327 554</u>	<u>620 493</u>	<u>493 131</u>	<u>546 355</u>	<u>627 238</u>	<u>568 450</u>	<u>494 382</u>
Total pension liability, beginning	<u>10 520 715</u>	<u>10 031 970</u>	<u>8 704 416</u>	<u>8 083 923</u>	<u>7 590 792</u>	<u>7 044 437</u>	<u>6 417 199</u>	<u>5 848 749</u>	<u>5 354 367</u>
TOTAL PENSION LIABILITY, ENDING <sup>(a)</sup>	<u>11 229 610</u>	<u>10 520 715</u>	<u>10 031 970</u>	<u>8 704 416</u>	<u>8 083 923</u>	<u>7 590 792</u>	<u>7 044 437</u>	<u>6 417 199</u>	<u>5 848 749</u>
Fiduciary Net Position:									
Employer contributions	367 969	296 975	273 024	241 672	230 084	196 541	164 480	157 853	151 855
Member contributions	143 738	136 585	128 872	120 406	111 459	104 782	102 071	96 842	92 273
Investment income net of investment expenses	(627 084)	1 925 229	823 419	1 128 729	(130 685)	896 486	417 304	(110 331)	347 100
Benefit payments/refunds of contributions	(493 428)	(465 747)	(408 444)	(387 343)	(345 357)	(324 586)	(194 949)	(146 896)	(170 927)
Administrative expenses	(5 900)	(5 773)	(6 426)	(6 074)	(5 521)	(4 664)	(4 535)	(4 053)	(4 180)
Other	11 491	1 507	596	245	591	(356)	22 039	18 323	(12 023)
NET CHANGE IN FIDUCIARY NET POSITION	<u>(603 214)</u>	<u>1 888 776</u>	<u>811 041</u>	<u>1 097 635</u>	<u>(139 429)</u>	<u>868 203</u>	<u>506 410</u>	<u>11 738</u>	<u>404 098</u>
Fiduciary net position, beginning	<u>10 670 570</u>	<u>8 781 794</u>	<u>7 970 753</u>	<u>6 873 118</u>	<u>7 012 547</u>	<u>6 144 344</u>	<u>5 637 934</u>	<u>5 626 196</u>	<u>5 222 098</u>
FIDUCIARY NET POSITION, ENDING <sup>(b)</sup>	<u>10 067 356</u>	<u>10 670 570</u>	<u>8 781 794</u>	<u>7 970 753</u>	<u>6 873 118</u>	<u>7 012 547</u>	<u>6 144 344</u>	<u>5 637 934</u>	<u>5 626 196</u>
NET PENSION LIABILITY/(ASSET), ENDING = (a) - (b)	<u>\$ 1 162 254</u>	<u>\$ (149 855)</u>	<u>\$ 1 250 176</u>	<u>\$ 733 663</u>	<u>\$ 1 210 805</u>	<u>\$ 578 245</u>	<u>\$ 900 093</u>	<u>\$ 779 265</u>	<u>\$ 222 553</u>
Fiduciary net position as a % of total pension liability	89.65%	101.42%	87.54%	91.57%	85.02%	92.38%	87.22%	87.86%	96.19%
Pensionable covered payroll	\$ 2 053 399	\$ 1 951 214	\$ 1 841 027	\$ 1 720 085	\$ 1 592 276	\$ 1 496 882	\$ 1 458 160	\$ 1 383 462	\$ 1 318 183
Net pension liability as a % of covered payroll	56.60%	(7.68)%	67.91%	42.65%	76.04%	38.63%	61.73%	56.33%	16.88%

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

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

YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTION <sup>(1)</sup>	ACTUAL EMPLOYER CONTRIBUTION <sup>(1)</sup>	CONTRIBUTION DEFICIENCY (EXCESS)	PENSIONABLE COVERED PAYROLL <sup>(2)</sup>	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
2013	\$ 140 749	\$ 140 749	\$ -	\$ 1 228 209	11.5%
2014	\$ 151 855	\$ 151 855	\$ -	\$ 1 318 183	11.5%
2015	\$ 157 853	\$ 157 853	\$ -	\$ 1 383 462	11.4%
2016	\$ 164 480	\$ 164 480	\$ -	\$ 1 458 160	11.3%
2017	\$ 196 541	\$ 196 541	\$ -	\$ 1 496 882	13.1%
2018	\$ 230 084	\$ 230 084	\$ -	\$ 1 592 276	14.4%
2019	\$ 241 672	\$ 241 672	\$ -	\$ 1 720 085	14.2%
2020	\$ 273 024	\$ 273 024	\$ -	\$ 1 841 027	14.8%
2021	\$ 296 975	\$ 296 975	\$ -	\$ 1 951 214	15.2%
2022	\$ 367 969	\$ 367 969	\$ -	\$ 2 053 399	17.9%

- (1) TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.
- (2) Payroll is calculated based on contributions as reported to TCDRS.

**Notes to Schedule:**

Valuation Date	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20.0 years (based on contribution rate calculated in 12/31/2021 valuation)
Asset Valuation Method	5-year smoothed marked
Inflation	2.50%
Salary Increases	Varies by age and service. 4.6% average over career including inflation
Investment Rate of Return	7.50%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% if the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions	2015: No changes in plan provisions are reflected in the Schedule. 2016: No changes in plan provisions are reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions are reflected in the Schedule. 2019: No changes in plan provisions are reflected in the Schedule. 2020: No changes in plan provisions are reflected in the Schedule.

See independent auditor's report.

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

	2022	2021	2020	2019	2018	2017
Total OPEB Liability:						
Service cost	\$ 3 041	\$ 3 086	\$ 2 481	\$ 1 713	\$ 1 760	\$ 1 698
Interest on total OPEB liability	1 938	1 938	2 108	2 348	2 032	2 095
Effect of OPEB changes	-	-	-	-	-	-
Effect of assumption changes or inputs	(27 704)	1 674	785	(444)	(7 196)	2 501
Effect of economic/demographic (gains) or losses	5 113	189	10 321	16 873	3 150	(1 251)
Benefit payments/refunds of contributions	(2 053)	(1 951)	(1 657)	(1 548)	(1 433)	(1 497)
NET CHANGE IN TOTAL OPEB LIABILITY	(19 665)	4 936	14 038	18 942	(1 687)	3 546
Total OPEB liability, beginning	94 246	89 310	75 272	56 330	58 017	54 471
TOTAL OPEB LIABILITY, ENDING <sup>(a)</sup>	\$ <u>74 581</u>	\$ <u>94 246</u>	\$ <u>89 310</u>	\$ <u>75 272</u>	\$ <u>56 330</u>	\$ <u>58 017</u>
OPEB covered payroll	\$ 2 053 399	\$ 1 951 214	\$ 1 841 027	\$ 1 720 085	\$ 1 592 276	\$ 1 496 882
Net OPEB liability as a % of covered payroll	3.63%	4.83%	4.85%	4.38%	3.54%	3.88%

**Notes to Schedule:**

Benefit Changes - There were no changes of benefit terms.

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

**Other Information:**

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