Bosque County Central Appraisal District

Texas County & District Retirement System

GASB 68 Report

For Measurement Date: December 31, 2024

Based on Actuarial Valuation Date: December 31, 2024

For Fiscal Year Ending: December 31, 2025

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Certification

Actuarial computations presented in this report under Statement No. 68 of the Governmental Accounting Standards Board are for purposes of assisting the plan sponsor in fulfilling their financial accounting requirements. No attempt is being made to offer any accounting opinion or advice. This report is for fiscal years ending between January 31, 2025 and December 31, 2025. The measurement date for determining plan assets and obligations is December 31, 2024. The calculations enclosed in this report have been made on a basis consistent with our understanding of the plan provisions. Determinations for purposes other than meeting financial reporting requirements may be significantly different than the results contained in this report. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security or meeting employer funding requirements.

In preparing this report, we relied, without audit, on information as of December 31, 2024 furnished by the Texas County & District Retirement System (TCDRS). This information includes, but is not limited to, statutory provisions (as of January 1, 2025), member census data, and financial information.

We performed a limited review of the census and financial information used directly in our analysis and have found them to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete, our results may be different, and our calculations may need to be revised.

This report is only an estimate of the plan's financial condition as of a single date. It can neither predict the plan's future condition nor guarantee future financial soundness. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

All costs, liabilities, rates of interest, and other factors for the plan have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the plan and reasonable expectations); and which in combination, offer a reasonable estimate of anticipated experience affecting the plan and are expected to have no significant bias. The TCDRS Board adopted the actuarial methods and assumptions used in the financial reporting valuation. We believe they are reasonable for these purposes.

These estimates were developed using models employing standard actuarial techniques. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice. Reliance on other experts is reflected in Milliman’s capital market assumptions, and in Milliman’s expected return model maintained by Milliman investment consultants.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan’s funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of such future measurements.

Milliman’s work was prepared solely for TCDRS in TCDRS’ capacity as plan administrator of the system. To the extent that Milliman’s work is not subject to disclosure under applicable public records laws, Milliman’s

work may not be provided to third parties without Milliman's prior written consent; provided, however, we understand that in performing its duties as plan administrator, TCDRS intends to distribute the report to its participating employers and to the independent auditors of its participating employers. In addition, TCDRS may be required to release a copy of the report, if a valid request is filed pursuant to the Texas Public Information Act.

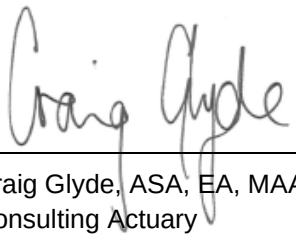
Milliman does not have a legal contract with parties other than TCDRS. The distribution of Milliman's report by TCDRS to participating employers and their auditors does not create or imply any legal duty between Milliman and the participating employers or their auditors. Milliman does not intend to benefit or create a legal duty to any recipient of its work product other than TCDRS. Milliman does not authorize the inclusion of Milliman's name or reports in any offering, memorandum, prospectus, securities filing, or solicitation of investment. Any third-party recipient should engage qualified professionals for advice appropriate to its own specific needs.

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and has been prepared in accordance with generally recognized accepted actuarial principles and practices. Specifically, our calculation of the Net Pension Liability (including the assumptions used) was performed in compliance with the relevant Actuarial Standards of Practice. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Matt Larrabee, FSA, EA, MAAA
Consulting Actuary



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Overview of GASB 67 and GASB 68

GASB 67 applies to financial reporting for the Texas County & District Retirement System (TCDRS) and does not impact participating employers.

GASB 68 governs the specifics of reporting public pension plan obligations for employers.

An employer's GASB 68 valuation is used for financial disclosure and differs from the Summary Valuation Report which provides calculations related to the funding of the plan, including the required contribution rate. Note that although there are significant similarities between these two valuations, the numbers will differ due to the actuarial assumptions and methods applicable to each valuation.

The following GASB Statements provide additional information for, amend, or clarify GASB 67 and 68 and are reflected in this report:

1) GASB 73 provides information about accounting and reporting for pensions and related assets that are not within the scope of GASB 68, and amendments to certain provisions of GASB 67 and 68.

2) GASB 82 addresses certain issues with respect to GASB 67, GASB 68 and GASB 73.

Three key ways that GASB 68 affects employer financial statements are:

1) GASB 68 requires a liability for pension obligations, known as the Net Pension Liability, to be recognized on the balance sheets of participating employers.

2) Changes in the Net Pension Liability from year-to-year will be recognized as Pension Expense on the income statement or reported as deferred inflows/outflows of resources, depending on the type of change.

3) Deferred inflows/outflows of resources will need to be reported. These are amounts that are not entirely recognized when they occur. They are recognized over a period of time.

Under Statements 67 and 68, plan sponsors are encouraged to establish a formal funding policy that is separate from financial reporting calculations. A copy of the TCDRS funding policy is shown in Appendix E of this report.

Please refer to the Glossary shown in Appendix F of this report for more information on the relevant accounting terminology.

Net Pension Liability / (Asset)

Net Pension Liability / (Asset)	December 31, 2023	December 31, 2024
Total pension liability	$2,180,978	$2,294,852
Fiduciary net position	2,101,723	2,375,947
Net pension liability / (asset)	79,255	(81,095)
Fiduciary net position as a % of total pension liability	96.37%	103.53%
Pensionable covered payroll[1]	$409,833	$475,448
Net pension liability / (asset) as a % of covered payroll	19.34%	(17.06%)

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

Note: Rounding differences may exist above or in other tables in this report.

[1] Payroll is calculated based on contributions as reported to TCDRS.

Discount Rate

Discount rate[2]	7.60%	7.60%
Long-term expected rate of return, net of investment expense[2]	7.60%	7.60%
Municipal bond rate[3]	Does not apply	Does not apply

[2] This rate reflects the long-term rate of return funding valuation assumption of 7.50%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.

[3] The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply. See page 6 of this report for further details.

