Williamson Central Appraisal District

Financial Statements

December 31, 2018

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Directors
Williamson Central Appraisal District
Georgetown, Texas

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities and the major fund of the Williamson Central Appraisal District as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Williamson Central Appraisal District as of December 31, 2018, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information on pages 3-7 and 29-31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Eide Bailly LLP

Abilene, Texas
May 2, 2019

As management of Williamson Central Appraisal District (the District), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2018.

FINANCIAL HIGHLIGHTS

Government-Wide

- The District’s total net position on a government-wide basis totaled $3,173,266 at December 31, 2018, an increase of $141,748 (or 4.7%) from net position at December 31, 2017. Approximately 76.8% of this balance is invested in capital assets, net of related debt.

General Fund

- At the end of the current fiscal year, total fund balance for the General Fund was $2,368,527, of which $1,926,194 is assigned for various purposes approved by the Board. $442,333 is available to meet the District's ongoing obligations.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

> **Governmental fund**. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information may be useful in evaluating a government's near-term financing requirements.
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> Because the focus of the general fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the general fund with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities. The governmental fund financial statements can be found on pages 8 through 12 of this report.
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> 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 12 of this report.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A 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 the taxing entities we serve; consequently, these assets are not available for future spending.

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

Williamson Central Appraisal District
Summary of Statement of Net Position

	Governmental Activities	
	2018	2017
Current and other assets	$ 4,893,517	$ 4,712,012
Capital assets, net of depreciation	3,868,890	4,048,163
Total assets	8,762,407	8,760,175
Deferred outflows of resources	1,058,188	2,165,032
Current liabilities	2,524,990	2,452,228
Noncurrent liabilities	3,912,365	5,364,767
Total liabilities	6,437,355	7,816,995
Deferred inflows of resources	209,974	76,694
Net position		
Net investment in capital assets	2,436,542	2,246,646
Unrestricted	736,724	784,872
Total net position	$ 3,173,266	$ 3,031,518

GOVERNMENTAL ACTIVITIES

Revenues for the District's governmental activities were $8,507,861 while total expenses were $8,366,113. The change in net position was an increase of $141,748. This is a $277,346 increase over prior year change in net position. The change is due to increased appraisal income.

Williamson Central Appraisal District
Changes in Net Position
For the Fiscal Year Ended December 31,

	Governmental Activities	
	2018	2017
Revenues		
Appraisal income	$ 8,419,200	$ 8,175,396
Miscellaneous income	88,661	64,208
Total revenues	8,507,861	8,239,604
Expenses		
Appraisal services	8,366,113	8,375,202
Total expenses	8,366,113	8,375,202
Change in net position	141,748	(135,598)
Net position, beginning of year	3,031,518	3,167,116
Net position, end of year	$ 3,173,266	$ 3,031,518

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental fund. The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the District. At the end of the fiscal year, the District's general fund (as presented in the government funds balance sheet on page 8) reported an ending fund balance of $2,368,527.

Budgetary highlights. Actual expenditures came in under budget by $220,082. Budget overages were noted in publications, and capital outlay, offset by savings realized mostly in salaries and related benefits, appraisal review board, and maintenance contracts.

CAPITAL ASSETS AND LONG-TERM DEBT OBLIGATION

Capital assets. The District's net investment in capital assets for its governmental activities as of December 31, 2018, amounts to $3,868,890 (net of accumulated depreciation). This represents a decrease of $179,273 from the prior fiscal year. This investment in capital assets includes land, buildings and improvements and furniture and equipment. Additional information on the District's capital assets can be found in Note 6 (p. 17) in the notes to the financial statements.

Capital Assets Schedule (net of depreciation)

	2018	2017
Land	$ 403,873	$ 403,873
Buildings and improvements	5,637,269	5,597,364
Furniture and equipment	1,132,122	1,091,582
	7,173,264	7,092,819
Less accumulated depreciation	(3,304,374)	(3,044,656)
Total capital assets	$ 3,868,890	$ 4,048,163

Long-term obligations. At the end of the current fiscal year, the District had long-term obligations for its capital lease payable, net pension liability and compensated absences in the amounts of $1,432,348, $1,818,432 and $661,585, respectively. Additional information on the District's long-term obligations can be found in Notes 6 and 10, respectively (pgs. 18-26) in the notes to the financial statements.

