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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jones County Appraisal District
Anson, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Jones County Appraisal District (District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Jones County Appraisal District as of December 31, 2025, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios – Texas County and District Retirement System, Schedule of Employer Pension Contributions – Texas County and District Retirement System, and Schedule of Changes in Total Other Post-Employment Benefit (OPEB) Liability and Related Ratios – Texas County and District Retirement System identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
August 4, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Jones County Appraisal District, we offer readers of the District's Annual Financial Report this narrative overview and analysis of the District's financial performance during the fiscal year ended December 31, 2025. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows exceeded its liabilities and deferred inflows of resources at December 31, 2025 by $65,575 (net position). Of this amount, $12,382 represents unrestricted net position, which may be used to meet the District's obligations.

- During the year, the District's total net position decreased by $152,455. The District's expenses, which totaled $677,338, were less than the District's program revenues of $725,373 and general revenues of $5,919. However, the District returned $206,409 to the taxing entities in 2025 as a result of excesses earned in 2023 and 2024.

- The total cost of the District's programs decreased by $5,071, less than 1%. Payroll expenses decreased due to fewer employees in 2025 while contracted services increased from the previous year.

- The governmental funds reported a fund balance this year of $112,909, which is a decrease of $183,500 in comparison with the prior year amount. The District's operations generated a surplus of $22,909, but the District returned $206,409 in excess funds to the taxing entities in 2025.

- At the end of the current fiscal year, the total fund balance of the General Fund was $112,909, or 16% of the total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

All of the District's services are reported in the government-wide financial statements. Collections from the taxing entities along with investment earnings finance most of the activities. Additionally, all capital assets are reported here.

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

The *statement of net position* presents financial information on all the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

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

Fund Financial Statements

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

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus on *governmental funds* is narrower than that of 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. Reconciliations are provided for both the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. These reconciliations facilitate the comparison between *governmental funds* and *governmental activities.*

The District's General Fund is a governmental fund.

The **fiduciary fund** is used to account for resources held for the benefit of parties outside the District. These funds are not available to support the District's operations. The District is simply the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in this fund are used for their intended purpose. All of the District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. The District's fiduciary fund represents tax collections received by the District that will be remitted directly to the taxing entities for which it collects.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to obtain a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's progress in funding its obligation to provide pension benefits to its employees.

Government-wide Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. Exhibited below in Table 1 is the District's net position summarized for the *governmental activities*.

Table 1 - District's Net Position

	Governmental Activities			
	2025	2024	$ Change	% Change
Current and other assets	$ 291,685	$ 478,439	$ (186,754)	-39%
Capital assets, net	53,193	117,470	(64,277)	-55%
Total Assets	344,878	595,909	(251,031)	-42%
Total Deferred Outflows of Resources	71,783	98,026	(26,243)	-27%
Current liabilities	22,480	114,799	(92,319)	-80%
Long-term liabilities	99,745	223,604	(123,859)	-55%
Total Liabilities	122,225	338,403	(216,178)	-64%
Total Deferred Inflows of Resources	228,861	137,502	91,359	66%
Net position:				
Investment in capital assets	53,193	57,574	(4,381)	-8%
Unrestricted	12,382	160,456	(148,074)	-92%
Total Net Position	$ 65,575	$ 218,030	$ (152,455)	-70%

Investment in capital assets (e.g. buildings and furniture and equipment) is $53,193. The District uses these capital assets to provide services to the taxing entities as well as citizens; consequently, these assets are not available for future spending.

The remaining balance of net position of $12,382 may be used to meet the District's ongoing obligations.

Changes in Net Position

The District's total revenues, both program and general, were $731,292. The vast majority, 99%, of the District's revenue comes from billings to the taxing entities and other charges for services. Exhibited below in Table 2 are the District's revenues for the years ended December 31, 2025 and 2024 for the District's *governmental activities*.

Table 2 - District's Revenues

	Governmental Activities			
	2025	Percent	2024	Percent
Charges for services	$ 725,373	99%	$ 729,696	99%
Investment earnings	1,134	0%	272	0%
Miscellaneous	4,785	1%	9,306	1%
Total Revenues	$ 731,292	100%	$ 739,274	100%

Exhibited below in Table 3 are the District's expenses for the years ended December 31, 2025 and 2024 for the District's *governmental activities.*

Table 3 - District's Expenses

	Governmental Activities			
	2025	Percent	2024	Percent
Tax collection and appraisal services	$ 677,338	100%	$ 682,409	100%
Total Expenses	$ 677,338	100%	$ 682,409	100%

Governmental Activities

Table 4 presents the various revenue categories and gross costs of each of the District's functional areas for both the current and prior year. Following the table, we provide explanations for the significant or unusual fluctuations between the two years.