Other Key Actuarial Assumptions

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by Milliman and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were recommended by Milliman and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2024. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

See Appendix B of this report (Actuarial Methods and Assumptions Used for GASB Calculations) for a listing of key assumptions used in the calculation of the total pension liability and other GASB 68 metrics.

See Appendix C (Actuarial Methods and Assumptions Used for Funding Valuation) of this report for a full description of the actuarial assumptions used in the funding valuation.

	Beginning Date	Ending Date
Valuation date	December 31, 2023	December 31, 2024
Measurement date	December 31, 2023	December 31, 2024
Employer's fiscal year	January 1, 2025	December 31, 2025

Long-Term Expected Rate of Return

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 2025 information for a 10-year time horizon.

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

Asset Class	Benchmark	Target Allocation[1]	Geometric Real Rate of Return[2]
U.S. Equities	Dow Jones U.S. Total Stock Market Index	13.00%	5.35%
Global Equities	MSCI World (net) Index	4.00%	5.15%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	6.00%	4.75%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	0.00%	4.75%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.55%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.70%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.85%
Distressed Debt	Cambridge Associates Distressed Securities Index[3]	4.00%	6.80%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.95%
Master Limited Partnerships	Alerian MLP Index	2.00%	4.95%
Commodities	Bloomberg Commodities Index	2.00%	1.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index[4]	6.00%	5.75%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index[5]	25.00%	8.15%
Hedge Funds	HFR, Inc. Fund of Funds Composite Index	6.00%	3.60%
Cash Equivalents	90-Day U. S. Treasury	2.00%	1.10%

[1] Target asset allocation adopted at the March 2025 TCDRS Board meeting.
[2] Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.35%, per Cliffwater's 2025 capital market assumptions.
[3] Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.
[4] Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.
[5] Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Depletion of Plan Assets / GASB Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments.

The funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act are such that a depletion is not projected to occur. To illustrate this, we have shown the projection of the Fiduciary Net Position in the following exhibit ("Projection of Fiduciary Net Position").

Since the 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 of the employer is equal to the long-term assumed rate of return on investments. For GASB 68 this long-term assumed rate of return is net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 7.60% which reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Projection of Fiduciary Net Position (see notes at end of schedule)*

Calendar Year Ending	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses** (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (a)+(b)-(c)-(d)+(e)
2025	$2,375,947	$104,920	$170,454	$2,376	$178,039	$2,486,075
2026	2,486,075	103,438	170,534	2,486	186,346	2,602,839
2027	2,602,839	101,436	171,186	2,603	195,117	2,725,603
2028	2,725,603	99,353	171,658	2,726	204,347	2,854,919
2029	2,854,919	96,670	174,424	2,855	213,967	2,988,278
2030	2,988,278	93,863	177,869	2,988	223,864	3,125,148
2031	3,125,148	92,610	180,839	3,125	234,103	3,267,897
2032	3,267,897	91,849	183,648	3,268	244,814	3,417,644
2033	3,417,644	90,908	187,688	3,418	256,003	3,573,449
2034	3,573,449	89,573	193,475	3,573	267,573	3,733,548
2035	3,733,548	88,410	188,423	3,734	279,879	3,909,681
2036	3,909,681	87,223	193,592	3,910	293,022	4,092,424
2037	4,092,424	85,953	199,684	4,092	306,629	4,281,230
2038	4,281,230	73,543	206,913	4,281	320,239	4,463,819
2039	4,463,819	70,472	219,482	4,464	333,525	4,643,869
2040	4,643,869	68,599	227,829	4,644	346,821	4,826,817
2041	4,826,817	66,538	235,604	4,827	360,351	5,013,275
2042	5,013,275	64,380	244,121	5,013	374,117	5,202,638
2043	5,202,638	62,234	252,592	5,203	388,105	5,395,182
2044	5,395,182	48,160	265,891	5,395	401,710	5,573,766
2045	5,573,766	42,909	277,009	5,574	414,665	5,748,756
2046	5,748,756	35,478	291,617	5,749	427,136	5,914,005
2047	5,914,005	32,317	304,109	5,914	439,105	6,075,404
2048	6,075,404	29,464	321,084	6,075	450,625	6,228,334
2049	6,228,334	26,709	332,576	6,228	461,711	6,377,950
2050	6,377,950	23,882	344,770	6,378	472,516	6,523,199
2051	6,523,199	21,174	356,720	6,523	483,003	6,664,132
2052	6,664,132	19,047	365,308	6,664	493,308	6,804,515
2053	6,804,515	17,000	408,908	6,805	502,270	6,908,072
2054	6,908,072	14,971	417,356	6,908	509,745	7,008,524

Projection of Fiduciary Net Position (see notes at end of schedule)*

Calendar Year Ending	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses** (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (a)+(b)-(c)-(d)+(e)
2055	$7,008,524	$12,745	$430,856	$7,009	$516,789	$7,100,194
2056	7,100,194	10,918	443,065	7,100	523,229	7,184,176
2057	7,184,176	9,481	447,175	7,184	529,402	7,268,699
2058	7,268,699	8,027	452,396	7,269	535,573	7,352,634
2059	7,352,634	6,427	459,660	7,353	541,618	7,433,667
2060	7,433,667	5,379	461,181	7,434	547,678	7,518,108
2061	7,518,108	4,539	460,835	7,518	554,074	7,608,369
2062	7,608,369	3,855	458,848	7,608	560,979	7,706,747
2063	7,706,747	3,152	469,807	7,707	568,017	7,800,402
2064	7,800,402	2,658	465,419	7,800	575,277	7,905,117
2065	7,905,117	2,204	464,563	7,905	583,246	8,018,099
2066	8,018,099	1,797	458,382	8,018	592,044	8,145,539
2067	8,145,539	1,472	450,454	8,146	602,008	8,290,420
2068	8,290,420	927	445,926	8,290	613,162	8,450,293
2069	8,450,293	719	435,020	8,450	625,706	8,633,247
2070	8,633,247	553	423,066	8,633	640,043	8,842,143
2071	8,842,143	389	410,324	8,842	656,381	9,079,746
2072	9,079,746	304	395,382	9,080	674,984	9,350,572
2073	9,350,572	237	379,938	9,351	696,130	9,657,651
2074	9,657,651	185	363,611	9,658	720,064	10,004,632
2075	10,004,632	143	346,439	10,005	747,060	10,395,392
2076	10,395,392	110	328,579	10,395	777,409	10,833,936
2077	10,833,936	85	310,056	10,834	811,412	11,324,543
2078	11,324,543	21	291,848	11,325	849,356	11,870,748
2079	11,870,748	16	272,228	11,871	891,579	12,478,245
2080	12,478,245	0	252,671	12,478	938,455	13,151,551
2081	13,151,551	0	232,804	13,152	990,343	13,895,939
2082	13,895,939	0	213,007	13,896	1,047,627	14,716,663
2083	14,716,663	0	193,520	14,717	1,110,698	15,619,124
2084	15,619,124	0	174,474	15,619	1,179,962	16,608,993

