

**JONES COUNTY APPRAISAL DISTRICT**

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FINANCIAL STATEMENTS  
and  
INDEPENDENT AUDITORS' REPORT

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YEAR ENDED DECEMBER 31, 2020

**JONES COUNTY APPRAISAL DISTRICT**

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## **FINANCIAL SECTION**

# Merritt, McLane & Hamby, P.C.

401 Cypress Street, Suite 303  
Abilene, TX 79601

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
**Jones County Appraisal District**

We have audited the accompanying financial statements of the governmental activities and the remaining funds of Jones County Appraisal District, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the remaining funds of Jones County Appraisal District, as of December 31, 2020, 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.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the required TCDRS schedules on pages 3 through 7 and pages 33 and 37 be presented to supplement the basic financial statements. Such

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

*Merritt, McLane & Hamby, P.C.*

**MERRITT, MCLANE & HAMBY, P.C.**

Abilene, Texas  
April 30, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Jones County Appraisal District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on December 31, 2020. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The District's total net position decreased \$22,566 from prior year.
- During the year, the District's expenses were \$22,566 more than the \$631,972 generated in fees from the entities and other revenues for governmental programs.
- The total cost of the District's programs was \$654,538.
- The general fund reported fund balance of \$90,000.

### OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The District also includes in this report additional information to supplement the basic financial statements.

#### *Government-wide Financial Statements*

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This is the District-wide statement of financial position presenting information that includes all of the District's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall economic health of the District would extend to other nonfinancial factors such as the condition of District infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities* which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's entities.

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by revenues from supporting entities.

#### *Fund Financial Statements*

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and

regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The District has only governmental funds:

*Governmental funds* are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provides a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Fiduciary Fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

#### ***Notes to the Financial Statements***

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

#### ***Other Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The budgetary comparison schedule for the general fund can be found in required supplementary information. This statement demonstrates compliance with the District's adopted and final revised budget. The District's total final budget did not change from the adopted budget.

#### **Financial Analysis of the District as a Whole**

**Net position.** As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District as a whole.

**Table A-1  
Jones County Appraisal District's Net Position**

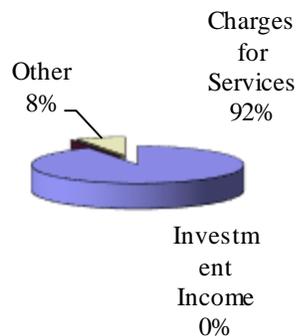
	<u>2020</u>	<u>2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and Other Assets	\$ 253,043	\$ 230,921	\$ 22,122	10%
Capital and Non-Current Assets	<u>85,946</u>	<u>87,146</u>	<u>(1,200)</u>	-1%
<b>Total Assets</b>	<b><u>338,989</u></b>	<b><u>318,067</u></b>	<b><u>20,922</u></b>	<b>7%</b>
<b>Deferred Outflows</b>	87,740	130,775	(43,035)	-33%
Current Liabilities	163,043	140,921	22,122	16%
Noncurrent Liabilities	<u>146,782</u>	<u>146,782</u>	<u>0</u>	0%
<b>Total Liabilities</b>	<b><u>309,825</u></b>	<b><u>287,703</u></b>	<b><u>22,122</u></b>	<b>8%</b>
<b>Deferred Inflows</b>	40,262	61,931	(21,669)	-35%
Net Position				
Net investment in capital assets	85,946	87,146	(1,200)	-1%
Unrestricted	<u>(9,304)</u>	<u>12,062</u>	<u>(21,366)</u>	-177%
<b>Total Net Position</b>	<b><u>\$ 76,642</u></b>	<b><u>\$ 99,208</u></b>	<b><u>(22,566)</u></b>	<b>-23%</b>

As the above table indicates, total current assets increased by \$22,122 during the fiscal year ended December 31, 2020. This increase is due primarily to an increase in cash. Noncurrent assets decreased \$1,200 due to depreciation expense offset by additions. Current liabilities increased due to the increase in unearned revenue. The District has noncurrent liabilities due to the liability from TCDRS resulting from the implementation of GASB Nos. 68 and 75. The District's net position at fiscal year-end is \$76,642. This is a \$22,566 decrease over last year's net position of \$99,208.

