

BASTROP CENTRAL APPRAISAL DISTRICT

ANNUAL REPORT

2017

EXECUTIVE SUMMARY

The District continued to utilize the new computer assisted mass appraisal system to gather and update information on parcels in the District. The staff appraisers used iPad entry devices to check and update data and add new photos of improvements to the file. It was discovered during the year that many parcels had not been looked at in several years and the staff found numerous structures in the review of accounts. The field review will continue through 2018 to reach a point of all parcels with inspection dates in compliance with the International Association of Assessing Officers.

Richard Petree was asked by the Board of Directors to continue as the Interim Chief Appraiser until August, 2018 to complete the appraisal plan and ensure that all schools get into full compliance with state law and guidelines.

In January 2018, the State Comptroller released their findings for the Property Value Study for Bastrop and Smithville ISDs. The District had failed those two schools in 2016 and a key focus of the value changes in 2017 was to get the schools back in compliance so they would get full funding. The adjustments to value were sufficient and both districts passed. The details of the study are attached.

It was a difficult year for the District and taxpayers as values had to be increased an average of 15% to get to the levels of what the market was reflecting. Numerous protests were filed, but most taxpayers were reasonable and the staff worked to resolve many of the complaints without formal hearings before the ARB.

GENERAL INFORMATION

The Bastrop Central Appraisal District is a political subdivision of the State of Texas. The provisions of the Texas Property Tax Code govern the legal, statutory, and administrative requirement of the appraisal district. Members of the Board of Directors are elected by the taxing units within the boundaries of Bastrop County and must have resided within the district two years prior to serving on the Board. The Chief Appraiser is appointed by the Board of Directors and is the chief administrator of the appraisal district. The Appraisal District is responsible for local property tax appraisal and exemption administration. The local taxing units – County, Schools, Cities, and special districts (Water Control, Emergency Service and Community College) – set a tax rate from your property tax appraisal issued by the Appraisal District.

Article 8 of The Texas Constitution defines five basic rules for property taxes:

- Property taxes must be equal and uniform
- Generally, property must be taxed at market value defined as "the price at which a property would transfer for cash or its equivalent under prevailing market conditions". There are limited exceptions to this rule, such as productivity value for agricultural land.

- Each property must have a single appraised value.
- All property is taxable unless federal or state law exempts it from taxation
- Property owners have the right to reasonable notice of increases in the appraised value of their property.

The Bastrop Central Appraisal District was created by the Texas Legislature in 1979. Senate Bill 621 required that an appraisal district be established in each county for the purpose of appraising property for ad valorem tax purposes. Appraisal districts are local government political subdivisions of the state responsible for appraising property with county boundaries. Prior to the creation of central appraisal districts, each taxing unit followed their own appraisal standards and practices. Values were inaccurate and inequitable. Property owners were required to visit multiple taxing units to resolve any disputes concerning property value. Under the current system, taxpayers only have to go to one place to take care of appraisal business.

By law, an appraisal district is to be managed by a professional staff with training and education prescribed by the State of Texas. Appraisers are registered with the Texas Department of Licensing and Registration and must complete courses and exams to become a Registered Professional Appraiser.

BUDGET INFORMATION

The budget for 2017 in the amount of \$1,922,596 was submitted to the Board of Directors and approved in September, 2016. The total number of employees was 19. The total expenditures for the year were \$1,898,174 and the available ending fund balance was \$132,932. The Board approved a refund to the tax units of \$58,000 after retaining \$74,932 to replenish legal reserves and to purchase a new truck. A copy of the audit of 2017 income and expenses is attached as an addendum.

THE APPRAISAL PROCESS

Real estate and most business personal property in Bastrop County is appraised by the in-house staff. Appraisers inspect properties, measure improvements, and class improvements based on the quality of construction, and estimate depreciation. The data is entered into a Computer Assisted Mass Appraisal (CAMA) software which produces estimated values of each parcel in Bastrop County based on statistical criteria. The district hires a professional appraisal company (Capitol Appraisal Group) to appraise complex properties requiring engineering experience such as power plants, utility systems, and oil and gas production.

EXEMPTIONS

The district administers various exemptions that taxpayers may qualify for including Homestead and Over 65 residential exemptions. A homestead may include up to 20 acres of land if actually used in the residential use (occupancy) of the home. To qualify for a homestead exemption, a taxpayer must own and reside in the home on January 1 of the tax year. The age 65 or older or disability exemption for school taxes includes a school tax limitation or ceiling. Some taxing units such as county and cities have exemptions and tax ceilings limits. The filing of this application is between January 1 and April 30 but applications may be filed no later than one year after the date taxes become delinquent. There is also a Transfer of Tax Limitation or Ceiling Certificate if a person moves out of the county. Other exemptions

include disabled veteran exemption, special types of property such as solar equipment, and complete exemptions for organizations qualifying as charities and not-for-profits.

AGRICULTURAL 1-D-1 OPEN SPACE AND WILDLIFE MANAGEMENT

Rural property owners may apply for a designation of agricultural use valuation if they use their property for the commercial production of crops or livestock. The basis of taxation is based on the agricultural income to the property and is substantially less than the market value taxation. If the property changes to a residential or commercial use, taxes are rolled back five years and collected with interest. Wildlife management is also available if the property has been previously granted agricultural use. Wildlife management requires a plan with various activities on the parcel to enhance the growth and preservation of various types of wildlife.

PTAD REVIEWS

Appraisal practices are governed by the Texas Property Tax Code and rules established by the Texas Comptroller of Public Accounts. The Property Tax Assistance Division conducts a Property Value Study and a Methods and Assistance Program review in alternating years. Results of both reviews are available on the Comptroller's website.