Table 4 - Changes in Net Position

	Governmental Activities			
	2025	2024	$ Change	% Change
Revenues:				
Program revenues:				
Charges for services	$ 725,373	$ 729,696	$ (4,323)	-1%
General revenues:				
Investment earnings	1,134	272	862	317%
Miscellaneous	4,785	9,306	(4,521)	-49%
Total revenues	731,292	739,274	(7,982)	-1%
Expenses:				
Tax collection and appraisal services	677,338	682,409	(5,071)	-1%
Total expenses	677,338	682,409	(5,071)	-1%
Change in net position	$ 53,954	$ 56,865	$ (2,911)	-5%

There were no significant fluctuations between the two years as the District's operations were consistent from year to year.

Financial Analysis of the District's Funds

As previously stated, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and segregation for particular purposes.

Governmental Funds

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

As of December 31, 2025, the District's governmental fund reported an ending fund balance of $112,909, a decrease of $183,500 from the previous year due to $206,409 being returned to the entities in the current year.

General Fund

At the end of the current fiscal year, the ending fund balance for the General Fund was $112,909, $90,000 of which is committed for various items. The total fund balance represents 16% of the total General Fund expenditures for the year ended December 31, 2025. The fund balance decreased $183,500 in the current fiscal year.

Revenues totaled $731,292, a decrease of $7,982 (1%) from the preceding year. The District's billings to entities remained very consistent while miscellaneous revenues decreased slightly.

Expenditures totaled $708,383, a decrease of $40,589 (5%) from the preceding year. The decrease was due to expenditures related to new appraisal and collection software and hardware purchased in the prior year.

Additionally, the District refunded $206,409 of excess funds earned in 2023 and 2024 to the taxing entities during 2025.

General Fund Budgetary Highlights

Over the course of the year, the District did not make any revisions to its budget. Actual expenditures were $8,885 below final budget amounts.

On the other hand, revenues were $9,044 above the final budgeted amount. The District does not budget for miscellaneous revenues such as tax certificates and interest income.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

At December 31, 2025, the District had invested in a broad range of capital assets totaling $53,193, net of accumulated depreciation, including land, buildings and improvements, furniture and fixtures, equipment, leased assets and subscription assets. See Table 5 below.

Table 5 - Capital Assets, Net

	2025	2024	$ Change	% Change
Land	$ 2,100	$ 2,100	$ -	0%
Building and improvements, net	48,874	54,902	(6,028)	-11%
Furniture and fixtures, net	2,219	2,741	(522)	-19%
Equipment, net	-	-	-	N/A
Leased assets, net	-	10,577	(10,577)	-100%
Subscription assets, net	-	47,150	(47,150)	-100%
Totals	$ 53,193	$ 117,470	$ (64,277)	-55%

Capital assets, net of accumulated depreciation, decreased $64,277 from the previous year. Additional information about the District's capital assets is presented in the notes to the financial statements.

Long-Term Debt

At December 31, 2025, the District had fully retired all long-term obligations for right-to-use lease liabilities and right-to-use subscription liabilities, See Table 6 below.

Table 6 - Long-term Debt

	2025	2024	$ Change	% Change
Lease liabilities	$ -	$ 10,975	$ (10,975)	-100%
Subscription liabilities	-	48,921	(48,921)	-100%
Totals	$ -	$ 59,896	$ (59,896)	-100%

Long-term debt decreased $59,896 during the current year. Additional information about the District's long-term debt is included in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Revenues are budgeted to increase 7.5% from the 2025 final revenues to $776,714. This increase is a result of expected increases in salary and benefit expenditures for 2026.

The District's 2026 budgeted amount for expenditures also increased 7.5% from the 2025 budgeted amount. Salaries and benefits are expected to increase while contracted services decrease for 2026.

If 2026 budget estimates are realized, the District's fund balance will decrease by the end of 2026. The District expects to return funds to the entities from the 2025 excess.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Chief Appraiser.