**Changes in net position.** The District's total revenues were \$631,972. Approximately 92% of the District's revenue comes from supporting entities. (See Figure A-1)

The total cost of all programs and services was \$654,538. The District's expenses are for operating expenses of the District.

**Figure A-1  
District Sources of Revenue for  
Fiscal Year 2020**



**Table A-2**  
**Changes in Jones County Appraisal District's Net Position**

	<u>2020</u>	<u>2019</u>	Total % Change
<b>Revenues</b>			
<u>Program Revenues</u>			
Charges for Services	\$ 584,134	\$ 570,810	2%
<u>General Revenues</u>			
Investment income	259	240	8%
Other income	<u>47,579</u>	<u>45,166</u>	5%
<b>Total Revenues</b>	<u>631,972</u>	<u>616,216</u>	3%
<b>Expenses</b>			
General government	<u>654,538</u>	<u>649,346</u>	1%
<b>Total Expenses</b>	<u>654,538</u>	<u>649,346</u>	1%
<b>Transfers</b>			
		<u>(26,898)</u>	
Decrease in net position	\$ <u>(22,566)</u>	\$ <u>(60,028)</u>	-62%

**Governmental Funds**

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The General Fund is the only governmental fund of the District. The General fund reported ending fund balances of \$90,000.

**General Fund Budgetary Highlights**

The General Fund Budget for fiscal year 2020 was \$616,661. Actual expenditures were \$19,793 under budget.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The District's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2020, was \$85,946. The total change in net capital assets was a decrease of 1.4% in the governmental activities. The District added an air conditioner in the current year. See Table A-3 for additional information about changes in capital assets during the fiscal year.

**Jones County Appraisal District**  
**City's Capital Assets**

	<u>2020</u>	<u>2019</u>	Total % Change
Land	\$ 2,100	\$ 2,100	
Buildings and improvements	150,716	150,716	
Furniture and equipment	33,401	28,180	19%
Equipment	<u>245,533</u>	<u>245,533</u>	
Total at historical cost	431,750	426,529	1%
Total accumulated depreciation	<u>345,804</u>	<u>339,383</u>	2%
Net capital assets	\$ <u>85,946</u>	\$ <u>87,146</u>	-1%

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The General Funds expenditures are budgeted at \$617,373, which is an increase of \$20,505 from prior year expenditures. The District has added no major new programs or initiatives to the 2021 budget. If these estimates are realized, the District's budgetary general fund fund balance is expected to remain the same.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Jones County Appraisal District at 1137 E. Court Plaza, Anson, Texas 79501.

## **BASIC FINANCIAL STATEMENTS**

**JONES COUNTY APPRAISAL DISTRICT**

STATEMENT OF NET POSITION

DECEMBER 31, 2020

	Primary Government General Fund
<b>ASSETS</b>	
Current Assets	
Cash	\$ 248,796
Receivable from entities	4,247
Total current assets	<u>253,043</u>
Non-current Assets	
Capital assets:	
Land	2,100
Buildings, net	79,017
Furniture and fixtures, net	4,829
Total non-current assets	<u>85,946</u>
 Total Assets	 <u>338,989</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
Deferred outflow related to pension	81,950
Deferred outflow related to OPEB	5,790
Total Deferred Outflow of Resources	<u>87,740</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	1,930
Payable to entities	35,104
Retirement payable	4,921
Unearned revenue	121,088
Total current liabilities	<u>163,043</u>
Noncurrent liabilities	
Net pension liability	126,342
Net OPEB liability	20,440
Total noncurrent liabilities	<u>146,782</u>
 Total Liabilities	 <u>309,825</u>
<b>DEFERRED INFLOW OF RESOURCES</b>	
Deferred inflow related to pension	39,293
Deferred inflow related to OPEB	969
Total Deferred Inflow of Resources	<u>40,262</u>
<b>NET POSITION</b>	
Net investment in capital assets	85,946
Unrestricted	(9,304)
Total Net Position	\$ <u><u>76,642</u></u>