The Property Value Study is conducted by the State Comptroller's Office to estimate the taxable property value in each school district to measure the performance of Appraisal Districts. If the Appraisal District is within a 5% percent margin, the State Comptroller will certify the local value to the Commissioner of Education. The findings of the study are used in the school funding formula for state aid. If the District fails to appraise properties within the 5% margin of error and continues to fail to do that for two years, the schools of Bastrop County are subjected to reduced state funding through the Texas Education Agency.

APPEALS OF VALUE

State law allows taxpayers to appeal their property values or other issues such as denial of full exemption, denial of agricultural value designation, or other issues that impact amounts of property taxes paid. The appeals are heard by the Appraisal Review Board (ARB), a citizens group comprised of seven local people from across the County. In 2017, 4748 appeals were filed by owners or agents of properties in the County. The value appeals totaled \$1,689,626,254. Seventeen hundred eighty-eight properties were scheduled for hearings before the ARB.


Taxes

Property Tax Assistance

2017 ISD Summary Worksheet**011/Bastrop****011-901/Bastrop ISD**

Category	Local Tax Roll Value	2017 WTD Mean Ratio	2017 PTAD Value Estimate	2017 Value Assigned
A. Single-Family Residences	2,315,273,323	.9799	2,362,764,897	2,315,273,323
B. Multi-Family Residences	64,260,958	N/A	64,260,958	64,260,958
C1. Vacant Lots	122,436,111	N/A	122,436,111	122,436,111
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	15,717,984	1.1937	13,167,379	15,717,984
D2. Real Prop Farm & Ranch	0	N/A	0	0
E. Real Prop NonQual Acres	531,018,934	.9070	585,467,402	531,018,934
F1. Commercial Real	564,629,336	1.0023	563,333,669	564,629,336
F2. Industrial Real	10,539,224	N/A	10,539,224	10,539,224
G. Oil, Gas, Minerals	1,107,568	N/A	1,107,568	1,107,568
J. Utilities	100,620,284	N/A	100,620,284	100,620,284
L1. Commercial Personal	160,821,720	N/A	160,821,720	160,821,720

L2. Industrial Personal	106,549,034	N/A	106,549,034	106,549,034
M. Other Personal	107,270,389	N/A	107,270,389	107,270,389
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	25,185,965	N/A	25,185,965	25,185,965
Subtotal	4,125,430,830		4,223,524,600	4,125,430,830
Less Total Deductions	664,889,783		680,027,096	664,889,783
Total Taxable Value	3,460,541,047		3,543,497,504	3,460,541,047 T2

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

Value Taxable For M&O Purposes

T1	T2	T3	T4
3,546,552,755	3,460,541,047	3,546,552,755	3,460,541,047

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
86,011,708	0

T1 = School district taxable value for M&O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M&O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

Value Taxable For I&S Purposes

T7	T8	T9	T10
3,546,552,755	3,460,541,047	3,546,552,755	3,460,541,047

T7 = School district taxable value for I&S purposes before the loss to the additional \$10,000 homestead exemption

T8 = School district taxable value for I&S purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50% of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50% of the loss to the local optional percentage homestead exemption

The PVS found your local value to be valid, and local value was certified


Taxes

Property Tax Assistance

2017 ISD Summary Worksheet**011/Bastrop****011-904/Smithville ISD**

Category	Local Tax Roll Value	2017 WTD Mean Ratio	2017 PTAD Value Estimate	2017 Value Assigned
A. Single-Family Residences	476,968,748	.9593	497,204,991	476,968,748
B. Multi-Family Residences	8,060,375	N/A	8,060,375	8,060,375
C1. Vacant Lots	22,813,327	N/A	22,813,327	22,813,327
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	11,916,081	1.1751	10,140,124	11,916,081
D2. Real Prop Farm & Ranch	0	N/A	0	0
E. Real Prop NonQual Acres	306,109,782	.9312	328,726,140	306,109,782
F1. Commercial Real	46,090,368	.9931	46,410,601	46,090,368
F2. Industrial Real	671,113	N/A	671,113	671,113
G. Oil, Gas, Minerals	5,734,492	N/A	5,734,492	5,734,492
J. Utilities	39,469,348	N/A	39,469,348	39,469,348
L1. Commercial Personal	15,349,459	N/A	15,349,459	15,349,459

L2. Industrial Personal	8,189,998	N/A	8,189,998	8,189,998
M. Other Personal	21,672,678	N/A	21,672,678	21,672,678
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	982,285	N/A	982,285	982,285
Subtotal	964,028,054		1,005,424,931	964,028,054
Less Total Deductions	192,276,234		202,579,415	192,276,234
Total Taxable Value	771,751,820		802,845,516	771,751,820 T2

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

Value Taxable For M&O Purposes

T1	T2	T3	T4
794,381,706	771,751,820	794,381,706	771,751,820

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
22,629,886	0

T1 = School district taxable value for M&O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M&O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

Value Taxable For I&S Purposes

T7	T8	T9	T10
794,381,706	771,751,820	794,381,706	771,751,820

T7 = School district taxable value for I&S purposes before the loss to the additional \$10,000 homestead exemption

T8 = School district taxable value for I&S purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50% of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50% of the loss to the local optional percentage homestead exemption

The PVS found your local value to be valid, and local value was certified

075/Fayette

011-904/Smithville ISD

Category	Local Tax Roll Value	2017 WTD Mean Ratio	2017 PTAD Value Estimate	2017 Value Assigned
A. Single-Family Residences	2,169,220	N/A	2,169,220	2,169,220
B. Multi-Family Residences	0	N/A	0	0
C1. Vacant Lots	364,290	N/A	364,290	364,290