REQUEST 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 any additional information, please contact the Williamson Central Appraisal District, Alvin Lankford, 625 FM 1460, Georgetown, Texas 78626.

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	General Fund	Adjustments (Note A)	Statement of Net Position
Assets			
Cash and cash equivalents	$ 4,893,517	$ -	$ 4,893,517
Capital assets, net	-	3,868,890	3,868,890
Total assets	4,893,517	3,868,890	8,762,407
Deferred outflows of resources			
Deferred outflows - pension	-	1,058,188	1,058,188
Total assets and deferred outflows of resources	$ 4,893,517	4,927,078	9,820,595
Liabilities			
Accounts payable	$ 102,673	-	102,673
Payroll liabilities	283,476	-	283,476
Unearned revenue	2,138,841	-	2,138,841
Noncurrent liabilities	-	-	
Due within one year	-	382,109	382,109
Due in more than one year	-	3,530,256	3,530,256
Total liabilities	2,524,990	3,912,365	6,437,355
Deferred inflows of resources			
Deferred inflows - pension	-	209,974	209,974
Fund balance/net position			
Fund balances			
Assigned	1,926,194	(1,926,194)	-
Unassigned	442,333	(442,333)	-
Total fund balances	2,368,527	(2,368,527)	-
Total liabilities, deferred inflows of resources, and fund balances	$ 4,893,517	1,753,812	6,647,329
Net Position			
Net investment in capital assets		2,436,542	2,436,542
Unrestricted		736,724	736,724
Total net position		$ 3,173,266	$ 3,173,266

Total Fund Balances - Governmental Fund Balance Sheet	$ 2,368,527
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 $7,173,264 and the accumulated depreciation was $3,304,374. The net effect of including capital assets (net of depreciation) in the governmental activities is an increase to net position.	3,868,890
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.	(661,585)
Capital lease payable is not due and payable in the current period, and, therefore is not reported as a liability in the governmental fund. The net effect of including capital lease payable in the governmental activities is a decrease to net position.	(1,432,348)
The District recognized a net pension liability in the amount of $1,818,432, deferred outflow of resources of $1,058,188 and a deferred inflow of resources of $209,974. The net effect of these is a decrease to net position.	(970,218)
Total Net Position - Statement of Net Position	$ 3,173,266

	General Fund	Adjustments (Note B)	Statement of Activities
Revenues			
Appraisal income	$ 8,419,200	$ -	$ 8,419,200
Miscellaneous income	88,661	-	88,661
Total revenues	8,507,861	-	8,507,861
Expenditures			
Current			
Salaries	4,237,072	(34,159)	4,202,913
Allowances	236,554	-	236,554
Group health	557,116	-	557,116
Health reimbursement account	78,937	-	78,937
Retirement	697,225	191,050	888,275
Workers compensation insurance	8,302	-	8,302
Social security and disability	60,053	-	60,053
Office supplies	11,279	-	11,279
Postage	108,342	-	108,342
Forms and printing	50,379	-	50,379
Janitorial supplies	6,243	-	6,243
Minor equipment and furniture	76,288	-	76,288
Computer supplies	6,455	-	6,455
Professional development	97,252	-	97,252
Utilities	156,639	-	156,639
Appraisal review board	127,911	-	127,911
TLO expenses	9,300	-	9,300
Publications	75,711	-	75,711
Professional services	802,957	-	802,957
Maintenance contracts	223,432	-	223,432
Business insurance	16,586	-	16,586
Lease equipment	25,290	-	25,290
Building repair and maintenance	111,418	-	111,418
Board of directors	5,833	-	5,833
Computer licenses/services	81,161	-	81,161
Debt service			
Principal	369,169	(369,169)	-
Interest	56,348	-	56,348
Capital outlay			
Computer capital	105,866	(80,445)	25,421
Depreciation	-	259,718	259,718
Total expenditures	8,399,118	(33,005)	8,366,113
Change in fund balance/net position	108,743	33,005	141,748
Fund balance/net position			
Beginning of year	2,259,784	771,734	3,031,518
End of year	$ 2,368,527	$ 804,739	$ 3,173,266