*The accompanying notes are an integral part of this statement.*

**JONES COUNTY APPRAISAL DISTRICT**

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	<u>Primary Government</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
<b>Primary Government</b>					
Governmental Activities:					
General government	\$ <u>654,538</u>	\$ <u>584,134</u>	\$ <u>          </u>	\$ <u>(70,404)</u>	\$ <u>(70,404)</u>
Total governmental activities	<u>654,538</u>	<u>584,134</u>	<u>          </u>	<u>(70,404)</u>	<u>(70,404)</u>
 Total Primary Government	 <u>\$ 654,538</u>	 <u>\$ 584,134</u>	 <u>\$           </u>	 <u>(70,404)</u>	 <u>(70,404)</u>
			<b>General Revenues:</b>		
			Investment income	259	259
			Other income	<u>47,579</u>	<u>47,579</u>
			Total General Revenues	<u>47,838</u>	<u>47,838</u>
			 <b>Change in Net Position</b>	 (22,566)	 (22,566)
			Net Position - Beginning	<u>99,208</u>	<u>99,208</u>
			Net Position - Ending	<u>\$ 76,642</u>	<u>\$ 76,642</u>

*The accompanying notes are an integral part of this statement.*

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

**JONES COUNTY APPRAISAL DISTRICT**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

DECEMBER 31, 2020

	<u>General Fund</u>
<b>ASSETS:</b>	
Current:	
Cash	\$ 248,796
Receivable from entities	4,247
Total Assets	<u>\$ 253,043</u>
<b>LIABILITIES:</b>	
Current Liabilities	
Accounts payable	\$ 1,930
Payable to entities	35,104
Retirement payable	4,921
Unearned revenue	121,088
Total Liabilities	<u>163,043</u>
<b>FUND BALANCE:</b>	
Committed:	
Contingency	15,000
Building maintenance	30,000
Technology	20,000
Other allocations	25,000
Total Fund Balance	<u>90,000</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 253,043</u>

*The accompanying notes are an integral part of this statement.*

**JONES COUNTY APPRAISAL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

Total fund balances - governmental funds balance sheet	\$	90,000
Amounts reported for governmental activities in the statement of net position (SNP) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$426,529 and the accumulated depreciation was \$339,383.		87,146
Depreciation expense decreases net position in SNP.		(6,421)
Capital asset additions are expenditures in the fund financial statements but are increases to capital assets in the government wide statements.		5,221
Included in the noncurrent liabilities is the recognition of the District's net pension liability required by GASB 68 in the amount of \$126,342, a deferred resource inflow in the amount of \$39,293, and a deferred resource outflow in the amount of \$81,950. This resulted in a decrease in net position by \$83,685.		(83,685)
Included in the noncurrent liabilities is the recognition of the District's net OPEB liability required by GASB 75 in the amount of \$20,440, a deferred resource inflow in the amount of \$969, and a deferred resource outflow in the amount of \$5,790. This resulted in a decrease in net position by \$15,619.		<u>(15,619)</u>
Net position of governmental activities - statement of net position	\$	<u>76,642</u>

*The accompanying notes are an integral part of this statement.*

**JONES COUNTY APPRAISAL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2020

	General Fund
	<u>                    </u>
<b>REVENUES</b>	
Charges for services	\$ 584,134
Investment income	259
Other income	47,579
Total Revenues	<u>631,972</u>
 <b>EXPENDITURES</b>	
Salary	277,586
Payroll tax	22,244
Employee benefits	39,060
Appraisal engineers	125,400
Board of review	1,547
Dues and subscriptions	2,659
Insurance and bonds	3,506
Leases and agreements	58,339
Miscellaneous	1,003
Office maintenance	4,686
Office supplies and postage	28,832
Professional services	10,500
Telephone and utilities	11,143
Travel, training and tuition	3,733
Capital outlay	6,630
Total Expenditures	<u>596,868</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>35,104</u>
 <b>OTHER FINANCING SOURCES (USES)</b>	
Transfers to supporting entities	<u>(35,104)</u>
Total Other Financing Sources (Uses)	<u>(35,104)</u>
 Net Change in Fund Balance	
 Fund Balance - Beginning	<u>90,000</u>
 Fund Balance - Ending	\$ <u><u>90,000</u></u>