C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	525,000	N/A	525,000	525,000
D2. Real Prop Farm & Ranch	3,270	N/A	3,270	3,270
E. Real Prop NonQual Acres	12,411,190	N/A	12,411,190	12,411,190
F1. Commercial Real	193,800	N/A	193,800	193,800
F2. Industrial Real	0	N/A	0	0
G. Oil, Gas, Minerals	137,990	N/A	137,990	137,990
J. Utilities	1,891,360	N/A	1,891,360	1,891,360
L1. Commercial Personal	0	N/A	0	0
L2. Industrial Personal	221,640	N/A	221,640	221,640
M. Other Personal	249,350	N/A	249,350	249,350
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	18,167,110		18,167,110	18,167,110
Less Total Deductions	2,106,707		2,106,707	2,106,707
Total Taxable Value	16,060,403		16,060,403	16,060,403 T2

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts

that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

Value Taxable For M&O Purposes

T1	T2	T3	T4
16,504,733	16,060,403	16,504,733	16,060,403

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
444,330	0

T1 = School district taxable value for M&O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M&O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

Value Taxable For I&S Purposes

T7	T8	T9	T10
16,504,733	16,060,403	16,504,733	16,060,403

T7 = School district taxable value for I&S purposes before the loss to the additional \$10,000 homestead exemption

T8 = School district taxable value for I&S purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50% of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50% of the loss to the local optional percentage homestead exemption

The PVS found your local value to be valid, and local value was certified

011-904/Smithville ISD

Category	Local Tax Roll Value	2017 WTD Mean Ratio	2017 PTAD Value Estimate	2017 Value Assigned
A. Single-Family Residences	479,137,968	.9595	499,374,211	479,137,968
B. Multi-Family Residences	8,060,375	N/A	8,060,375	8,060,375
C1. Vacant Lots	23,177,617	N/A	23,177,617	23,177,617
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	12,441,081	1.1665	10,665,124	12,441,081
D2. Real Prop Farm & Ranch	3,270	N/A	3,270	3,270
E. Real Prop NonQual Acres	318,520,972	.9337	341,137,330	318,520,972
F1. Commercial Real	46,284,168	.9931	46,604,401	46,284,168
F2. Industrial Real	671,113	N/A	671,113	671,113
G. Oil, Gas, Minerals	5,872,482	N/A	5,872,482	5,872,482
J. Utilities	41,360,708	N/A	41,360,708	41,360,708
L1. Commercial Personal	15,349,459	N/A	15,349,459	15,349,459
L2. Industrial Personal	8,411,638	N/A	8,411,638	8,411,638
M. Other Personal	21,922,028	N/A	21,922,028	21,922,028
N. Intangible Personal Prop	0	N/A	0	0

O. Residential Inventory	0	N/A	0	0
S. Special Inventory	982,285	N/A	982,285	982,285
Subtotal	982,195,164		1,023,592,041	982,195,164
Less Total Deductions	194,382,941		204,686,122	194,382,941
Total Taxable Value	787,812,223		818,905,919	787,812,223 T2

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Comptroller Of Public Accounts - Property Tax Division

2017 ISD Summary Worksheet

011-904/Smithville ISD

Final Values Worksheet

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

Value Taxable For M&O Purposes

T1	T2	T3	T4
810,886,439	787,812,223	810,886,439	787,812,223

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
23,074,216	0

T1 = School district taxable value for M&O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M&O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

Value Taxable For I&S Purposes

T7	T8	T9	T10
810,886,439	787,812,223	810,886,439	787,812,223

T7 = School district taxable value for I&S purposes before the loss to the additional \$10,000 homestead exemption

T8 = School district taxable value for I&S purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50% of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50% of the loss to the local optional percentage homestead exemption

BASTROP CENTRAL
APPRAISAL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2017



SINGLETON, CLARK
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

BASTROP CENTRAL APPRAISAL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017

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INDEPENDENT AUDITOR’S REPORT

Members of the Board of Directors of
Bastrop Central Appraisal District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bastrop Central Appraisal District (the “District”) as of and for the year ended December 31, 2017, 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2017, the respective changes in financial position, and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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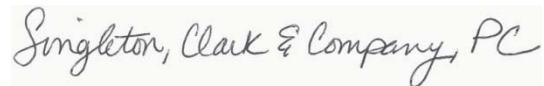
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis section, preceding the basic financial statements, and the budgetary comparison information, following the basic financial statements, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Singleton, Clark & Company, PC
Cedar Park, Texas

February 2, 2018

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BASTROP CENTRAL APPRAISAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of the Bastrop Central Appraisal District (hereafter the "District") presents our discussion and analysis of the financial performance of the District during the fiscal year ended December 31, 2017. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position, as measured under the full accrual basis of accounting, was \$1,204,034 as of December 31, 2017. This measure of accounting considers the long-term assets and liabilities of the District such as buildings and equipment in addition to the short-term assets and liabilities measured in the fund basis statements.
- The District's net position decreased for the year by \$31,458 related to operations and ended at \$1,204,034 as a result of current year activities. A prior period adjustment related to the initial recognition of the District's net pension liability was required and it decreased the beginning net position by \$5,086. The effect of these changes in total is a net position decrease of \$36,544.
- For the year ended December 31, 2017, the District's General Fund experienced a fund balance decrease of \$123,118 to end at \$206,813. The total operating expenditures of the District for the year were \$1,898,174; and, the District recorded an additional \$152,071 other use expenditure related to refunds to taxing authorities of prior year appraisal fees.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - *management's discussion and analysis* (this section), the *basic financial* statements, and *required supplementary information/other reporting*. The basic financial statements include two types of statements that present different views of the District.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting 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. 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 present a budget to actual comparison for the General Fund as well as pension related information.

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 District's assets and liabilities. 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.

BASTROP CENTRAL APPRAISAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

The two government-wide statements report the District's net position and how it has changed. Net position - the difference between the District's assets and liabilities - 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.