Projection of Fiduciary Net Position (see notes at end of schedule)*

Calendar Year Ending	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses** (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (a)+(b)-(c)-(d)+(e)
2085	$16,608,993	$0	$156,071	$16,609	$1,255,842	$17,692,155
2086	17,692,155	0	138,427	17,692	1,338,780	18,874,815
2087	18,874,815	0	121,771	18,875	1,429,239	20,163,409
2088	20,163,409	0	106,265	20,163	1,527,703	21,564,684
2089	21,564,684	0	92,103	21,565	1,634,676	23,085,691
2090	23,085,691	0	79,412	23,086	1,750,689	24,733,883
2091	24,733,883	0	68,145	24,734	1,876,310	26,517,314
2092	26,517,314	0	58,217	26,517	2,012,155	28,444,734
2093	28,444,734	0	49,504	28,445	2,158,892	30,525,677
2094	30,525,677	0	41,873	30,526	2,317,251	32,770,529
2095	32,770,529	0	35,176	32,771	2,488,026	35,190,608
2096	35,190,608	0	29,283	35,191	2,672,081	37,798,216
2097	37,798,216	0	24,108	37,798	2,870,355	40,606,664
2098	40,606,664	0	19,574	40,607	3,083,862	43,630,346
2099	43,630,346	0	15,652	43,630	3,313,695	46,884,758
2100	46,884,758	0	12,318	46,885	3,561,033	50,386,589
2101	50,386,589	0	9,526	50,387	3,827,146	54,153,822
2102	54,153,822	0	7,233	54,154	4,113,401	58,205,836
2103	58,205,836	0	5,385	58,206	4,421,271	62,563,516
2104	62,563,516	0	3,925	62,564	4,752,347	67,249,375

** Projection values include no assumed future cost-of-living adjustments. Fiduciary Net Position is projected to be positive for all future years.*

*** Administrative expenses are assumed to be 0.10% of Fiduciary Net Position.*

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) – (b)
Balances as of December 31, 2023	$2,180,978	$2,101,723	$79,255
Changes for the year:			
Service cost	77,733		77,733
Interest on total pension liability[1]	165,611		165,611
Effect of plan changes[2]	0		0
Effect of economic/demographic gains or losses	32,743		32,743
Effect of assumptions changes or inputs	0		0
Refund of contributions	0	0	0
Benefit payments	(162,213)	(162,213)	0
Administrative expenses		(1,293)	1,293
Member contributions		33,281	(33,281)
Net investment income		215,429	(215,429)
Employer contributions		185,296	(185,296)
Other[3]	0	3,725	(3,725)
Balances as of December 31, 2024	$2,294,852	$2,375,947	$(81,095)

[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 allocation of system-wide items.*

Sensitivity Analysis

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

	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total pension liability	$2,554,128	$2,294,852	$2,073,226
Fiduciary net position	2,375,947	2,375,947	2,375,947
Net pension liability / (asset)	$178,181	($81,095)	($302,721)

Pension Expense / (Income)

Pension Expense / (Income)	January 1, 2024 to December 31, 2024
Service cost	$77,733
Interest on total pension liability[1]	165,611
Effect of plan changes	0
Administrative expenses	1,293
Member contributions	(33,281)
Expected investment return net of investment expenses	(161,924)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	22,468
Recognition of assumption changes or inputs	(1,921)
Recognition of investment gains or losses	(27,838)
Other[2]	(3,725)
Pension expense / (income)	$38,416

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

(2) Relates to allocation of system-wide items.

As of December 31, 2024, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$687	$58,129
Changes of assumptions	0	0
Net difference between projected and actual earnings	22,930	0
Contributions made subsequent to measurement date[3]	N/A	Employer determined

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:	
2025	$286
2026	52,305
2027	(13,926)
2028	(4,153)
2029	0
Thereafter[4]	0

(3) Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end should be reflected as outlined in Appendix D of this report.

(4) Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

Schedule of Deferred Inflows and Outflows of Resources

	Expense / (Income) Calculation				Balances of Deferred Inflows and Outflows as of 12/31/2024	
	Original Amount (a)	Date Established (b)	Original Recognition Period[1] (c)	Amount Recognized for 2024[1] (a) ÷ (c)	Inflows	Outflows
Investment (gains) or losses						
	$(53,504)	12/31/2024	5.0	$(10,701)	$42,803	$0
	(66,988)	12/31/2023	5.0	(13,398)	40,192	0
	278,499	12/31/2022	5.0	55,700	0	111,399
	(256,670)	12/31/2021	5.0	(51,334)	51,334	0
	(40,529)	12/31/2020	5.0	(8,105)	0	0
Economic/ demographic (gains) or losses						
	32,743	12/31/2024	5.0	6,549	0	26,194
	18,106	12/31/2023	5.0	3,621	0	10,864
	52,679	12/31/2022	5.0	10,536	0	21,071
	(156)	12/31/2021	4.0	(39)	0	0
	(4,827)	12/31/2019	7.0	(690)	687	0
	17,449	12/31/2018	7.0	2,491	0	0
Assumption changes or inputs						
	0	12/31/2024	5.0	0	0	0
	0	12/31/2023	5.0	0	0	0
	0	12/31/2022	5.0	0	0	0
	(7,684)	12/31/2021	4.0	(1,921)	0	0
	0	12/31/2019	7.0	0	0	0
	0	12/31/2018	7.0	0	0	0
Employer contributions made subsequent to measurement date [2]						
	——————————Employer Determined——————————					