*The accompanying notes are an integral part of this statement.*

**JONES COUNTY APPRAISAL DISTRICT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

Total change in fund balances - total governmental funds	\$	0
<p>Amounts reported for governmental activities in the statement of activities (SOA) are different because:</p>		
Depreciation expense decreases net position in SNP.		(6,421)
Capital asset additions are expenditures in the fund financial statements but are increases to capital assets in the government wide statements.		5,221
<p>The implementation of GASB 69 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of December 31, 2019 caused the change in the ending net position to increase in the amount of \$36,614. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling \$32,046. The District's reported TCDRS net pension expense had to be recorded. The net pension expense decreased the change in net position by \$25,499. The result of these changes is to decrease the change in net position by \$20,931.</p>		(20,931)
<p>The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of December 31, 2019 caused the change in the ending net position to increase in the amount of \$1,527. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling \$1,355. The District's reported TCDRS net OPEB expense had to be recorded. The net pension expense decreased the change in net position by \$607. The result of these changes is to decrease the change in net position by \$435.</p>		(435)
		<u>(435)</u>
Total change in net position of governmental activities - statement of activities	\$	<u><u>(22,566)</u></u>

*The accompanying notes are an integral part of this statement.*

**FIDUCIARY FUND FINANCIAL STATEMENTS**

**JONES COUNTY APPRAISAL DISTRICT**

**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND**

DECEMBER 31, 2020

	<u>Custodial Fund</u>
<b>ASSETS</b>	
Cash on Hand Tax Account	\$ 6,420
Cash on Deposit Escrow Accounts	475,454
Total Assets	<u>\$ 481,874</u>
<b>LIABILITIES</b>	
Refunds payable	21
Accounts payable VIT	367,605
Accounts payable escrow accounts	106,554
Total Liabilities	<u>474,180</u>
<b>NET POSITION</b>	
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 7,694</u>

*The accompanying notes are an integral part of this statement.*

**JONES COUNTY APPRAISAL DISTRICT**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND  
 YEAR ENDED DECEMBER 31, 2020

	<u>Custodial Funds</u>
<b>Additions</b>	
Property tax collections for other governments	\$ 21,934,343
Investment income	230
Total Revenues	<u>21,934,573</u>
<b>Deletions</b>	
Payments of tax collections to other governments	<u>21,934,343</u>
Total Expenditures	<u>21,934,343</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>230</u>
Net position - beginning	<u>7,464</u>
Net position - ending	\$ <u><u>7,694</u></u>

*The accompanying notes are an integral part of this statement.*

## JONES COUNTY APPRAISAL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Jones County Appraisal District (the District) operates under a Chief Appraiser and Directors form of government and provides the following services: appraisal of property values and collections of property taxes services.

The accounting and reporting framework and the more significant accounting principles and practices of the District are discussed in subsequent sections of this Note. The remainder of the Notes is organized to provide explanations, including required disclosures, of the District's financial activities for the fiscal year ended December 31, 2020.

#### Government-wide and Fund Financial Statements

##### *Government-wide financial statements*

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole. The primary government is presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and District general revenues, generally financed in whole or in part with fees charged to external customers. The District has no business-type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees from supporting entities and other charges to users of the District's services; and (2) operating grants and contributions which finance annual operating activities. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

##### *Fund financial statements*

Fund financial statements are provided for governmental funds.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are recorded when the related fund liability is incurred.