Net Change in Fund Balance - Governmental Fund	$	108,743
Amounts reported for governmental activities in the statement of activities are different because:		
Decreases to liabilities for compensated absences for personal leave are not shown in the fund financial statements. The net effect of the current year's decrease in the liabilities is to increase net position.		34,159
Repayment of capital lease payable principal of $369,169 is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position and is not an expense on the statement of activities.		369,169
Current year capital outlays are expenditures in the fund financial statements but are shown as increases in capital assets in the government-wide financial statements. Total additions for the current year which were removed from fund expenditures amount to $80,445.		80,445
Depreciation is not recognized as an expenditure in the governmental fund since it does not require the use of current financial resources. The effect of recording current year depreciation is to decrease net position.		(259,718)
Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase in the amount of $697,702. The District's share of the unrecognized deferred outflows and inflows for TCDRS as of the measurement date must be amortized and the District's pension expense must be recognized. These cause the changes in net position to decrease in the in the amount of $888,752. The net effect is a decrease in net position.		(191,050)
Net Change in Net Position - Statement of Activities	$	141,748

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues				
Appraisal income	$ 8,419,200	$ 8,419,200	$ 8,419,200	$ -
Miscellaneous income	-	-	88,661	88,661
Total revenues	8,419,200	8,419,200	8,507,861	88,661
Expenditures				
Current				
Salaries	4,348,900	4,348,900	4,237,072	111,828
Allowances	255,600	255,600	236,554	19,046
Group health	603,100	603,100	557,116	45,984
Health reimbursement account	-	-	78,937	(78,937)
Retirement	752,100	752,100	697,225	54,875
Workers compensation insurance	8,900	8,900	8,302	598
Social security and disability	67,900	67,900	60,053	7,847
Office supplies	15,100	15,100	11,279	3,821
Postage	116,900	116,900	108,342	8,558
Forms and printing	53,400	53,400	50,379	3,021
Janitorial supplies	6,000	6,000	6,243	(243)
Minor equipment and furniture	74,800	74,800	76,288	(1,488)
Computer supplies	18,500	18,500	6,455	12,045
Professional development	90,100	90,100	97,252	(7,152)
Utilities	155,000	155,000	156,639	(1,639)
Appraisal review board	187,100	187,100	127,911	59,189
TLO expenses	8,400	8,400	9,300	(900)
Publications	45,700	45,700	75,711	(30,011)
Professional services	822,700	822,700	802,957	19,743
Maintenance contracts	265,800	265,800	223,432	42,368
Business insurance	15,200	15,200	16,586	(1,386)
Computer licenses/services	62,800	62,800	81,161	(18,361)
Lease equipment	41,400	41,400	25,290	16,110
Building repair and maintenance	106,500	106,500	111,418	(4,918)
Board of directors	6,000	6,000	5,833	167
Contingency emergency	500	500	-	500
Debt service				-
Principal	425,600	425,600	369,169	56,431
Interest	-	-	56,348	(56,348)
Capital outlay	60,200	60,200	105,866	(45,666)
Fund depreciation	5,000	5,000	-	5,000
Total expenditures	8,619,200	8,619,200	8,399,118	220,082
Change in fund balance	(200,000)	(200,000)	108,743	308,743
Fund balance				
Beginning of the year	2,259,784	2,259,784	2,259,784	-
End of the year	$ 2,059,784	$ 2,059,784	$ 2,368,527	$ 308,743

Note 1 - Reporting Entity

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

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

Note 2 - Government-Wide and Fund Financial Statements

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows.

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

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

The District reports the following governmental fund:

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

Note 4 - Assets, Liabilities and Net Position or Equity

Deposits and Investments

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

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

The District Investment Officer shall use any or all of the following authorized investment instruments consistent with governing law and this policy:

A. Bank Investments:

1. Fully collateralized Time Deposits,
2. Fully collateralized Certificates of Deposits,
3. Fully collateralized Money Market Accounts,
4. Fully collateralized Interest-Bearing Checking Accounts.

B. Direct Investments:

5. United States Treasury Securities,
6. AAA-rated, constant dollar Texas Local Government Investment Pools as defined by the Public Funds Investment Act and approved by resolution of the Board.
7. Excluded in the direct investments are derivative securities including, but not limited to, Collateralized Mortgage Obligations.