[1] *Investment (gains)/losses are recognized in pension expense over a period of five years; economic/demographic (gains)/losses and assumption changes or inputs are recognized over the rounded average remaining service life for all active, inactive, and retired members. The current year recognition period is calculated as follows:*

Status	*Count*	*Remaining Service*	*Recognition Period*
Current Active Members	*10*	*140*	*N/A*
Current Inactive Members	*9*	*0*	*N/A*
Current Retirees and Beneficiaries	*8*	*0*	*N/A*
Total (Recognition Period is Rounded)	*27*	*140*	*5*

[2] *Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end should be reflected as deferred outflows as outlined in Appendix D of this report.*

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	$77,733	$70,812	$37,202	$37,818	$34,576	$38,083	$34,479	$38,349	$39,538	$41,265
Interest on total pension liability	165,611	158,302	140,023	137,492	135,183	130,203	122,775	114,536	105,749	120,781
Effect of plan changes	0	0	121,403	0	0	0	0	0	0	(2,013)
Effect of assump. changes or inputs	0	0	0	(7,684)	88,406	0	0	6,433	0	12,445
Effect of economic/demographic (gains) or losses	32,743	18,106	52,679	(156)	(6,996)	(4,827)	17,449	19,331	7,073	(287,163)
Benefit payments/refunds	(162,213)	(153,875)	(135,274)	(131,898)	(97,095)	(99,787)	(73,919)	(72,237)	(53,825)	(75,618)
Net change in total pension liability	113,874	93,345	216,033	35,572	154,075	63,673	100,783	106,411	98,535	(190,303)
Total pension liability, beginning	2,180,978	2,087,633	1,871,600	1,836,028	1,681,953	1,618,281	1,517,497	1,411,086	1,312,551	1,502,854
Total pension liability, ending (a)	$2,294,852	$2,180,978	$2,087,633	$1,871,600	$1,836,028	$1,681,953	$1,618,281	$1,517,497	$1,411,086	$1,312,551
Fiduciary Net Position										
Employer contributions	$185,296	$80,245	$42,728	$24,185	$23,438	$21,744	$23,768	$22,253	$26,127	$30,091
Member contributions	33,281	28,688	23,617	17,783	17,234	16,912	18,486	17,308	18,307	19,114
Investment income net of inv exp	215,429	212,414	(119,222)	392,620	177,219	251,256	(30,037)	206,843	98,451	(7,285)
Benefit payments/refunds	(162,213)	(153,875)	(135,274)	(131,898)	(97,095)	(99,787)	(73,919)	(72,237)	(53,825)	(75,618)
Administrative expenses	(1,293)	(1,097)	(1,135)	(1,155)	(1,342)	(1,308)	(1,229)	(1,060)	(1,069)	(1,039)
Other	3,725	(1,473)	(7,921)	(2,043)	(1,499)	(1,854)	(783)	(448)	(8,501)	(188,711)
Net change in fiduciary net position	274,224	164,902	(197,207)	299,494	117,955	186,963	(63,714)	172,659	79,490	(223,448)
Fiduciary net position, beginning	2,101,723	1,936,821	2,134,028	1,834,534	1,716,579	1,529,616	1,593,330	1,420,671	1,341,181	1,564,629
Fiduciary net position, ending (b)	$2,375,947	$2,101,723	$1,936,821	$2,134,028	$1,834,534	$1,716,579	$1,529,616	$1,593,330	$1,420,671	$1,341,181
NPL / (asset), ending = (a) - (b)	($81,095)	$79,255	$150,812	($262,428)	$1,494	($34,626)	$88,664	($75,833)	($9,585)	($28,630)
Fiduciary net position as a % of total pension liability	103.53%	96.37%	92.78%	114.02%	99.92%	102.06%	94.52%	105.00%	100.68%	102.18%
Pensionable covered payroll	$475,448	$409,833	$337,386	$254,047	$246,205	$241,598	$264,086	$247,257	$261,528	$273,060
NPL/(asset) as % of covered payroll	-17.06%	19.34%	44.70%	-103.30%	0.61%	-14.33%	33.57%	-30.67%	-3.67%	-10.48%

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

Schedule of Employer Contributions[1]

Year Ending December 31	Actuarially Determined Contribution[1]	Actual Employer Contribution[1]	Contribution Deficiency (Excess)	Pensionable Covered Payroll[2]	Actual Contribution as a % of Covered Payroll
2015	$30,091	$30,091	$0	$273,060	11.0%
2016	26,127	26,127	0	261,528	10.0%
2017	15,998	22,253	(6,255)	247,257	9.0%
2018	18,909	23,768	(4,859)	264,086	9.0%
2019	19,014	21,744	(2,730)	241,598	9.0%
2020	23,438	23,438	0	246,205	9.5%
2021	22,763	24,185	(1,422)	254,047	9.5%
2022	42,728	42,728	0	337,386	12.7%
2023	80,245	80,245	0	409,833	19.6%
2024	85,296	185,296	(100,000)	475,448	39.0%

(1) *TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.*

(2) *Payroll is calculated based on contributions as reported to TCDRS.*

Notes to Schedule of Employer Contributions

Valuation Date:	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates (Dec. 31, 2022 valuation for 2024 contributions):

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	14.9 years (based on contribution rate calculated in 12/31/2024 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule. 2023: Employer contributions reflect that the current service matching rate was increased to 250% 2024: No changes in plan provisions were reflected in the Schedule.