BASIC FINANCIAL STATEMENTS

JONES COUNTY APPRAISAL DISTRICT

STATEMENT OF NET POSITION
DECEMBER 31, 2025

Assets	
Current assets:	
Cash and cash equivalents	$ 189,248
Accounts receivable	27,617
Due from fiduciary	74,820
Total current assets	291,685
Long-term assets:	
Capital assets not being depreciated	2,100
Capital assets being depreciated (net)	51,093
Total long-term assets	53,193
Total assets	344,878
Deferred outflows of resources	
Pension-related	69,976
OPEB-related	1,807
Total deferred outflows of resources	71,783
Liabilities	
Current liabilities:	
Accrued payroll	10,410
Accrued liabilities	4,616
Compensated absences, due within one year	7,454
Total current liabilities	22,480
Long-term liabilities:	
Net pension liability	81,954
Total OPEB liability	17,791
Total long-term liabilities	99,745
Total liabilities	122,225
Deferred inflows of resources	
Billings in advance	163,750
Pension-related	60,293
OPEB-related	4,818
Total deferred inflows of resources	228,861
Net position	
Net investment in capital assets	53,193
Unrestricted	12,382
Total net position	$ 65,575

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

EXHIBIT A-2

JONES COUNTY APPRAISAL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Expenses	Program Revenues: Charges for Services	Net (Expense) Revenue and Change in Net Position: Governmental Activities
Functions/Programs			
Primary government:			
Governmental activities:			
Tax collection and appraisal services	$ 677,338	$ 725,373	48,035
General revenues:			
Investment earnings			1,134
Miscellaneous			4,785
Total general revenues			5,919
Change in net position			53,954
Net position, beginning			218,030
Refunds to taxing entities			(206,409)
Net position, ending			$ 65,575

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

JONES COUNTY APPRAISAL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUND
DECEMBER 31, 2025

	General Fund
Assets	
Cash and cash equivalents	$ 189,248
Accounts receivable	27,617
Due from fiduciary	74,820
Total assets	$ 291,685
Liabilities	
Accrued payroll	$ 10,410
Accrued liabilities	4,616
Total liabilities	15,026
Deferred inflows of resources	
Billings in advance	163,750
Fund balances	
Committed:	
Technology	14,000
Building repairs and maintenance	25,000
Litigation	15,000
Surplus fund distribution to TCDRS	20,000
Fees and mandates	16,000
Unassigned	22,909
Total fund balances	112,909
Total liabilities, deferred inflows of resources and fund balances	$ 291,685

Total fund balances - governmental fund (above)	$ 112,909
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	53,193
Long-term liabilities are not due and payable in the current period, and, therefore are not reported as liabilities in the fund.	(7,454)
The District's net pension liability ($81,954), related deferred outflows of resources ($69,976) and deferred inflows of resources ($60,293) related to its participation in the Texas County and District Retirement System do not meet criteria to be reported in the fund.	(72,271)
The District's total OPEB liability ($17,791), related deferred outflows of resources ($1,807) and deferred inflows of resources ($4,818) related to its participation in the retiree Group Term Life program for the Texas County and District Retirement System do not meet criteria to be reported in the fund.	(20,802)
Net position of governmental activities	$ 65,575

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

EXHIBIT A-4

JONES COUNTY APPRAISAL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND FOR THE YEAR ENDED DECEMBER 31, 2025

		General Fund
Revenues:		
Appraisal services	$	539,243
Collection services		161,549
Postage allocation		16,381
Tax certificates		8,200
Interest income		1,134
Miscellaneous revenue		4,785
Total revenues		731,292
Expenditures:		
Current:		
Tax collection and appraisal services		646,603
Debt service		61,780
Total expenditures		708,383
Net change in fund balance		22,909
Fund balance - beginning		296,409
Refunds to taxing entities		(206,409)
Fund balance - ending	$	112,909

Excess of revenues over expenditures - governmental fund (above)	$	22,909
Amounts reported for governmental activities in the statement of net position are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. The net difference between the two was:		(64,277)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities Statement of Net Position. The District made principal payments in the current year.		59,896
Changes in the liability for compensated absences are not reflected in the governmental funds, but are included in the Statement of Activities. The net change in the liability during the year was:		182
The District participates in an agent multiple-employer defined benefit pension and OPEB plan. Contributions to the plans are expenditures at the fund level when payments are due. At the government-wide level, pension and OPEB expenses are recognized on an actuarial basis. The actuarial expense was less than the plan contributions in the current year.		35,244
Change in net position of governmental activities	$	53,954

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

EXHIBIT A-5

JONES COUNTY APPRAISAL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2025

	Custodial Fund
Assets	
Cash and cash equivalents	$ 2,062,975
Liabilities	
Due to Jones County Appraisal District	74,820
Net Position	$ 1,988,155

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

JONES COUNTY APPRAISAL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2025

	Custodial Fund
Additions	
Property tax collections for other governments	$ 23,091,622
Interest earnings	4,504
Total additions	23,096,126
Deductions	
Payments of property tax collections to other governments	22,827,968
Payments of attorney and court costs	251,764
Payments of tax refunds	134,252
Miscellaneous	10,407
Total deductions	23,224,391
Net change in fiduciary net position	(128,265)
Net position - beginning	2,116,420
Net position - ending	$ 1,988,155

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

JONES COUNTY APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Jones County Appraisal District (District) was created in 1979 by Senate Bill Number 621, which was passed by the 66th Texas State Legislature and signed by the Governor. This act created local appraisal districts in the State of Texas and specified the powers, duties, functions, and financing of these local appraisal districts. Each district has the responsibility for listing and appraising taxable property within the district and providing local remedies for dissatisfied property owners.