Portfolio maturities will be structured to achieve the highest return of interest consistent with liquidity requirements of the District's cash needs. No investment shall have a legal stated maturity of more than twelve (12) months.

At December 31, 2018, the District had $4,889,418 (bank balances) invested in interest-bearing checking or savings accounts. During the year ended December 31, 2018, the District did not own any types of securities other than those permitted by statute.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the statement of net position. The District defines capital assets with an initial, individual cost of $5,000 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 acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Assets	Years
Furniture and equipment	3-15
Buildings and improvements	30

Long-Term Obligations

In the government-wide financial statements, long-term obligations such as capital leases payable and compensated absences for personal leave are reported as liabilities in the statement of net position.

Compensated Absences

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

Use of Estimates

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

Deferred Outflows

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

Deferred Inflows

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

Pensions

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

Appraisal Assessments

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

Note 5 - Stewardship, Compliance and Accountability

Budgetary Information

A budget is adopted for the general fund on a basis consistent with generally accepted accounting principles. The operating budget was formally adopted by the Board of Directors ("the Board") at a public meeting prior to the start of the fiscal year in accordance with the Texas Property Tax Code Sections 6.06(a) and 6.06(b). The formally adopted budget may be legally amended by the Board with approval of the taxing entities in accordance with the Texas Property Tax Code Section 6.06(c). Budget transfers between expenditure line items require approval by the Board. Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

Note 6 - Detailed Notes on All Funds

Deposits and Investments

Custodial Credit Risk for Deposits: State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. The District's deposits at December 31, 2018, were fully secured by federal deposit insurance coverage and by securities pledged to the District and held by an agent of the District in the District's name. As such, the District has no custodial credit risk for deposits.

The District is not exposed to custodial credit risk of investments, interest rate risk, or concentration risk as the District currently only invests in fully collateralized bank deposits, as discussed in the above paragraph. However, the District's investment policy does limit the legal stated maturity of any individual investment to twelve months.

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 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, 2018.

Capital Assets

Capital asset activity for the year ended December 31, 2018 are as follows:

	Balance January 1, 2018	Additions	Retirements	Balance December 31, 2018
Governmental Activities				
Capital assets, not being depreciated				
Land	$ 403,873	$ -	$ -	$ 403,873
Capital assets, being depreciated				
Buildings and improvements	5,597,364	39,905	-	5,637,269
Furniture and equipment	1,091,582	40,540	-	1,132,122
Total capital assets being depreciated	6,688,946	80,445	-	6,769,391
Accumulated depreciation				
Buildings and improvements	(2,095,457)	(191,453)	-	(2,286,910)
Furniture and equipment	(949,199)	(68,265)	-	(1,017,464)
Total accumulated depreciation	(3,044,656)	(259,718)	-	(3,304,374)
Total capital assets, net	$ 4,048,163	$ (179,273)	$ -	$ 3,868,890

The District recognized depreciation expense of $259,718 in the statement of activities.

Long-Term Obligations

On April 15, 2005, the District signed a lease-purchase agreement to finance the construction of a new building. The District was required to pay monthly interest in the amount of $21,200 through April 2007. Principal payments on the lease began in May 2007. Beginning in May 2007, the payments increased to $34,528 with interest calculated at 5.3% on a principal balance of $4,800,000 for 216 consecutive months. The District refinanced the lease agreement in August 2012 with monthly payments increasing to $35,460 at 3.45% on a remaining principal balance of $3,594,433 for a further 108 consecutive months. The note matures on July 15, 2022. The building serves as collateral for the lease.

The changes in long-term obligations for the year ended December 31, 2018, were as follows:

	Balance January 1, 2018	Additions	Retirements	Balance December 31, 2018	Due Within One Year
Capital lease	$ 1,801,517	$ -	$ (369,169)	$ 1,432,348	$ 382,109
Net pension liability	2,867,506	-	(1,049,074)	1,818,432	-
Accrued personal leave	695,744	2,136	(36,295)	661,585	-
	$ 5,364,767	$ 2,136	$ (1,454,538)	$ 3,912,365	$ 382,109

Debt service requirements are as follows:

Fiscal Year	Principal	Interest	Total Requirements
2019	$ 382,109	$ 43,411	$ 425,520
2020	395,502	30,018	425,520
2021	409,365	16,155	425,520
2022	245,372	2,830	248,202
	$ 1,432,348	$ 92,414	$ 1,524,762

Note 7 - Unearned Revenue

The District assesses appraisal fees for the first quarter of the following year, prior to year-end. At December 31, 2018, the District had recorded unearned revenue of $2,138,841 for appraisal assessments received for 2019.