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

Appendix A—GASB 68 Plan Description for Bosque County Central Appraisal District

A description of the pension plan pursuant to Paragraph 40 of GASB Statement No. 68 is as follows:

a. Bosque County Central Appraisal District participates in the Texas County & District Retirement System (TCDRS), 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) TCDRS is a savings-based plan. For the district's plan, 7% of each employee's pay is deposited into his or her TCDRS 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 (current match is 250%) 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 TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.

c. Membership information is shown in the chart below.

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 Bosque County Central Appraisal District contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the district and are currently 7%. Contributions to the pension plan from the district for 2024 are shown in the Schedule of Employer Contributions.

e. The most recent annual comprehensive financial report for TCDRS can be found at the following link, TCDRS.org/Employer.

Membership Information

Members	Dec. 31, 2023	Dec. 31, 2024
Number of inactive employees entitled to but not yet receiving benefits:	9	9
Number of active employees:	10	10
Average monthly salary*:	$3,560	$3,962
Average age*:	35.80	36.80
Average length of service in years*:	8.09	9.09

Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	8	8
Average monthly benefit:	$1,690	$1,690

**Averages reported for active employees.*

Appendix B—Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2024 funding valuation (see Appendix C, following, for details), except as noted below and throughout this report. Please see the Bosque County Central Appraisal District December 31, 2024 Summary Valuation Report for further details.

The following are the key assumptions and methods used in this GASB analysis.

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age (level percent of pay)[(1)]
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	Same as funding valuation: See Appendix C
Salary Increases	Same as funding valuation: See Appendix C
Investment Rate of Return	7.60% (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Bosque County Central Appraisal District are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Mortality	Same as funding valuation: See Appendix C
Retirement Age	Same as funding valuation: See Appendix C
Turnover	Same as funding valuation: See Appendix C
Adjustment for Plans with the Partial-Lump Sum Payment Option (Liability and Normal Cost)	Same as funding valuation. For employers who have elected this option, a 0.75% increase is applied to the TPL related to the member deposit portion of the estimated monthly benefit for future retirees.

(1) Individual entry age cost method, as required by GASB 68, used for GASB calculations. Note that the replacement life entry age cost method is used for the funding actuarial valuation, which differs from the GASB-required approach in that it assumes that the current benefit provisions always applied.

Appendix C—Actuarial Methods and Assumptions Used for Funding Valuation

Except where indicated in the section of this GASB 68 report entitled “Actuarial Methods and Assumptions Used for GASB Calculations”, the assumptions used in this analysis for the December 31, 2024 financial reporting metrics are the same as those used in the December 31, 2024 actuarial valuation analysis for Bosque County Central Appraisal District.

The following is a description of the assumptions used in the December 31, 2024 actuarial valuation analysis for Bosque County Central Appraisal District. This information may also be found in the Bosque County Central Appraisal District December 31, 2024 Summary Valuation Report.

Economic Assumptions

TCDRS system-wide economic assumptions:

Real rate of return	5.00%
Inflation	2.50%
Long-term investment return	7.50%

The assumed long-term investment return of 7.5% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 7.5% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee. (See Table 1 for Merit Salary Increases.)

Employer-specific economic assumptions:

Growth in membership	0.00%
Payroll growth for funding calculations	0.00%

The payroll growth assumption is for the aggregate covered payroll of an employer.

Table 1
Merit Salary Increases*

Years of Service	Entry Age			
	Before 30	Ages 30-39	Ages 40-49	50 and later
0	5.25%	4.75%	4.25%	3.50%
1	4.50	4.00	3.50	2.75
2	4.10	3.25	2.85	2.20
3	3.70	3.00	2.50	1.75
4	3.35	2.75	2.25	1.65
5	3.10	2.60	2.15	1.55
6	2.85	2.40	2.05	1.40
7	2.65	2.25	1.90	1.25
8	2.50	2.15	1.80	1.15
9	2.35	2.00	1.65	1.05
10	2.20	1.85	1.50	0.95
11	2.10	1.75	1.35	0.85
12	1.95	1.65	1.25	0.80
13	1.85	1.55	1.10	0.75
14	1.75	1.45	1.00	0.70
15	1.65	1.35	0.90	0.65
16	1.50	1.25	0.85	0.60
17	1.40	1.15	0.75	0.55
18	1.30	1.05	0.70	0.50
19	1.25	1.00	0.65	0.45
20	1.20	0.95	0.60	0.40
21	1.15	0.90	0.55	0.40
22	1.10	0.85	0.50	0.40
23	1.00	0.75	0.45	0.40
24	0.94	0.65	0.40	0.40
25	0.88	0.60	0.40	0.40
26	0.82	0.60	0.40	0.40
27	0.76	0.60	0.40	0.40
28	0.70	0.60	0.40	0.40
29	0.65	0.60	0.40	0.40
30 & Up	0.60	0.60	0.40	0.40

* *These rates do not include the wage inflation rate of 3.00% per year. For example, a member who entered the system at age 20 and is in the first year of service is assumed to receive an 8.41% total annual increase in his salary. The 8.41% is a combination of the 5.25% merit increase and the 3.00% wage inflation. Note that the two components are compounded, so it is a slightly different result than just adding the two percentages.*

Demographic Assumptions

TCDRS system-wide demographic assumptions:

Former Employees Working for Another TCDRS Employer — Former employees who have left their accounts on deposit and are now active depositing members with another TCDRS employer are treated for valuation purposes as active members with no future member deposits.

Family Composition — For current retirees, beneficiary information is supplied by TCDRS. For purposes of calculating the Survivor Benefit for current depositing and non-depositing members, male members are assumed to have a female beneficiary who is three years younger. Female members are assumed to have a male beneficiary who is three years older.

Internal Revenue Code Section 415 Limit — The Internal Revenue Code Section 415 maximum benefit limitations are not reflected in the valuation for funding purposes. Any limitation is reflected in a member's benefit after retirement.