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

A. Reporting Entity

The reporting entity of the District includes funds and agencies under the authority of the Board of Directors of the District. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the ability of the Board of Directors to exercise oversight responsibility. The most significant manifestation of this ability is financial inter-dependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. Another criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. There are no related organizations that are required to be included within the reporting entity of the District.

B. Basis of Presentation

Government-wide financial statements

The basic financial statements include both 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 non-fiduciary activities of the primary government.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category or segment are offset by program 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 function or segment, 2) grants and contributions that are restricted to meeting operational requirements of a particular function or segment, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Fund financial statements

Separate fund-based financial statements are provided for governmental funds and fiduciary funds. The District reports the following major governmental fund:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.
Custodial Fund: These funds are used to account for resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from services is recognized in the fiscal year for which the services are provided. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds 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 from local sources consist primarily of intergovernmental revenues which are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt, including right-to-use leases and subscription liabilities, are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

D. Cash and Cash Equivalents

Deposits (cash, money market deposits and certificates of deposit) are carried at cost, which approximates market value.

E. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

F. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as internal receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Interfund transfers, as well as interfund receivables and payables, are eliminated in the government-wide statements.

G. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

Capital assets are being depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	25 years
Furniture and fixtures	10 years
Equipment	5-10 years
Right-to-use leased assets	2 years
Right-to-use subscription assets	2 years

JONES COUNTY APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT'D.)
DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the year ended December 31, 2025, the District reports deferred outflows of resources for amounts related to the District's defined benefit pension plan (Note 6) and defined OPEB plan (Note 7).
In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the year ended December 31, 2025, the District reports deferred inflows of resources for amounts related to the District's defined benefit pension plan (Note 6) and defined OPEB plan (Note 7). The District also reports deferred inflows of resources for payments received in advance from taxing entities.

I. Right-to-use Leases

The District is a lessee for a noncancellable lease of property and equipment. The District recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease.

Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the District is reasonably certain to exercise, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

J. Subscription-Based Information Technology Agreements (SBITAs)

The District has a noncancellable contract with an information technology vendor for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The District recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the District's financial statements. The District recognizes subscription liabilities with an initial individual value of $5,000 or more.

At the commencement of a SBITA, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the District determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.

The subscription term includes the noncancellable period of the SBITA.

Subscription payments included in the measurement of the subscription liability is composed of fixed payments and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The District monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

K. Fund Balances

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the Board of Directors. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget.

Committed fund balance amounts differ from restricted balances in that the constraints on their use does not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Assignments within the General Fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

L. Pensions

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

The Statements require numerous pension disclosures in the notes to the financial statements and two 10-year, pension-related charts as required supplementary information. The District is required to recognize pension expense, report deferred outflows of resources and deferred inflows of resources related to pensions and a net pension liability for its proportionate shares of the collective pension expense, collective deferred outflows of resources and deferred inflows of resources related to pensions and collective net pension (asset) liability.

M. Other Post-Employment Benefits

The fiduciary net position of the TCDRS has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TCDRS's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go-plan and all cash is held in a cash account.

N. Use of Estimates

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

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", there are no violations of finance-related legal and contractual provisions required to be reported.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

NOTE 3 - DEPOSITS AND INVESTMENTS (CONT'D.)

Cash Deposits

At December 31, 2025, the carrying amount of the District's deposits (cash and interest-bearing savings accounts included in temporary investments, excluding fiduciary funds) was $189,248 and the bank balance was $187,613. The District's cash deposits at December 31, 2025 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, was as follows:

Governmental activities:	Balance January 1, 2025	Increases	Decreases	Balance December 31, 2025
Capital assets not being depreciated:				
Land	$ 2,100	$ -	$ -	$ 2,100
Capital assets being depreciated:				
Building and Improvements	150,716	-	-	150,716
Furniture and fixtures	33,401	-	-	33,401
Equipment	60,380	-	-	60,380
Right-to-use leased assets	21,155	-	21,155	-
Right-to-use subscription assets	94,300	-	94,300	-
Total capital assets being depreciated	359,952	-	115,455	244,497
Less accumulated depreciation:				
Building and Improvements	95,814	6,028	-	101,842
Furniture and fixtures	30,660	522	-	31,182
Equipment	60,380	-	-	60,380
Right-to-use leased assets	10,578	10,577	21,155	-
Right-to-use subscription assets	47,150	47,150	94,300	-
Total accumulated depreciation	244,582	64,277	115,455	193,404
Total capital assets being depreciated, net	115,370	(64,277)	-	51,093
Governmental activities capital assets, net	$117,470	($64,277)	$ -	$ 53,193

Depreciation was charged to tax collection and appraisal services.