Note 8 - Fund Balance

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

Nonspendable fund balance includes fund balances that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. At December 31, 2018, the District had no nonspendable fund balances.

Restricted fund balance includes the amount that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At December 31, 2018, the District had no restricted fund balances.

Committed fund balance is established and modified by a resolution from the District's Board, the District's highest level of decision-making authority, and can be used only for the specific purposes determined by the Board's resolution. At December 31, 2018, the District had no committed fund balances.

Assigned fund balance is intended to be used by the District for specific purposes but does not meet the criteria to be classified as restricted or committed. The Board of Directors collectively is authorized to make assignments. Fund balance assigned for specific purposes at December 31, 2018 included the following:

Assigned for	
Buildings	$ 485,505
Health reimbursement account	63,908
TCDRS unfunded liability buydown	41,567
GIS projects	116,882
Contingency operating funds	86,404
Litigation expenses	308,685
Technology	115,357
Short-lived technology	112,540
Computer-aided mass appraisal	247,122
Device applications - debit card	133
Street level imagery	348,091
	$ 1,926,194

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

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

Note 9 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District's risk management program encompasses obtaining 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 experience to date of the District. 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 obtains workers compensation insurance through the Texas Association of Counties. The District has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years.

Note 10 - Retirement Plan

Plan Description

The District provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the state-wide agent multiple-employer public employee retirement system consisting of 760 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at Barton Oaks Plaza IV, Suite 500, 901 South Mopac Expressway, Austin, Texas 78746, or at https://www.tcdrs.org.

Benefits Provided

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

Benefit amounts are determined by the sum of the employee's deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the District's Board within certain guidelines.

Membership

District membership in the TCDRS plan at December 31, 2017 consisted of the following:

Inactive Employees' Accounts	
Receiving benefits	42
Entitled to but not yet receiving benefits	35
Total	77
Active Employees' Accounts	67
Total	67

Contributions

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

	Contribution Rates	
	2018	2017
Member	7.0%	7.0%
Employer	16.47%	16.12%
Employer Contributions	$ 697,702	$ 675,586
Member Contributions	296,534	293,368

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	12.6 years
Asset Valuation Method	5 year smoothed market
Discount Rate *	8.10%
Long-term expected Investment Rate of Return *	8.10%
Salary Increases*	4.90%, average
Payroll Growth Rate	2.0%

** Includes Inflation of 2.75%*

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

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

The actuarial assumptions were developed from an actuarial experience investigation of TCDRS over the years 2013 - 2016. Assumptions were recommended by Milliman, Inc., adopted by the TCDRS Board of Trustees in 2017 and first used in the December 31, 2017 actuarial valuation.

There were no changes in methods reflected in the December 31, 2017 actuarial valuation. The following changes in actuarial assumptions were reflected in the December 31, 2017 actuarial valuation:

- Inflation assumptions decreased from 3.00% per year to 2.75% per year, with a corresponding decrease in the general wage growth assumption from 3.5% to 3.25%.
- Slightly adjusted all mortality rates to better reflect anticipated experience.
- Adjusted retirement rates to reflect people retiring at older ages.
- Lowered disability retirement rates.
- Adjustments made to termination rates.
- Lowered probability of withdrawal of contributions upon termination.
- Adjusted merit salary scale to reflect anticipated future experience.
- Adjusted payroll increase assumption to reflect the changes in the general wage growth assumption and to reflect changes in anticipated experience.

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

Discount Rate

The discount rate used to measure the total pension liability was 8.1%. There was no change in the discount rate since the previous year.

In order to determine the discount rate to be used, the actuary used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under the funding policy and the legal requirements under the TCDRS Act:

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.

2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.

3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.

4. Any increased cost due to the adoption of a cost-of-living adjustment is required to be funded over a period of 15 years, if applicable.