## JONES COUNTY APPRAISAL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Major revenue sources susceptible to accrual include fees from supporting entities. In general, other revenues are recognized when cash is received.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

#### Fund Types and Major Funds

##### *Governmental funds*

The District reports the following major governmental fund:

General Fund – reports as the primary fund of the District. This fund is used to account for all financial resources.

In addition, the District reports the following fund type:

##### *Fiduciary Funds:*

Custodial funds – These funds are used to report custodial funds held in a purely custodial capacity (assets equal liabilities). Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to other governments.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as net position held for participating entities. While these balances are reported in fund financial statements, certain eliminations are made in the preparation for the government-wide financial statements.

#### Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the Fiduciary Net Position of the Texas County and District Retirement System (the "TCDRS") and additions to/deductions from TCERS' Fiduciary Net Position have been determined on the same basis as they are reported to TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Investments are reported at fair value.

#### Assets, Liabilities, and Net Position or Equity

##### *Cash*

The District maintains and controls four cash accounts. Some of these accounts are interest-bearing accounts but none are considered to be investments nor need to be considered cash equivalents.

##### *Inventory*

The costs of inventory are recorded as expenditures when purchased (purchase method).

##### *Capital assets, depreciation, and amortization*

The District adopted a formal capitalization policy whereby the District capitalizes assets with a cost greater than \$5,000 and a useful life greater than one year. The District's property, plant, and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are

**JONES COUNTY APPRAISAL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

stated at fair value on the date donated. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives for depreciable assets are as follows:

Buildings	25 years
Furniture and fixtures	10 years
Equipment	5-10 years

*Deferred Outflows / Inflows of Resources*

Deferred outflows of resources refer to the consumption of net assets that are applicable to a future reporting period. Deferred outflows of resources have a positive effect on net position, similar to assets. The District has no amounts recorded as deferred outflows of resources in the governmental fund financial statements and \$87,740 of deferred outflows related to TCDRS in the government-wide financial statements.

Deferred inflows of resources refer to the acquisition of net assets that are applicable to a future reporting period. Deferred inflows of resources have a negative effect on net position, similar to liabilities. The District has no amounts recorded as deferred inflows of resources in the governmental fund financial statements and \$40,262 of deferred inflows of resources related to TCDRS in the government-wide financial statements.

*Fund balance classification*

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) are legally or contractually required to be maintained intact. The District had no nonspendable funds on December 31, 2020.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or b) imposed by law through constitutional provisions or enabling legislation. The District had no restricted funds on December 31, 2020.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board of Directors. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District had \$15,000 committed for contingencies, \$30,000 committed for building maintenance, \$20,000 committed for technology, and \$25,000 for other allocations on December 31, 2020.

## JONES COUNTY APPRAISAL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Assigned – This classification includes amounts that are constrained by the Council’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the District Council or through the Council delegating this responsibility to the District Secretary through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has no funds classified as assigned on December 31, 2020.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

#### *Estimates*

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. As such, actual results could differ from those estimates.

#### **NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

##### Budgetary Information

##### *Budget policy and practice*

Management of the District submits an annual budget to the Board of Directors in accordance with the District’s charter. The budget is presented to the Board of Directors for review, and public hearings are held to address priorities and the allocation of resources. In December, the Board of Directors adopts the annual fiscal year budgets for District operating funds. Once approved, the Board of Directors may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

##### *Basis of budgeting*

The General Fund’s appropriated budget is prepared on a detailed line-item basis. Revenues are budgeted by source. Budget revisions at this level are subject to final review by the District Council.

Budgets for the governmental funds are budgeted on the modified accrual basis of accounting. Revenues are budgeted in the year receipt is expected; and expenditures are budgeted in the year that the expenditure is incurred. The budget and actual financial statements are reported on this basis.

## JONES COUNTY APPRAISAL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### **NOTE 3: DEPOSITS AND INVESTMENTS**

*Custodial Credit Risk for Deposits* – State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

#### Compliance with the Public Funds Investment Act

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) banker's acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. The District does not have an investment policy and therefore, is not in compliance with this requirement.