NOTE 5 - LONG-TERM LIABILITIES

Long-term liabilities transactions for the year ended December 31, 2025, are summarized as follows:

	Balance January 1, 2025	Issued	Retired	Balance December 31, 2025	Due Within One Year
Right-to-use subscription liabilities	$48,921	$ -	$48,921	$ -	$ -
Right-to-use lease liabilities	10,975	-	10,975	-	-
Compensated absences	7,636	-	182	7,454	7,454
Totals	$67,532	$ -	$60,078	$7,454	$7,454

Right-to-use Subscription Liabilities

The District entered into an information technology agreement with Pritchard & Abbott, Inc. for the use of appraisal and collection software for the period from January 1, 2024 through December 31, 2025. The contract called for total payments of $98,510, with $48,030 due in 2024 and $50,480 due in 2025. The contract had an imputed interest rate of 5% and a term of two years.

Right-to-use Lease Liabilities

The District entered into a lease agreement with Pritchard & Abbott, Inc. for the use of computer hardware for the period from January 1, 2024 through December 31, 2025. The contract calls for total payments of $22,100, with $10,800 due in 2024 and $11,300 due in 2025. The lease had an imputed interest rate of 5% and a term of two years.

Compensated Absences

Compensated absences represent vacation and sick leave accumulated that are likely to be paid or used as of December 31, 2025. The amount displayed as issuances or retirements represents the net change in the liability.

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Plan Description

The District provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of more than 830 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis that is publicly available at www.tcdrs.org.

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONT'D.)

The plan provisions are adopted by the governing body of the District, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service or with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 10 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 amounts contributed by the District.Benefits Provided

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and the District-financed monetary credits. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the District'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 District-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, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	4
Active employees	5

Contributions

The District has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the District based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The District's actuarially determined rate was 15.81% for 2025. However, the District contributed at a rate of 16.94%. As a result, the District contributed $3,003 more to the Plan than required during 2025.

The contribution rate payable by the employee members for calendar year 2025 is the rate of 7% as adopted by the Board of Directors of the District. The employee contribution rate and the District contribution rate may be changed by the Board of Directors of the District within the options available in the TCDRS Act.

Net Pension Liability

The District's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation.

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONT'D.)

Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of December 31, 2024 were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2020, except where required to be different by GASB 68.

Real rate of return	5.00% per year
Inflation	2.50% per year
Long-term investment return	7.50% per year, net of pension plan investments expenses
Growth in membership	0.0% per year
Payroll growth	0.0% per year

Salary increases were based on a service-related table. The mortality rates for active members were based on 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. The mortality rate for service retirees, beneficiaries, and non-depositing members was based on 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. The mortality rates for disabled retirees were based on 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.

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 based on January 2025 information for a 10-year time horizon.

The valuation assumption for long-term expected return is re-assessed a minimum of every four years, and is set based on a 30-year time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting.

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONT'D.)

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	Benchmark	Target Allocation [1]	Geometric Real Rate of Return (Expected minus Inflation) [2]
US Equities	Dow Jones U.S. Total Stock Market Index	13.00%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index [3]	25.00%	8.15%
Global Equities	MSCI World (net) Index	4.00%	5.15%
International Equities – Developed	MSCI World Ex USA (net) Index	6.00%	4.75%
International Equities – Emerging	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 Capped 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 [4]	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 [5]	6.00%	5.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) 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 of 2.35%, per Cliffwater's 2025 capital market assumptions

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

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

[5] Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

JONES COUNTY APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT'D.)
DECEMBER 31, 2025

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONT'D.)

Discount Rate

The projected fiduciary net position was determined to be sufficient compared to projected benefit payments. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be sufficient to pay projected benefit payments in all future years. Therefore, 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 (7.60%).