Internal Revenue Code Section 401(a)(17) — Compensation is limited under IRC Section 401(a)(17) and the limit is assumed to increase at the rate of inflation for valuation purposes.

Option Elected at Retirement — Future retired members are assumed to elect the standard (single life) retirement option with a monthly benefit for the retiree's lifetime only. Current retirees and beneficiaries are valued based on the option previously selected. All options include a cash refund feature which for valuation purposes is approximated by assuming monthly payments are received for a minimum of four years. This approximation applies for both current and future retirees.

Replacement of Terminated Members — New employees are assumed to replace any terminated members and have similar entry ages.

Disability — The rates of disability used in this valuation are illustrated in Table 2. Members who become disabled are eligible to commence benefit payments regardless of age. Rates of disability are in a custom table based on TCDRS experience.

Table 2

Annual Rates of Disability*

Age	Work Related Male and Female	All Causes Male and Female
less than 25	0.001%	0.001%
25	0.001	0.003
26	0.001	0.006
27	0.001	0.009
28	0.001	0.011
29	0.001	0.013
30	0.001	0.014
31	0.001	0.016
32	0.001	0.018
33	0.001	0.020
34	0.001	0.023
35	0.001	0.025
36	0.001	0.028
37	0.001	0.030
38	0.001	0.034
39	0.001	0.038
40	0.001	0.042
41	0.001	0.046
42	0.001	0.050
43	0.001%	0.058%
44	0.001	0.066
45	0.001	0.074
46	0.001	0.082
47	0.001	0.090
48	0.001	0.099
49	0.001	0.108
50	0.001	0.117
51	0.001	0.126
52	0.001	0.135
53	0.001	0.144
54	0.001	0.153
55	0.001	0.162
56	0.001	0.171
57	0.001	0.180
58	0.001	0.189
59	0.001	0.198
60 & Above	0.000	0.000

* *The probability of disability from All Causes is applicable for members who are vested (satisfied service requirement for retirement at age 60). Before a member is vested, the Work-Related disability assumptions are applicable. No disability retirements are assumed to occur after a member becomes eligible for service retirement.*

Mortality

Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Service Retirement — Members eligible for service retirement are assumed to retire at the rates shown in Table 3.

Table 3
Annual Rates of Service Retirement*

Age	Active Svc < 15	Active Svc 15-24	Active Svc 25-29	Active Svc 30+	Deferred All Svc
40–49	5.3%	6.3%	7.7%	8.8%	0.0%
50	5.6	6.8	8.3	9.4	0.0
51	5.6	6.8	8.3	9.4	0.0
52	6.0	7.2	8.8	10.0	0.0
53	6.0	7.2	8.8	10.0	0.0
54	6.8	8.1	9.9	11.3	0.0
55	6.8	8.1	9.9	11.3	0.0
56	6.8	8.1	9.9	11.3	0.0
57	7.5	9.0	11.0	12.5	0.0
58	7.5	9.0	11.0	12.5	0.0
59	7.5	9.0	11.0	12.5	0.0
60	9.0	10.8	13.2	15.0	12.0
61	9.0	10.8	13.2	15.0	12.0
62	13.5	16.2	19.8	22.5	18.0
63	11.3	13.5	16.5	18.8	15.0
64	11.3	13.5	16.5	18.8	15.0
65	22.5	22.5	27.5	27.5	25.0
66	22.5	22.5	27.5	27.5	25.0
67	21.6	21.6	26.4	26.4	24.0
68	18.9	18.9	23.1	23.1	21.0
69	18.9	18.9	23.1	23.1	21.0
70	20.7	20.7	25.3	25.3	23.0
71	20.7	20.7	25.3	25.3	23.0
72	20.7	20.7	25.3	25.3	23.0
73	20.7	20.7	25.3	25.3	23.0
74	20.7	20.7	25.3	25.3	23.0
75 & Above	100.0	100.0	100.0	100.0	100.0

** For all eligible members ages 75 and later, retirement is assumed to occur immediately.*

Employer-specific demographic assumptions:

Other Terminations of Employment — The rate of assumed future termination from active participation in the plan for reasons other than death, disability or retirement are illustrated in Table 4. The rates vary by length of service, entry-age group (age at hire) and gender. No termination after eligibility for retirement is assumed.

Table 4
Annual Rates of Termination

Years of Service	Entry Age 20		Entry Age 30		Entry Age 40		Entry Age 50	
	Male	Female	Male	Female	Male	Female	Male	Female
0	23.1%	23.1%	18.9%	18.9%	16.8%	16.8%	15.4%	15.4%
1	17.5	17.5	14.7	14.7	12.6	12.6	11.2	11.2
2	14.7	14.7	12.6	12.6	9.8	9.8	9.1	9.1
3	12.6	12.6	10.5	10.5	8.4	8.4	7.7	7.7
4	10.5	10.5	9.1	9.1	7.0	7.0	6.3	6.3
5	9.1	9.1	7.7	7.7	6.3	6.3	5.6	5.6
6	7.7	7.7	7.0	7.0	5.6	5.6	4.9	4.9
7	7.0	7.0	6.3	6.3	4.9	4.9	4.2	4.2
8	6.3	6.3	5.6	5.6	4.2	4.2	3.9	3.9
9	5.6	5.6	4.9	4.9	3.9	3.9	3.5	3.5
10	4.9	4.9	4.6	4.6	3.6	3.6	0.0	0.0
11	4.6	4.6	4.2	4.2	3.4	3.4	0.0	0.0
12	4.2	4.2	3.9	3.9	3.2	3.2	0.0	0.0
13	3.9	3.9	3.5	3.5	2.9	2.9	0.0	0.0
14	3.5	3.5	3.3	3.3	2.7	2.7	0.0	0.0
15	3.1	3.1	3.1	3.1	2.4	2.4	0.0	0.0
16	2.8	2.8	2.8	2.8	2.1	2.1	0.0	0.0
17	2.5	2.5	2.5	2.5	1.8	1.8	0.0	0.0
18	2.3	2.3	2.3	2.3	1.5	1.5	0.0	0.0
19	2.1	2.1	2.1	2.1	1.3	1.3	0.0	0.0
20	1.9	1.9	1.9	1.9	0.0	0.0	0.0	0.0
21	1.8	1.8	1.8	1.8	0.0	0.0	0.0	0.0
22	1.6	1.6	1.6	1.6	0.0	0.0	0.0	0.0
23	1.5	1.5	1.5	1.5	0.0	0.0	0.0	0.0
24	1.3	1.3	1.3	1.3	0.0	0.0	0.0	0.0
25	1.2	1.2	1.2	1.2	0.0	0.0	0.0	0.0
26	1.1	1.1	1.1	1.1	0.0	0.0	0.0	0.0
27	0.9	0.9	0.9	0.9	0.0	0.0	0.0	0.0
28	0.8	0.8	0.8	0.8	0.0	0.0	0.0	0.0
29	0.7	0.7	0.7	0.7	0.0	0.0	0.0	0.0
30 & Later	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Adjustment for Partial Lump-Sum Payment Option: Termination Rates
The termination rate is 0% for the two years immediately prior to retirement eligibility. Rates are reduced at ages near retirement as it is anticipated that a member would be less likely to take a withdrawal if the partial lump-sum payment option was available.