Additional policies and contractual provisions governing deposits and investments for the District are as follows:

*Credit Risk* – To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District only has checking and money market accounts.

*Custodial Credit Risk for Investments* – To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party, the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All the District's deposits are secured by FDIC.

*Concentration of Credit Risk* – The District's cash and cash equivalents consist of checking and money market accounts at their depository bank and is fully collateralized at the time of deposit. Therefore, the District's credit risk due to concentration is not considered a material risk.

*Interest Rate Risk* – To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District monitors the interest rate of the money market accounts.

**JONES COUNTY APPRAISAL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

**NOTE 4: CAPITAL ASSETS**

The following schedule provides a summary of changes in capital assets:

	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
<i>Governmental activities:</i>				
Capital assets not being depreciated				
Land	\$ 2,100			\$ 2,100
<i>Total capital assets not being depreciated</i>	<u>2,100</u>	<u>-</u>	<u>-</u>	<u>2,100</u>
Capital assets being depreciated				
Buildings	150,716			150,716
Furniture and equipment	28,180	5,221		33,401
Equipment	245,533			245,533
Total capital assets being depreciated	424,429	5,221		429,650
Less accumulated depreciation for:				
Buildings	(65,670)	(6,029)		(71,699)
Furniture and equipment	(28,180)	(392)		(28,572)
Equipment	(245,533)			(245,533)
Total accumulated depreciation	<u>(339,383)</u>	<u>(6,421)</u>		<u>(345,804)</u>
Governmental activities capital assets, net	\$ <u>87,146</u>	\$ <u>(1,200)</u>		\$ <u>85,946</u>
Depreciation was charged to functions as follows:				
<i>Governmental activities:</i>				
General government	\$ 6,421			
Total depreciation expense - governmental activities	\$ <u>6,421</u>			

**NOTE 5: RISK MANAGEMENT – CLAIMS AND JUDGEMENTS**

The District is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims have not exceeded insurance coverage limits for the past three years.

**NOTE 6: UNFAVORABLE BUDGET VARIANCES**

During the year ended December 31, 2020, the District had the following unfavorable budget variances:

General Fund	
Insurance and bonds	\$ 6
Leases and agreements	839
Miscellaneous	1,003
Office maintenance	686
Office supplies and postage	832
Professional services	200

All expenditures were approved by the Board, and total expenditures were \$19,793 less than budget.

## JONES COUNTY APPRAISAL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### **NOTE 7: RETIREMENT PLAN – TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM**

##### Plan Description

The District provides retirement, disability, and death benefits for all of its full-time employees through a non-traditional, defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the state-wide agent multiple-employer, public-employee retirement system. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

##### Pension Plan Fiduciary Net Pension

Detailed information about TCDRS' fiduciary net position (in the aggregate) is available in a separately-issued Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. The CAFR can be found at the following link: [www.tcdrs.org](http://www.tcdrs.org).

Under state law governing TCDRS since 1991, the District has had the option of selecting the plan of benefits to provide in the future, while at the same time considering the level of the employer-contribution rate required to adequately finance the plan. Effective January 1, 2003, the District adopted an annually determined contribution rate plan, for which the employer contribution rate is actuarially determined as a part of the annual actuarial valuation. The rate, applicable for a calendar year, consists of the normal cost contribution rate plus the rate required to amortize the unfunded actuarial liability over the remainder of the plan's 30-year amortization period which began January 1, 2003 using the entry age actuarial cost method. Monthly contributions by the District are based on the covered payroll and the employer contribution rate in effect. The employer contribution rate for calendar year 2020 is 13.19% and for calendar year 2019 was 11.59%.

The plan provisions are adopted by the Board of Directors of the District, within the options available in the state statutes governing TCDRS (TCDRS Act). Members can retire at age 60 and above with 8 or more years of service, with 20 years regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight 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

TCDRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of the District.

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

##### Contributions

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 fund each employer's plan: employee deposits, employer contributions, and investment income.