Changes in Net Pension Liability / (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) – (b)
Balances as of December 31, 2023	$2,312,856	$2,112,121	$200,735
Changes for the year:			
Service cost	43,164	-	43,164
Interest on total pension liability [1]	172,003	-	172,003
Effect of plan changes [2]	6,611	-	6,611
Effect of economic/demographic gains or losses	(70,358)	-	(70,358)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(6,464)	(6,464)	-
Benefit payments	(182,653)	(182,653)	-
Administrative expense	-	(1,194)	1,194
Member contributions	-	19,221	(19,221)
Net investment income	-	212,663	(212,663)
Employer contributions	-	45,719	(45,719)
Other [3]	-	(6,208)	6,208
Balances as of December 31, 2024	$2,275,159	$2,193,205	$ 81,954

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

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Net pension liability / (asset)	$307,637	$81,954	($111,537)

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONT'D.)

Pension Expense

	January 1, 2024 to December 31, 2024
Service cost	$ 43,164
Interest on total pension liability [1]	172,003
Effect of plan changes	6,611
Administrative expenses	1,194
Member contributions	(19,221)
Expected investment return net of investment expenses	(155,613)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(15,624)
Recognition of assumption changes or inputs	-
Recognition of investment gains or losses	(27,382)
Other [2]	6,208
Pension expense	$ 11,340

[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.*

Deferred Outflows / Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$24,958	$35,179
Changes of assumptions	-	-
Net difference between projected and actual earnings	-	25,114
Contributions made subsequent to measurement date	45,018	-
Total	$69,976	$60,293

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	($35,695)
2026	37,030
2027	(25,259)
2028	(11,411)

JONES COUNTY APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONT'D.)
DECEMBER 31, 2025

NOTE 7 - DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

A. Plan Description

A description of the OPEB plan pursuant to Paragraph 50 of GASB Statement No. 75 is as follows:

1. The District participates in the retiree Group Term Life (GTL) program for the TCDRS which is a statewide, agent multiple-employer, public employee retirement system.
2. A brief description of benefit terms:
   a) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree GTL program are included in the OPEB plan.
   b) The plan provides a $5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree GTL program.
   c) The OPEB benefit is a fixed $5,000 lump-sum benefit.
   d) No future increases are assumed in the $5,000 benefit amount.
   e) Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year.
3. Membership information is shown in the chart below.
4. Contributions made to the retiree GTL program are held in the GTL fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.
5. Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year. The District's contribution rate for the retiree GTL program is calculated annually on an actuarial basis and is equal to the cost of providing a one-year death benefit equal to $5,000.

B. Membership Information

Members	12/31/23	12/31/24
Number of inactive employees entitled to but not yet receiving benefits [1]	0	1
Number of active employees	7	5
Average age of active employees	47.49	56.70
Average length of service in years for active employees	11.24	10.27
Inactive Employees Receiving Benefits [1]		
Number of benefit recipients [1]	6	6

[1] "Receiving benefits" indicates the member is retired and receiving monthly pension benefits, and his or her beneficiary is eligible for the $5,000 lump sum upon the retiree's death.

NOTE 7 - DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN (CONT'D.)

C. Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2024 were based on the results of an actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB 75.

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 Salary
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	Does not apply
Inflation	Does not apply
Salary Increases	Annual salary increases range from 0.40% to 5.25% depending on age and years of service
Investment Rate of Return (Discount Rate)	3.26% (20-year Bond GO Index published by bondbuyer.com as of 12/28/2024)
Cost-of-Living Adjustment	Does not apply
Disability	The rates of disability range from 0.000% to 0.001% for work-related disability and 0.000% to 0.198% for all other causes depending on age.
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 Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

NOTE 7 - DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN (CONT'D.)

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.
Retirement	Members eligible for service retirement range from 5.3% to 25.3% for both male and females depending on age.
Other Termination of Employment	Annual rates for termination range from 0.0% to 23.1% for both males and females depending on entry dates and years of service.

D. Changes in Total OPEB Liability

	Changes in Total OPEB Liability
Balance as of December 31, 2023	$22,869
Changes for the year:	
Service cost	534
Interest on total OPEB liability (1)	744
Changes of benefit terms (2)	-
Effect of economic/demographic experience	(2,471)
Effect of assumptions changes or inputs (3)	(2,704)
Benefit payments	(1,181)
Other	-
Balance as of December 31, 2024	$17,791

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

(2) No plan changes valued.

(3) Reflects change in discount rate.

Sensitivity Analysis

The following presents the total OPEB liability of the District, calculated using the discount rate of 4.08%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) or 1 percentage point higher (5.08%) than the current rate. Note that the healthcare cost trend rate does not affect the total OPEB liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease 3.08%	Current Discount Rate 4.08%	1% Increase 5.08%
Total OPEB liability	$21,169	$17,791	$15,161

NOTE 7 - DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN (CONT'D.)