The government-wide financial statements of the District include the *governmental activities*. All of the District's basic services (appraisal services) are included here.

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 groupings of related accounts that keep track of specific sources of funding and spending for particular purposes. The District, like other local governments, uses funds to show compliance with finance related legal requirements as well as to control and manage money for other particular purposes.

The District currently has one type of funds:

- Governmental funds – The District's operations only facilitated the use of one governmental fund in the current year, the General Fund. Governmental-type funds focus on short-term inflows and outflows of available resources and the balances of these resources that are available at the end of the year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* 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 District's near-term financing 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 *governmental funds* and *governmental activities*.

The District adopts an annual appropriations budget for its General Fund. A budgetary comparison schedule has been provided on Page 14 to demonstrate compliance with this budget.

FINANCIAL ANALYSIS OF THE BASTROP CENTRAL APPRAISAL DISTRICT AS A WHOLE (GOVERNMENT-WIDE)

Presented below are summaries of the District's net position (Table I) and changes in net position (Table II) of the District's governmental activities with a comparison to prior year amounts.

BASTROP CENTRAL APPRAISAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Table I
Summary of Net Position

	Governmental Activities 2017	Governmental Activities 2016	Change
Current & other assets	\$ 698,925	\$ 639,096	\$ 59,829
Capital assets, net	1,226,834	1,282,092	(55,258)
Deferred outflows	92,234	-	92,234
Total assets and deferred outflows	2,017,993	1,921,188	96,805
Current liabilities	813,959	309,165	504,794
Long-term liabilities	312,074	371,445	(59,371)
Total liabilities and deferred inflows	1,126,033	680,610	445,423
Net position			
Net investment in capital assets	934,298	924,571	9,727
Unrestricted	269,736	316,007	(46,271)
Total Net Position	\$ 1,204,034	\$ 1,240,578	\$ (36,544)

Table II
Summary of Changes in Net Position

	Governmental Activities 2017	Governmental Activities 2016	Change
Revenues:			
Program Revenues:			
Charges for services	\$ 1,920,830	\$ 1,843,217	\$ 77,613
Other	3,068	55,716	(52,648)
Total revenue	1,923,898	1,898,933	24,965
Expenses:			
General government	1,806,514	1,672,615	133,899
Special item - Inflow	(3,229)	-	(3,229)
Special item - Outflow	152,071	-	152,071
Total expenses	1,955,356	1,672,615	282,741
Increase (decrease) in net position	(31,458)	226,318	(257,776)
Net position - beginning	1,240,578	1,014,260	226,318
Prior period adjustment	(5,086)	-	(5,086)
Net position - ending	\$ 1,204,034	\$ 1,240,578	\$ (36,544)

BASTROP CENTRAL APPRAISAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Governmental Activities

Total revenues for the fiscal year ending December 31, 2017 were \$1,923,898. Nearly 100% of the District's revenues were derived from charges for appraisal services to the taxing entities served and other charges to the public for records services. The total cost of all operations of the District was \$1,920,830 which includes depreciation on the District's capital assets. The District's net position decreased for the year by \$31,458 and ended at \$1,204,034. A prior period adjustment related to the implementation of GASB 68 (initial recognition of the District's net pension liability) was required and it decreased the beginning net position by \$5,086. The net effect of these changes is an overall net position decrease of \$36,544.

FINANCIAL ANALYSIS OF THE APPRAISAL DISTRICT'S FUND

As of the end of the fiscal year, the District's General Fund reported a total ending fund balance of \$206,813. According to State law, appraisal districts are required to return excess funds to their served jurisdictions, and accordingly, the District will consider and make any necessary refunds in the spring of 2018 (currently the District's remaining balance after nonspendable and committed amounts is designated as assigned for reserves).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2017, the District had invested \$1,226,834, net of accumulated depreciation, in a broad range of capital assets, including land, buildings and equipment. A summary of capital assets for the current and prior year is as follows:

	Governmental Activities 2017	Governmental Activities 2016	Change
Land	\$ 201,219	\$ 201,219	\$ -
Buildings	1,140,241	1,140,241	-
Furniture and equipment	644,982	866,474	(221,492)
Vehicles	63,536	61,746	1,790
Total	<u>2,049,978</u>	<u>2,269,680</u>	<u>(219,702)</u>
Less Accumulated Depreciation	<u>(823,144)</u>	<u>(987,588)</u>	<u>164,444</u>
Capital Assets, net of Depreciation	<u><u>\$ 1,226,834</u></u>	<u><u>\$ 1,282,092</u></u>	<u><u>\$ (55,258)</u></u>

BASTROP CENTRAL APPRAISAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Debt

As of December 31, 2017, the District had \$320,189 in long-term obligations consisting of a capital lease, compensated absences and its net pension liability. A summary of year over year balances is shown below:

	Governmental Activities 2017	Governmental Activities 2016	Change
Capital lease payable	\$ 292,536	\$ 357,521	\$ (64,985)
Compensated absences	19,538	13,924	5,614
Net pension liability	8,115	-	8,115
Total Long-Term Obligations	\$ 320,189	\$ 371,445	\$ (51,256)

FUND BALANCE

As of December 31, 2017, the District had three fund balance amounts: nonspendable of \$30,823, committed of \$43,058 and assigned of \$132,932. As of year end, management has decided to assign the current year's residual (after nonspendable and committed amounts) fund balance. This assigned fund balance as of year end is subject to review and analysis by the Board and may be modified related to District needs and/or refunds to member taxing authorities.

BUDGET DISCUSSION

During the year, the District amended its original General Fund budget. None of these amendments was considered significant. The District did not experience significant negative budget variances for the year ended December 31, 2017.

CONTACTING THE BASTROP CENTRAL APPRAISAL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and customers with a general overview of the Bastrop Central Appraisal District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to Richard Petree, Interim Chief Appraiser, Bastrop Central Appraisal District, 212 Jackson Street, Bastrop, Texas 78612.