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

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

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2018 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is based on a 30-year time horizon; the most recent analysis was performed in 2017 based on the period January 1, 2013 – December 31, 2016.

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

Asset Class	Benchmark	Target Allocation[1]	Geometric Real Rate of Return (Expected minus Inflation)[2]
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.55%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index[3]	16.00%	7.55%
Global Equities	MSCI World (net) Index	1.50%	4.85%
International Equities - Developed Markets	MSCI World Ex USA (net) Index	11.00%	4.55%
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	8.00%	5.55%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.75%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	8.00%	4.12%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.06%
Distressed Debt	Cambridge Associates Distressed Securities Index[4]	2.00%	6.30%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.05%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index[5]	6.00%	6.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	18.00%	4.10%

[1] Target asset allocation adopted at the April 2018 TCDRS Board meeting.

[2] Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.95%, per Cliffwater's 2018 capital market assumptions.

[3] Includes vintage years 2006 - present of Quarter Pooled Horizon IRRs.

[4] Includes vintage years 2005 - present of Quarter Pooled Horizon IRRs.

[5] Includes vintage years 2007 - present of Quarter Pooled Horizons IRRs.

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

At December 31, 2018, the District reported a net pension liability of $1,818,432 for its share of the TCDRS’s net pension liability measured at December 31, 2017. For the fiscal year ended December 31, 2018, the District recognized pension expense of $885,506.

New mortality assumptions were reflected in the December 31, 2017 valuation. New annuity purchase rates were reflected for benefits earned after 2017. Employer contributions reflect that a 1% flat COLA was adopted. There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in the net pension liability for the measurement year ended December 31, 2017 are as follows:

	Increase (Decrease)		
Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances at December 31, 2016	$22,416,308	$19,548,802	$ 2,867,506
Changes for the year			
Service cost	630,496	-	630,496
Interest on total pension liability [1]	1,831,061	-	1,831,061
Effect of plan changes [2]	-	-	-
Effect of economic/demographic gains or losses	169,993	-	169,993
Effect of assumptions changes or inputs	128,738	-	128,738
Refund of contributions	(5,404)	(5,404)	-
Benefit payments	(894,342)	(894,342)	-
Administrative expenses	-	(14,936)	14,936
Member contributions	-	293,368	(293,368)
Net investment income	-	2,854,556	(2,854,556)
Employer contributions	-	675,586	(675,586)
Other [3]	-	789	(789)
Balances as of December 31, 2017	$24,276,850	$22,458,418	$ 1,818,432

[1] Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.
[2] No plan changes valued.
[3] Relates to the allocation of system-wide items.

Discount Rate Sensitivity Analysis

The following presents the net pension liability / (asset) of the District, calculated using the discount rate of 8.10%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease (7.10%)	Current Discount Rate (8.10%)	1% Increase (9.10%)
Total pension liability	$ 27,478,324	$ 24,276,850	$ 21,564,228
Fiduciary net position	22,458,418	22,458,418	22,458,418
Net pension liability / (asset)	$ 5,019,906	$ 1,818,432	$ (894,190)

At December 31, 2018, the District reported its share of the TCDRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	$ 51,129	$ 163,029
Changes in actuarial assumptions	-	197,457
Net difference between projected and actual investment earnings	158,845	-
Contributions paid to TCDRS subsequent to the measurement date	-	697,702
Total	$ 209,974	$ 1,058,188

$697,702 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense
2019	$ 288,808
2020	219,870
2021	(164,128)
2022	(194,038)
	$ 150,512

Note 11 - Postemployment Benefits Other Than Pensions

Plan Description: The District participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the Texas County & District Retirement System (TCDRS). This plan is referred to as the Group Term Life Fund (GTLF). This optional plan provides group term life insurance coverage to current eligible employees.

The GTLF is a separate trust administered by the TCDRS board of trustees. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the GTLF. This report is available at www.tcdrs.org. TCDRS' CAFR may also be obtained by writing to the Texas County & District Retirement System, Barton Oaks Plaza IV, Suite 500, 901 South Mopac Expressway, Austin, Texas 78746, or by calling 800-823-7782.

Funding Policy: Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The District's contributions to the GTLF for the years ended December 31, 2018, 2017 and 2016 were $7,625, $7,125, and $7,121, respectively, which equaled the contractually required contributions each year.