E. OPEB Expense

	January 1, 2024 to December 31, 2024
Service cost	$ 534
Interest on total pension liability [1]	744
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(269)
Recognition of assumption changes or inputs	(1,488)
Other	-
OPEB expense	($ 479)

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

F. Deferred Outflows / Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 970	$1,689
Changes of assumptions	837	3,129
Contributions made subsequent to measurement date	-	-
Total	$1,807	$4,818

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

Year Ended December 31:	
2025	($2,490)
2026	(1,122)
2027	601

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2025, the District has purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for any of the past three fiscal years.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Contingent Liabilities

There are no known material loss contingencies as of the date of this report that would require disclosure in the financial statements.

Litigation

No reportable litigation was pending against the District at December 31, 2025.

NOTE 10 - INTERFUND BALANCE

As of December 31, 2025, the District was owed $74,820 from the Custodial Fund. This amount will be repaid in 2026.

REQUIRED SUPPLEMENTARY INFORMATION

JONES COUNTY APPRAISAL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Appraisal services	$ 543,195	$ 543,195	$ 539,243	$ (3,952)
Collection services	179,053	179,053	161,549	(17,504)
Postage allocation	-	-	16,381	16,381
Tax certificates	-	-	8,200	8,200
Interest income	-	-	1,134	1,134
Miscellaneous revenue	-	-	4,785	4,785
Total revenues	722,248	722,248	731,292	9,044
Expenditures:				
Current:				
Tax collections and appraisal services	642,268	642,268	646,603	(4,335)
Debt service	68,000	68,000	61,780	6,220
Capital outlay	7,000	7,000	-	7,000
Total expenditures	717,268	717,268	708,383	8,885
Excess of revenues over expenditures	4,980	4,980	22,909	17,929
Fund balance - beginning	296,409	296,409	296,409	-
Refunds to taxing entities	(206,409)	(206,409)	(206,409)	-
Fund balance - ending	$ 94,980	$ 94,980	$ 319,318	$ 17,929

JONES COUNTY APPRAISAL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

	2024	2023	2022	2021
Total Pension Liability				
Service cost	$ 43,165	$ 39,191	$ 30,823	$ 36,601
Interest on total pension liability	172,003	164,583	157,017	152,740
Effect of plan changes	6,611	37,512	-	-
Effect of assumption changes or inputs	-	-	-	(13,488)
Effect of economic/demographic (gains) or losses	(70,358)	21,608	56,613	(4,448)
Benefit payments/refunds of contributions	(189,118)	(150,081)	(156,340)	(64,049)
Net change in total pension liability	(37,697)	112,813	88,113	107,356
Total pension liability (asset), beginning	2,312,856	2,200,043	2,111,930	2,004,574
Total pension liability (asset), ending (a)	$ 2,275,159	$ 2,312,856	$ 2,200,043	$ 2,111,930
Fiduciary Net Position				
Employer contributions	$ 45,719	$ 52,112	$ 51,940	$ 37,360
Member contributions	19,221	21,433	22,681	19,415
Investment income net of investment expenses	212,663	216,446	(121,432)	395,251
Benefit payments/refunds of contributions	(189,118)	(150,081)	(156,340)	(64,049)
Administrative expenses	(1,194)	(1,103)	(1,158)	(1,185)
Other	(6,207)	(3,039)	(9,676)	291
Net change in fiduciary net position	81,084	135,768	(213,985)	387,083
Fiduciary net position, beginning	2,112,121	1,976,353	2,190,338	1,803,255
Fiduciary net position, ending (b)	$ 2,193,205	$ 2,112,121	$ 1,976,353	$ 2,190,338
Net pension liability / (asset), ending = (a) - (b)	$ 81,954	$ 200,735	$ 223,690	$ (78,408)
Fiduciary net position as a % of total pension liability	96.40%	91.32%	89.83%	103.71%
Pensionable covered payroll	$ 274,591	$ 306,182	$ 324,019	$ 277,353
Net pension liability as a % of covered payroll	29.85%	65.56%	69.04%	-28.27%