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GOVERNMENT-WIDE STATEMENTS

BASTROP CENTRAL APPRAISAL DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 668,102
Prepaid items	30,823
Capital assets, not being depreciated:	
Land	201,219
Capital assets, being depreciated:	
Buildings and improvements	1,140,241
Equipment	644,982
Vehicles	63,536
Accumulated depreciation	(823,144)
Total assets	1,925,759
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	92,234
Total deferred outflows of resources	92,234
LIABILITIES	
Accounts payable	104
Accrued salaries and benefits	14,106
Accrued interest payable	1,658
Unearned revenue	477,902
Noncurrent liabilities:	
Due within one year	69,580
Due in more than one year	242,494
Net pension liability	8,115
Total liabilities	813,959
NET POSITION	
Net investment in capital assets	934,298
Unrestricted	269,736
Total net position	\$ 1,204,034

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

BASTROP CENTRAL APPRAISAL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Functions/Programs:	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Primary Government Governmental Activities
Primary Government:			
Governmental activities:			
Tax appraisal	\$ 1,806,514	\$ 1,920,830	\$ 114,316
Total primary government	<u>\$ 1,806,514</u>	<u>\$ 1,920,830</u>	<u>114,316</u>
General revenues:			
Investment earnings			1,347
Miscellaneous			1,721
Total general revenues			<u>3,068</u>
Special item - other debt issue proceeds			3,229
Special item - refund of prior year appraisal fees to taxing authorities			<u>(152,071)</u>
Total general revenues and special items			<u>(145,774)</u>
Change in net position			(31,458)
Net position - beginning			<u>1,240,578</u>
Prior period adjustment			<u>(5,086)</u>
Net position - ending			<u>\$ 1,204,034</u>

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

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FUND BASIS STATEMENTS

BASTROP CENTRAL APPRAISAL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General Fund
ASSETS	
Cash and cash equivalents	\$ 668,102
Prepaid expenditures	30,823
Total assets	\$ 698,925
LIABILITIES	
Accounts payable	\$ 104
Accrued salaries and benefits	14,106
Unearned revenue	477,902
Total liabilities	492,112
FUND BALANCES	
Nonspendable:	
Prepaid expenditures	30,823
Committed:	
Reserve for legal expenditures	43,058
Assigned:	
Reserves	132,932
Total fund balance	206,813
Total liabilities, deferred inflows, and fund balances	\$ 698,925

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

BASTROP CENTRAL APPRAISAL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2017

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

Total fund balance of all governmental funds	\$	206,813
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,226,834
The net effect of various transactions related to the net pension liability is to increase the change in net position		84,119
Long-term liabilities, including capital leases, are not due and period and, therefore, are not reported in the funds.		(313,732)
Net position of governmental activities	\$	<u><u>1,204,034</u></u>

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

BASTROP CENTRAL APPRAISAL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund
REVENUES	
Appraisal fees from taxing authorities	\$ 1,920,830
Investment earnings	1,347
Miscellaneous revenue	1,721
Total revenues	1,923,898
EXPENDITURES	
Current:	
Salaries and benefits	1,292,349
Professional services	220,502
Travel	11,018
Supplies	35,290
Postage and printing	39,858
Dues and memberships	3,082
Training	8,101
Utilities	29,578
Equipment and maintenance	74,929
Appraisal and board expenditures	38,553
Equipment leases	11,724
Insurance	6,790
Miscellaneous	15,234
Debt service:	
Debt principal	64,985
Interest	13,367
Capital outlay	32,814
Total expenditures	1,898,174
Excess (deficiency) of revenues over expenditures	25,724
OTHER FINANCING SOURCES (USES)	
Special item - other debt issue proceeds	3,229
Special item - refund of prior year appraisal fees to taxing authorities	(152,071)
Total other financing sources (uses)	(148,842)
Net change in fund balance	(123,118)
Fund balance - beginning	329,931
Fund balance - ending	\$ 206,813

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

BASTROP CENTRAL APPRAISAL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2017

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

Net change in fund balances for total governmental funds	\$ (123,118)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	(55,258)
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The issuance of long-term debt (e.g., capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	57,713
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The net effect of various transactions related to the net pension liability is to increase the change in net position	89,205
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Change in net position for governmental activities	\$ (31,458)
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The notes to the financial statements are an integral part of this statement.

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BASTROP CENTRAL APPRAISAL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Appraisal fees from taxing authorities	\$ 1,917,596	\$ 2,046,596	\$ 1,920,830	\$ (125,766)
Investment earnings	750	750	1,347	597
Miscellaneous revenue	4,250	4,250	1,721	(2,529)
Total revenues	<u>1,922,596</u>	<u>2,051,596</u>	<u>1,923,898</u>	<u>(127,698)</u>
EXPENDITURES				
Current:				
Salaries and benefits	1,322,146	1,346,146	1,292,349	53,797
Professional services	192,000	254,000	220,502	33,498
Travel	29,500	24,500	11,018	13,482
Supplies	23,000	20,000	35,290	(15,290)
Postage and printing	56,000	51,000	39,858	11,142
Dues and memberships	4,250	4,250	3,082	1,168
Training	13,000	13,000	8,101	4,899
Utilities	35,500	35,500	29,578	5,922
Equipment and maintenance	73,500	83,500	74,929	8,571
Appraisal and board expenditures	45,000	45,000	38,553	6,447
Equipment leases	14,000	14,000	11,724	2,276
Insurance	7,000	7,000	6,790	210
Miscellaneous	22,000	20,800	15,234	5,566
Debt service:				
Debt principal	65,000	65,000	64,985	15
Interest	14,000	14,000	13,367	633
Capital outlay	6,700	53,900	32,814	21,086
Total Expenditures	<u>1,922,596</u>	<u>2,051,596</u>	<u>1,898,174</u>	<u>153,422</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>25,724</u>	<u>25,724</u>
OTHER FINANCING SOURCES (USES)				
Special item - other debt issue proceeds	-	-	3,229	3,229
Special item - refund of prior year appraisal fees to	-	(152,070)	(152,071)	(1)
Total other financing sources (uses)	<u>-</u>	<u>(152,070)</u>	<u>(148,842)</u>	<u>3,228</u>
Net change in fund balances	-	(152,070)	(123,118)	28,952
Fund balance - beginning	329,931	329,931	329,931	-
Fund balance - ending	<u>\$ 329,931</u>	<u>\$ 177,861</u>	<u>\$ 206,813</u>	<u>\$ 28,952</u>