Withdrawals — Members who terminate may either elect to leave their account with TCDRS or withdraw their funds. The probability that a member elects a withdrawal varies by length of service and vesting schedule. Rates applied to your plan are shown in Table 5. For non-depositing members who are not vested, 100% are assumed to elect a withdrawal.

Table 5
Probability of Withdrawal

Years of Service	Probability	Years of Service	Probability
0	100%	15	26
1	100	16	25
2	100	17	24
3	100	18	23
4	100	19	22
5	100	20	21
6	100	21	20
7	100	22	19
8	34	23	19
9	33	24	18
10	32	25	18
11	31	26	17
12	30	27	17
13	29	28	16
14	27	29*	16

** Members with more than 29 years of service are not assumed to refund.*

Timing of Withdrawals — For former employees only eligible for a refund of their account balance, it is assumed there is a 10% probability of the former employee electing a refund of their account balance in each of the ten years following the valuation date. That is, the account balance is assumed to be distributed within ten years of the valuation date.

For current active members who will receive a refund of their account balance, it is assumed that 50% of those members elect a refund of their account balance immediately upon termination, and the remaining 50% elect a refund at a rate of 10% in each of the ten years following the year of refund.

Current deferred vested inactive members are assumed to keep their accounts with TCDRS until their assumed retirement.

Appendix D—Contributions Made Subsequent to Measurement Date

GASB Statement No. 71 ("GASB 71"), *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, requires employer contributions made between the measurement date, which is the date used to determine an employer's net pension liability ("NPL"), and the employer's fiscal year end be reported as a deferred outflow of resources ("DOoR"). The statement "requires a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability."

For GASB valuation purposes, TCDRS' consulting actuary will compute each participating employer's NPL as of Dec. 31 of each year. Employers will need to account for pension contributions (employer; not employee contributions or Group Term Life premiums) made between the measurement date and the employer's fiscal year end as a DOoR. These contributions will not be reported to you as part of this GASB report; employers can access their monthly employer activity statements, which display employer contributions to the retirement plan via the TCDRS Employer Portal.

Appendix E—Summary of TCDRS Funding Policy

Texas County & District Retirement System
Funding Policy

In Effect for the Dec. 31, 2024 Actuarial Valuation

Introduction

The funding policy governs how the Texas County & District Retirement System (TCDRS) determines the employer contributions required to ensure that benefits provided to TCDRS members are funded in a reasonable and equitable manner. The goals of TCDRS' funding policy are to fully fund benefits over the course of employees' careers to ensure intergenerational equity, and to balance rate and benefit stability with the need for the plan funding to be reflective of current plan conditions.

This policy documents the current funding policies in effect for the Dec. 31, 2024 actuarial valuation as established by state law, administrative rule and action by the TCDRS Board of Trustees (the board). The policy serves as a comprehensive funding overview and complies with the GASB reporting requirements for an agent multiple-employer plan.

TCDRS funding overview

TCDRS is a model for responsible, disciplined funding. TCDRS does not receive any state funding. As an agent, multiple-employer plan, each participating employer in the system funds its plan independently. A combination of three elements funds each employer's plan: employee deposits, employer contributions and investment income.

- The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, as adopted by the employer's governing body.
- 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.
- Investment income funds a large part of the benefits employees earn.

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

Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience.

In addition, employers annually review their plans and may adjust benefits and costs based on their local needs and budgets. Although accrued benefits may not be reduced, employers may reduce future benefit accruals and immediately reduce costs.

Methodology for determining employer contribution rates

The board hires independent outside consulting actuaries to conduct an annual valuation to measure the funding status and to determine the required employer contribution rate for each employer plan. In order to calculate the employer contribution rate, the actuary does the following:

- Studies each employer's adopted plan of benefits and the profile of its plan participants, and uses assumptions established by the board to estimate future benefit payments.
- Discounts the estimate of future benefit payments to the present based on the long-term rate of investment return to determine the present value of future benefits.
- Compares the present value of future benefits with the plan's assets to determine the difference that needs to be funded based on the funding policy.

The valuation of each employer plan is based on the system funding policy and the assets, benefits and participant profile of each participating employer plan. The four key components in the determination of employer contribution rates are: the actuarial cost method, amortization policy, the asset valuation method and the actuarial assumptions.

Actuarial cost method

TCDRS has adopted the replacement life entry age cost method, a conservative cost method and an industry standard. The goal of this cost method is to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin. Under this approach, benefits are funded in advance as a level percentage of pay. This portion of the contribution rate is called the normal cost rate and generally remains stable from year to year.