2020	2019	2018	2017	2016	2015
$ 33,237	$ 31,802	$ 31,394	$ 31,224	$ 31,519	$ 28,922
143,180	132,712	123,361	113,570	104,499	97,441
-	-	-	-	-	(5,900)
106,685	-	-	16,306	-	21,870
15,731	19,529	16,519	15,865	16,432	7,607
(56,246)	(56,246)	(56,246)	(56,246)	(56,246)	(56,246)
242,587	127,797	115,028	120,719	96,204	93,694
1,761,987	1,634,190	1,519,162	1,398,443	1,302,239	1,208,545
$ 2,004,574	$ 1,761,987	$ 1,634,190	$ 1,519,162	$ 1,398,443	$ 1,302,239
$ 36,614	$ 32,046	$ 27,743	$ 26,178	$ 23,930	$ 23,319
19,431	19,355	18,530	18,343	17,839	17,310
168,973	231,572	(27,096)	185,967	87,963	4,587
(56,246)	(56,246)	(56,246)	(56,246)	(56,246)	(56,246)
(1,319)	(1,246)	(1,133)	(963)	(955)	(855)
156	62	(152)	(166)	12,709	10,223
167,609	225,543	(38,354)	173,113	85,240	(1,662)
1,635,646	1,410,103	1,448,457	1,275,344	1,190,104	1,191,766
$ 1,803,255	$ 1,635,646	$ 1,410,103	$ 1,448,457	$ 1,275,344	$ 1,190,104
$ 201,319	$ 126,341	$ 224,087	$ 70,705	$ 123,099	$ 112,135
89.96%	92.83%	86.29%	95.35%	91.20%	91.39%
$ 277,587	$ 276,494	$ 264,719	$ 262,037	$ 254,847	$ 247,285
72.52%	45.69%	84.65%	26.98%	48.30%	45.35%

JONES COUNTY APPRAISAL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a % of Covered Payroll
2016	$ 23,930	$ 23,930	$ -	$ 254,847	9.4%
2017	26,178	26,178	-	262,037	10.0%
2018	27,743	27,743	-	264,719	10.5%
2019	32,046	32,046	-	276,494	11.6%
2020	36,614	36,614	-	277,587	13.2%
2021	37,360	37,360	-	277,353	13.5%
2022	51,940	51,940	-	324,019	16.0%
2023	52,112	52,112	-	306,182	17.0%
2024	41,710	45,812	(4,102)	274,591	16.7%
2025	42,015	45,018	(3,003)	265,747	16.9%

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

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	16.0 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	2015-2016: No changes in plan provisions were reflected. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018-2023: No changes in plan provisions were reflected. 2024: Employer contributions reflect that a 3% flat COLA was adopted

JONES COUNTY APPRAISAL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

	2024	2023	2022	2021
Total OPEB Liability				
Service cost	$ 534	$ 498	$ 665	$ 679
Interest on total OPEB liability	744	740	533	515
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	(2,704)	1,395	(5,310)	435
Effect of economic/demographic (gains) or losses	(2,471)	1,618	(171)	1,259
Benefit payments	(1,181)	(1,562)	(1,458)	(1,137)
Net change in total OPEB liability	(5,078)	2,689	(5,741)	1,751
Total OPEB liability, beginning	22,869	20,180	25,921	24,170
Total OPEB liability, ending	$ 17,791	$ 22,869	$ 20,180	$ 25,921
Covered payroll	$ 274,591	$ 306,182	$ 324,019	$ 277,353
Net OPEB liability as a % of covered payroll	6.48%	7.47%	6.23%	9.35%

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required. Therefore, we have only shown years for which GASB 75 was implemented.

EXHIBIT B-4

2020	2019	2018	2017	2016	2015
$ 580	$ 359	$ 421	$ 373	N/A	N/A
561	654	586	599	N/A	N/A
-	-	-	-	N/A	N/A
2,306	3,707	(1,615)	557	N/A	N/A
1,366	596	509	477	N/A	N/A
(1,083)	(940)	(874)	(865)	N/A	N/A
3,730	4,376	(973)	1,141	N/A	N/A
20,440	16,064	17,037	15,896	N/A	N/A
$ 24,170	$ 20,440	$ 16,064	$ 17,037	N/A	N/A
$ 277,587	$ 276,494	$ 264,719	$ 262,037	N/A	N/A
8.71%	7.39%	6.07%	6.50%	N/A	N/A

JONES COUNTY APPRAISAL DISTRICT

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025

Budget

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. The District and many other governments revise their original budgets over the course of the year for a variety of reasons.

The District adheres to the following procedures in establishing the operating budget reflected in the basic financial statements:

Prior to the beginning of each fiscal year, the Chief Appraiser submits to the Board of Directors a proposed budget for the calendar year beginning on the following January 1. The operating budget, which represents the financial plan for the ensuing year, includes proposed expenditures.

A public hearing is conducted at which all interested persons' comments concerning the budget are heard.

The budget for the next year is approved by the Board of Directors prior to September 15.

Expenditures may not exceed appropriations for each legally adopted annual operating budget.

Annual budgets are adopted for the General Fund on a basis consistent with generally accepted accounting principles, except for any activity related to the issuance of subscription liabilities or lease liabilities. Those items are not included in the annual budget.

At the close of each year, any unencumbered appropriation balances (appropriations including prior year encumbrances less current year expenditures and encumbrances) lapse or revert to unassigned fund balance.