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

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NOTES TO THE FINANCIAL STATEMENTS

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BASTROP CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

Bastrop Central Appraisal District (the “District”) was organized, created and established pursuant to rules established by the Texas Property Code (the “Code”) Section 6.01. The Code established an appraisal district in each county of the State of Texas. The District is responsible for appraising property in the district for district taxing units for ad valorem tax purposes.

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 General Fund of the District. The District has no oversight responsibility for any other government entity since no other entity is 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/or the appointment of another entity’s governing body. And, as the District is considered a primary government for financial reporting, its activities are not considered part of any other government or reporting entity.

B. 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 nonfiduciary activities of the primary government. The Statement of Activities demonstrates the degree to which the direct expenses of a given department are offset by department revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given department 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular department. While the District did not receive program revenues during the year considered to be grants and contributions, the revenues received from the entities it serves for property appraisal and tax collection are considered to fall in the charges to customers program category.

Under governmental financial reporting, separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. This year the District did not have proprietary funds to report. Major individual governmental funds are reported as separate columns in the fund financial statements, although the District only maintains one governmental type fund.

C. 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*, as do the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

BASTROP CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Basis of Accounting

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 government considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental-type fund:

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

D. BUDGETARY DATA

The District prepares and adopts an official budget prior to the beginning of each year. This budget is reviewed and approved by each of the entities that the District serves. Amendments may be brought to the Board of Directors by management during the year as necessary. During the current year there were no significant amendments made to the operating budget.

E. OTHER ACCOUNTING POLICIES

Prepaid Items and Inventories

Payments made to vendors for services that will benefit periods in the future are recorded as prepaid items. Likewise, the cost of inventories is recorded as an expenditure when consumed rather than when purchased. At year end, the District did not have amounts recorded as inventory.

Capital Assets

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financial sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources".

Capital assets are defined by the District as assets with an initial cost of more than \$1,000 and an estimated useful life of more than one year. 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

BASTROP CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Buildings, improvements, and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital asset classes</u>	<u>Lives</u>
Buildings	40
Office and computer equipment	7-10
Vehicles	7

Compensated Absences

The District’s policy permits employees to accumulate earned, but unused, vacation benefits and comp time which are eligible for payment upon separation from District’s service. This liability is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

Fund Balances

The fund financial statement (the balance sheet) presents fund balances classified in a hierarchy based on the constraints governing how these balances may be spent. The classifications are nonspendable, restricted, committed, assigned and unassigned. As of December 31, 2017 the District had a \$30,823 nonspendable fund balance (related to District prepaid items), a \$43,058 committed fund balance related to legal reserves (balance created through Board action), and a \$132,932 assigned for reserves balance related to 2017 surplus (balance created by management and is subject to review by the Board).

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas County and District Retirement System (TCDRS) and the additions to/deductions from TCERS’ fiduciary net position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the periods 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.

II. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Custodial Credit Risk Deposits

Related to deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s deposits were fully insured by Federal Deposit Insurance Corporation (FDIC) and pledged securities during the current year.

Investments

The District currently has a written, approved investment policy addressing investment risks. The District currently invests only in savings and/or interest bearing checking accounts and so is not exposed to investment risks beyond custodial credit risk.

BASTROP CENTRAL APPRAISAL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2017

B. CAPITAL ASSETS

The District had the following changes in general capital assets for the year ended December 31, 2017:

Governmental Activities:

	Balance 1/1/17	Increases	Decreases	Balance 12/31/17
Capital assets, not being depreciated:				
Land	\$ 201,219	\$ -	\$ -	\$ 201,219
Total capital assets, not being depreciated	201,219	-	-	201,219
Capital assets, being depreciated:				
Building	1,140,241	-	-	1,140,241
Office and computer equipment	866,474	18,224	(239,716)	644,982
Vehicles	61,746	14,590	(12,800)	63,536
Total capital assets, being depreciated	2,068,461	32,814	(252,516)	1,848,759
Less accumulated depreciation for:				
Building	(494,208)	(28,506)	-	(522,714)
Office and computer equipment	(446,324)	(55,586)	239,716	(262,194)
Vehicles	(47,056)	(3,980)	12,800	(38,236)
Total accumulated depreciation	(987,588)	(88,072)	252,516	(823,144)
Total capital assets being depreciated, net	1,080,873	(55,258)	-	1,025,615
Governmental activities capital assets, net	\$ 1,282,092	\$ (55,258)	\$ -	\$ 1,226,834

Depreciation expense has been allocated based on depreciation of the specific assets used. A summary of allocated depreciation is as follows:

Governmental activities:

Tax appraisal	\$ 88,072
Total depreciation expense	<u>\$ 88,072</u>

C. DUE TO ENTITIES

In 1989, the Texas Legislature passed legislation that requires appraisal districts in Texas to refund excess fund balances (except fund balances committed for specific purposes) back to the entities served. As of December 31, 2017, that District did not have refunds due to taxing units related to fiscal year 2017 pending any future decision by the Board to return appraisal fees.