Note 12 - Contingencies

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

Note 13 - Commitments

The District has contracted with a company for 2019 and 2020 to provide the District with valuations of oil, gas, and certain other industrial properties for $76,050 each year.

Note 14 - Deferred Compensation Plan

The District offers its employees a deferred compensation plan ("the Plan") created in accordance with Internal Revenue Service Code Section 457. The Plan, available to all full time District employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. Plan assets are held by a trust or custodian for the exclusive benefit of the participants and beneficiaries.

Note 15 - Operating Leases

The District has two operating lease agreements for equipment. Total lease expense for 2018 was $25,290. Future minimum lease payments are as follows:

Year	
2019	$ 6,142
2020	2,337
	$ 8,479

Required Supplementary Information
December 31, 2018

Williamson Central Appraisal District

	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Total Pension Liability				
Service cost	$ 630,496	$ 630,242	$ 608,489	$ 567,030
Interest on total pension liability	1,831,061	1,681,628	1,571,269	1,452,459
Effect of plan changes	-	75,708	(141,921)	-
Effect of assumption changes or inputs	128,738	-	236,165	-
Effect of economic/demographic (gains) or losses	169,993	15,852	(127,823)	87,622
Benefit payments/refunds of contributions	(899,746)	(788,378)	(782,324)	(634,259)
Net change in total pension liability	1,860,542	1,615,052	1,363,855	1,472,852
Total pension liability, beginning	22,416,308	20,801,256	19,437,401	17,964,549
Total pension liability, ending (a)	$ 24,276,850	$ 22,416,308	$ 20,801,256	$ 19,437,401
Fiduciary Net Position				
Contributions - Employer	$ 675,586	$ 710,915	$ 604,153	$ 580,824
Contributions - Member	293,368	275,529	262,349	252,208
Net investment income	2,854,556	1,331,463	(322,420)	1,128,797
Benefit payments/refunds of contributions	(899,746)	(788,378)	(782,324)	(634,259)
Administrative expenses	(14,936)	(14,463)	(13,014)	(13,506)
Other	788	69,457	50,178	(1,166)
Net change in fiduciary net position	2,909,616	1,584,523	(201,078)	1,312,898
Fiduciary net position, beginning	19,548,802	17,964,279	18,165,357	16,852,459
Fiduciary net position, ending (b)	$ 22,458,418	$ 19,548,802	$ 17,964,279	$ 18,165,357
Net pension liability / (asset), ending = (a) - (b)	$ 1,818,432	$ 2,867,506	$ 2,836,977	$ 1,272,044
Fiduciary net position as a percentage of total pension liability	92.51%	87.21%	86.36%	93.46%
Pensionable covered payroll	$ 4,190,977	$ 3,936,133	$ 3,747,845	$ 3,602,966
Net pension liability/(asset) as a percentage of covered payroll	43.39%	72.85%	75.70%	35.31%

Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a Percentage of Covered Payroll
2009	$ 483,035	$ 520,853	$ (37,818)	$ 3,437,974	15.15%
2010	491,763	501,360	(9,597)	3,309,307	15.15%
2011	518,531	527,915	(9,384)	3,475,412	15.19%
2012	530,356	1,030,355	(499,999)	3,375,917	30.52%
2013	563,091	598,461	(35,370)	3,465,173	17.27%
2014	560,261	580,824	(20,563)	3,602,966	16.12%
2015	566,299	604,153	(37,854)	3,747,845	16.12%
2016	566,016	710,915	(144,899)	3,936,133	18.06%
2017	656,726	675,586	(18,860)	4,190,977	16.12%
2018	Unknown	697,702	Unknown	4,236,199	16.47%

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

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

Assumptions

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

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	12.6 years (based on contribution rate calculated in 12/31/2017 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by age and service. 4.9% average over career, including inflation.
Investment rate of return	8.00%, net of administrative and 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% of the MP-2014 Ultimate scale after 2014.

Changes of Benefit Terms

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

Changes in the Size or Composition of the Population Covered by the Benefit Terms

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

Changes of Assumptions

New mortality assumptions were reflected in the December 31, 2017 valuation. New annuity purchase rates were reflected for benefits earned after 2017. Employer contributions reflect that a 1% flat COLA was adopted.