Amortization policy

The portion of the contribution rate that funds any remaining unfunded amounts for benefits that are not covered by the normal cost is called the unfunded actuarial accrued liability (UAAL) rate. UAAL amounts occur when benefit enhancements are adopted that have not been funded in advance, or when actual investment or demographic experience varies from the actuarial assumptions (actuarial gains and losses). UAAL amounts are amortized on a level-dollar basis over a closed period with a layered approach. UAAL layers established Dec. 31, 2022 and earlier are amortized on a level-percentage-of-covered-payroll basis. The closed periods ensure all unfunded liabilities are financed over no more than 20 years from the time they occur. Each year new layers are established to amortize changes in the UAAL due to actuarial gains or losses, as well as any plan benefit changes elected by an employer for that year.

Benefit enhancements are amortized over a 15-year closed period. All other changes in the UAAL are amortized over 20-year closed periods. These amortization periods are generally more conservative than those of most other public retirement plans and are stricter than the minimum amortization period required under state law.

For newly participating districts that have five or fewer employees with at least one employee who is within five years of retirement eligibility, the consulting actuary may determine that any initial UAAL or any subsequent adoption of prior service credits is to be amortized over a five-year closed amortization period. This ensures that benefits are appropriately funded over the current generation of employees.

Notwithstanding the layered approach, the total UAAL payment may not be less than the required payment obtained by amortizing the entire UAAL over a 20-year period.

If a plan is overfunded, the overfunded actuarial accrued liability (OAAL) is calculated annually using a 30-year open amortization period on a level-dollar basis.

Asset valuation method

When determining the actuarial value of assets used for measuring a plan's funded status, TCDRS smooths each year's actuarial investment gains and losses and recognizes them over a five-year period to better reflect the system's long-term investment horizons and to keep employer contribution rates more stable. As actuarial asset investment gains and losses are recognized, they become part of the actuarial gains and losses for the year and are funded according to the amortization policy. The five-year period helps stabilize employer rates while still ensuring that rates are reflective of current market conditions.

In addition, the board has the ability to set aside reserves from investment earnings that are used to help offset future negative economic cycles. These reserves are held separately and are not counted as part of a participating employer's plan assets until they are passed through to employers when determined necessary by the board. Reserves help maintain rate stability for employers. In addition, reserves ensure that employers do not adopt benefit increases based on a temporarily lower plan cost at a high point in a market cycle and, conversely, are not as pressured to immediately reduce benefit levels during a low point in a market cycle.

Actuarial assumptions

Demographic and economic assumptions are used to estimate employer liabilities and to determine the amount of funding required from employer contributions as opposed to investment earnings. These assumptions reflect a long-term perspective of 30 years or more. Examples of key economic assumptions include long-term investment return, long-term inflation and annual payroll increase.

Demographic assumptions are the actuary's best estimate of what will happen to TCDRS members and retirees. Examples of demographic assumptions are employment termination rates, retirement rates and retiree mortality rates. A complete listing of all actuarial assumptions can be found in the annual system-wide valuation report.

Oversight

The board has established review policies to ensure that actuarial assumptions are appropriate and that the methodology for determining employer contribution rates is being correctly applied.

Review of actuarial assumptions

TCDRS' actuarial assumptions are periodically reviewed and revised as deemed necessary to reflect best estimates of future experience. Every four years, the TCDRS consulting actuary conducts an investigation of experience. TCDRS assumptions are compared to plan experience and future expectations, and changes to the assumptions are recommended as needed. The board adopts actuarial assumptions to be used in the valuation based on the results of this study.

An actuarial audit of every investigation of experience is required and must be performed by an independent auditing actuary to review the consulting actuary's analysis, conclusions and recommendations for accuracy, appropriateness and reasonableness. These audits alternate between a peer review and a full replication audit of the investigation of experience. In a peer review audit of the investigation, the reviewing actuary uses the raw results of the investigation for demographic assumptions as calculated by the consulting actuary to test the conclusions and recommendations. In addition, the reviewing actuary independently analyzes economic assumptions to test the results and recommendations of the consulting actuary. The reviewing actuary also examines the consulting actuary's methods and assumptions for reasonableness and internal consistency. In a full replication audit of the investigation, in addition to performing all of the steps of a peer review, the auditing actuary fully replicates the calculation of the investigation's raw results.

Review of employer contribution rates

In order to test accuracy and ensure that the actuarial methods and assumptions are being correctly applied, an audit of the valuation is required every four years. These audits are conducted by an independent reviewing actuary and alternate between a peer review and a full replication audit of the valuation. In the peer review audit of the valuation, the actuary uses a sample of participant data and TCDRS plans to test the results of the valuation. The reviewing actuary also examines the consulting actuary's methods and assumptions for reasonableness and internal consistency. In a full replication audit of the valuation, the auditing actuary performs all the steps of a peer review audit but instead of analyzing sample data and plans, the auditing actuary fully replicates the original actuarial valuation.

Review and modification of funding policy

The board will review this policy on a regular basis and may modify this policy at its discretion. Modifications to the policy may be submitted for consideration to the board by staff and/or outside consulting actuaries as circumstances warrant.

Appendix F—Glossary

Actuarially Determined Contribution	The required contribution that is calculated for the reporting period, determined based on the funding policy and the annual valuation.
Deferred Inflows/Outflows of Resources	Portion of changes in net pension liability that is not immediately recognized in Pension Expense. These changes include differences between expected and actual experience, changes in assumptions, and differences between expected and actual earnings on plan investments.
Discount Rate	Single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the sum of: 1) The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return. 2) The actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate.
Fiduciary Net Position	Equal to market value of assets.
Long-Term Expected Rate of Return	Long-term expected rate of return on pension plan investments expected to be used to finance the payment of benefits.
Municipal Bond Rate	Yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
Net Pension Liability / (Asset)	Total Pension Liability minus the Plan's Fiduciary Net Position.
Projected Benefit Payments	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and expected future service.
Service Cost	The portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.
Total Pension Liability	The portion of actuarial present value of projected benefit payments that is attributable to past periods of member service using the Entry Age Normal cost method based on the requirements of GASB 67 and 68.