D. UNEARNED REVENUES

As of December 31, 2017, the balance for unearned revenues shown on the balance sheet of \$477,902 represents first quarter 2018 assessments received prior to December 31, 2017. The first quarter assessments are for the next budget period and are considered unearned in order to match revenues with budgetary expenditures of the same year.

BASTROP CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

E. LONG-TERM LIABILITIES

The District has a capital lease for software and equipment to be repaid over 5 years and carries an interest rate of 3.29%. During the year the District paid \$64,985 of the capital lease through scheduled payments. Additionally, during the current year the District's compensated absences liability increased by \$5,614 to end at \$19,538. And lastly, The District began participating in the Texas County and District Retirement System and as a result recorded a net pension liability of \$8,115.

Governmental Activities:

Type	Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 12/31/17
Capital Lease:					
Software and equipment	7/26/2016	\$ 357,521	3.29%	10/30/2021	\$ 292,536
Total capital lease payable					\$ 292,536

Description	Balance 1/1/17	Additions	Deletions	Balance 12/31/17
Capital lease	\$ 357,521	\$ -	\$ (64,985)	\$ 292,536
Compensated absences	13,924	5,614	-	19,538
Net pension liability	-	8,115	-	8,115
Governmental activities long-term liabilities	\$ 371,445	\$ 13,729	\$ (64,985)	\$ 320,189

Year Ended December 31,	
2018	\$ 78,352
2019	78,352
2020	78,352
2021	78,352
Total minimum lease payments	313,408
Less: amount representing interest	(20,872)
Present value of minimum lease payments	\$ 292,536

E. OPERATING LEASES

As of December 31, 2017 the District had the below obligation related to equipment operating leases.

Year Ending December 31	Copier Lease	Postage Lease	Total
2018	\$ 6,900	\$ 4,510	\$ 11,410
2019	6,900	4,510	11,410
2020	6,900	4,510	11,410
2021	6,900	3,382	10,282
2022	5,175	-	5,175
	\$ 32,775	\$ 16,912	\$ 49,687

BASTROP CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

F. RETIREMENT PLAN

As of December 31, 2015 the District had participated in a money purchase pension plan. During May 2016 the District began participating in the Texas County and District Retirement System. During 2016 the District changed plan administrators, and the money purchase pension plan remains functional though no additional contributions will be made.

G. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions and/or natural disasters. During the year, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage during the year and no settlements exceeding insurance coverage for each of the past three fiscal years.

H. CONTINGENCIES

The District is a defendant in various lawsuits. Although the outcomes of these lawsuits is not presently determinable, in the opinion of the District's counsel the resolution of these matters does not require recording and/or disclosure; nor, will they have a material adverse effect of the financial condition of the District.

I. PENSION OBLIGATIONS

Texas County & District Retirement System (TCDRS)

Plan Description

The District provides pension, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for administration of the statewide agent multiple-employer public employee retirement system consisting of 677 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis.

This CAFR is available online at <https://www.tcdrs.org/TCDRS%20Publications/2014CAFR.pdf>.

The plan provisions are adopted by the governing body of the District, within the options available in the Texas state statutes governing TCDRS. Members can retire at age 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 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 amount contributed by their employer.

BASTROP CENTRAL APPRAISAL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2017

I. PENSION OBLIGATIONS (CONTINUED)

Benefits Provided

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 calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employees covered by benefit terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	-
Active employees	18
	18
	18

Funding Policy

As an agent, multiple-employer plan, each participating employer in TCDRS funds its plan independently. A combination of three elements funds each employer’s plan as described below.

1. Employee Deposits

The governing body of the employers has the option of adopting a deposit rate in the plan for employees of 4%, 5%, 6%, or 7% of compensation. The District had an adopted deposit rate for employees of 7% in effect for the year ended December 31, 2016.

2. Employer Contributions

Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer’s plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees. The District had required employer deposit rates in effect for the year ended December 31, 2016 of 9.8%.

3. Investment Income

Income on invested employee and employer contributions funds a large part of the benefits that employees earn.

Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis.

BASTROP CENTRAL APPRAISAL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2017

I. PENSION OBLIGATIONS (CONTINUED)

Net Pension Liability

The District's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The TPL in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Assumptions

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
<u>Methods and assumptions used to determine contribution rates:</u>	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	10.4 years (based on contribution rate calculated in 12/31/2016 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	3.0%
Salary Increases	Varies by age and service. 4.9% average over career including inflation
Investment Rate of Return	8.00%, 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	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA to 2014.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2016: No changes in plan provisions

BASTROP CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

I. PENSION OBLIGATIONS (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension 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 weighting 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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	13.5%	4.70%
Private Equity	16.0%	7.70%
Global Equities	1.5%	5.00%
International Equities-Developed	10.0%	4.70%
International Equities-Emerging	7.0%	5.70%
Investment-Grade Bonds	3.0%	0.60%
High-Yield Bonds	3.0%	3.70%
Opportunistic Credit	2.0%	3.83%
Direct Lending	10.0%	8.15%
Distressed Debt	3.0%	6.70%
REIT Equities	3.0%	3.85%
Master Limited Partnerships (MLPs)	3.0%	5.60%
Private Real Estate Partnerships	5.0%	7.20%
Hedge Funds	20.0%	3.85%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.1%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

BASTROP CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

I. PENSION OBLIGATIONS (CONTINUED)

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 8.1%, 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 (7.1%) or 1-percentage-point higher (9.1%) than the current rate:

	1% Decrease in Discount Rate (7.1%)	Discount Rate (8.1%)	1% Increase in Discount Rate (9.1%)
Net pension liability (asset)	\$ 21,983	\$ 8,115	\$ (3,524)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained on the Internet at www.tcdrs.org.

A detail of the changes in the Net Pension Liability/(Asset) of the District is as follows:

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances as of December 31, 2015	\$ -	\$ -	\$ -
Changes for the year:			
Service cost	97,220	-	97,220
Interest on total pension liability	3,861	-	3,861
Effect of plan changes	-	-	-
Effect of economic/demographic gains/losses	84	-	84
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	-	-
Member contributions	-	38,192	(38,192)
Net investment income	-	-	-
Employer contributions	-	53,469	(53,469)
Other	-	1,388	(1,388)
	<u>\$ 101,164</u>	<u>\$ 93,049</u>	<u>\$ 8,115</u>
Balances as of December 31, 2016	<u>\$ 101,164</u>	<u>\$ 93,049</u>	<u>\$ 8,115</u>

BASTROP CENTRAL APPRAISAL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2017

I. PENSION OBLIGATIONS (CONTINUED)

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

For the year ended December 31, 2016, the District recognized pension expense of \$89,205.

At December 31, 2016, the District reported 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 experience	\$ -	\$ 73
Changes of assumptions	-	-
Net difference between projected and actual investment earnings	-	2,956
Contributions subsequent to the measurement date	-	89,205
Total	\$ -	\$ 92,234

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in the pension plan year as follows:

Year Ended December 31,	Pension Expense Amount
2017	\$ 749
2018	749
2019	749
2020	750
2021	10
Thereafter	21

BASTROP CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

The District began participation in the Texas County and District Retirement System (TCDRS) as of May 1, 2016, and had 18 participating employees as of the TCERS measurement date, December 31, 2015. A description of the pension plan pursuant to Paragraph 40 of the GASB Statement No. 68 is as follows:

- a. The District participates in TCERS, which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
 - 1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
 - 2) The plan provides retirement, disability and survivor benefits.
 - 3) TCERS is a savings-based plan. For the District plan, 7% of each employee's pay is deposited into his or her TCERS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage(s) (current match is 200%) and is then converted to an annuity.
 - 4) There are no automatic COLAs. Each year, the District may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
 - 5) Benefit terms are established under the TCERS Act. They may be amended as of Jan. 1 each year, but remain in conformity with the Act.
- c. As of the measurement date (December 31, 2015), the District had 18 active employees covered in TCERS.
- d. The District's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The District contribution rate is based on the TCERS funding policy adopted by the TCERS Board of Trustees and must conform with the TCERS Act. The employee contribution rates are set by the District and are currently 7%. The actuarially determined employer contribution rate for 2016 was 9.8%. Contributions to the pension plan from the District were \$53,469 for the fiscal year ended December 31, 2016.
- e. The most recent comprehensive annual financial report for TCERS can be found at the following link, www.tcders.org.

J. SUBSEQUENT EVENTS

The District has evaluated subsequent events through February 2, 2018 the date of the audit report. The District is not aware of any subsequent events that materially affect the financial statements as of that date.

BASTROP CENTRAL APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

K. PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2017, the District participated in the Texas County and District Retirement System (TCDRS). As a result the District was required to adopt/implement Governmental Accounting Standards Board (GASB) Statement No. 68 – Accounting and Financial Reporting for Pensions (GASB 68). The District recording a net position liability and related balances for the year ended, but also was required to record a prior period adjustment related to GASB 68 of \$5,086 that reduced the District’s beginning net position on the Statement of Activities (Exhibit B-1).

Net Position as Previously Stated at December 31, 2016	\$ 1,240,578
Cumulative Effect of Change in Accounting Principle Related to Implementation of GASB 68	<u>(5,086)</u>
Net Position as Previously Stated at December 31, 2016	<u><u>\$ 1,235,492</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

BASTROP CENTRAL APPRAISAL DISTRICT
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2016</u>
Total Pension Liability	
Service cost	\$ 97,220
Interest on total pension liability	3,861
Effect of plan changes	-
Effect of assumption changes or inputs	-
Effect of economic/demographic (gains) or losses	84
Benefit payments/refunds of contributions	-
Net change in total pension liability	<u>101,164</u>
Total pension liability, beginning	-
Total pension liability, ending (a)	<u>\$ 101,164</u>
Fiduciary Net Position	
Employer contributions	\$ 53,469
Member contributions	38,192
Investment income net of investment expenses	-
Benefit payments/refunds of contributions	-
Administrative expenses	-
Other	1,388
Net change in fiduciary net position	<u>93,049</u>
Fiduciary net position, beginning	-
Fiduciary net position, ending (b)	<u>\$ 93,049</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 8,115</u>
Fiduciary net position as a % of total pension liability	91.98%
Pension covered payroll	\$ 545,600
Net pension liability as a % of covered payroll	1.49%

BASTROP CENTRAL APPRAISAL DISTRICT
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2016	\$ 53,469	\$ 53,469	\$ -	\$ 545,600	9.8%

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OTHER SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Members of the Board of Directors of
Bastrop Central Appraisal District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the remaining fund information of the Bastrop Central Appraisal District (the "District") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 2, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Singleton, Clark & Company, PC". The signature is written in black ink on a light-colored background.

Singleton, Clark & Company, PC
Cedar Park, Texas

February 2, 2018

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BASTROP CENTRAL APPRAISAL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Under the guidelines of federal Uniform Guidance, a Single Audit was not required for the year ended December 31, 2017.

SECTION II – FINANCIAL STATEMENT FINDINGS

Findings Related to Financial Statements Which are Required to be Reported in Accordance with Government Auditing Standards:

No findings or questioned costs required to be reported in accordance with *Government Auditing Standards* for the years ended December 31, 2017 and 2016.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Findings Related to Financial Statements Which are Required to be Reported in Accordance with federal Uniform Guidance:

Not applicable.