**JONES COUNTY APPRAISAL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

**NOTE 7: RETIREMENT PLAN – TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM - continued**

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. The District contributed using actuarially determined rate of 11.59% for the months of the calendar year in 2019 and 13.19% for the months of the calendar year in 2020.

The contribution rate payable by the employee members for 2020 and 2019 is the rate of 7.0% as adopted by the District’s Board of Directors. The employee contribution rate and the employer contribution rate may be changed by the Board of Directors, within the options available in the TCDRS Act.

<u>Contribution rates</u>	<u>2019</u>	<u>2020</u>
Employer	11.59%	13.19%
Member	7.00%	7.00%

At December 31, 2020, there were six active employees contributing to the plan. Additionally, there were three inactive employee receiving benefits and two inactive employee entitled to but not receiving benefits.

Annual Pension Costs

For the District’s accounting year ending December 31, 2020, the annual pension cost for the TCDRS plan was \$36,614.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with GASB Statement No. 68, *Accounting for Pensions by State and Local Governmental Employees*, parameters based on the actuarial valuations as of December 31, 2018 and December 31, 2019, the basis for determining the contribution rates for calendar years 2019 and 2020. The most recent valuation is as of December 31, 2019.

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 by adopting an elected rate of 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 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.

**JONES COUNTY APPRAISAL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

**NOTE 7: RETIREMENT PLAN – TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM - continued**

Change in Net Pension Liability/Asset

	Increase (Decrease)		
	Plan Fiduciary Net Pension		
	Total Pension Liability (a)	Net Position (b)	Liability (a)-(b)
Balance at 12/31/18	\$ 1,634,192	\$ 1,410,105	224,087
Changes for the year:			
Service Cost	31,802		31,802
Interest	132,712		132,712
Change in benefit terms			
Difference between expected/actual experience	19,529		19,529
Changes of assumptions			
Contributions - employer		32,046	(32,046)
Contributions - employee		19,355	(19,355)
Net investment income		231,572	(231,572)
Benefit payments, including refunds of employee contributions	(56,246)	(56,246)	
Administrative expenses		(1,246)	1,246
Other charges		61	(61)
Net changes	127,797	225,542	(97,745)
Balance at 12/31/19	<u>\$ 1,761,989</u>	<u>\$ 1,635,647</u>	<u>\$ 126,342</u>

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.

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.

Discount Rate

The discount rate used to measure the total pension liability was 8.1%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate

**JONES COUNTY APPRAISAL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

**NOTE 7: RETIREMENT PLAN – TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM –  
continued**

of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments is 8.1%. 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 below are based on January 2019 information for a 7 to 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum every four years and is set based on a 30-year time horizon; the most recent analysis was performed in 2019. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 – December 31, 2016 for more details.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (2)
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
International Equities - Developed Markets	MSCI World Ex USA (net) Index	7.00%	5.20%
International Equities - Emerging Markets	MSCI EM Standard (net) Index	7.00%	5.70%
Investment - Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.20%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index (4)	4.00%	6.90%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33%	3.00%	4.50%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (5)	6.00%	5.50%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds	8.00%	2.30%
Total		<u>100.00%</u>	

**JONES COUNTY APPRAISAL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

**NOTE 7: RETIREMENT PLAN – TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM –  
continued**

- (1) Target asset allocation adopted at the June 2020 TCDRS Board meeting.
- (2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.80%, per Cliffwater's 2020 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.

Discount Rate Sensitivity Analysis

The following shows the net pension liability calculated using the discount rate of 8.1%, as well as what the District's net pension asset would be if it were calculated using a discount rate that is 1 percent point lower (7.1%) or 1 percent point higher (9.1%) than the current rate.

	1% Decrease in Discount Rate (7.1%)	Discount Rate (8.1%)	1% Increase in Discount Rate (9.1%)
District's net pension liability (asset)	344,279	126,342	(59,763)

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

At December 31, 2020, the District reported a liability of \$126,342 for its net pension liability. The net pension was measured as of December 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that time.

There was no change of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

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

For the year ended December 31, 2020, the District recognized pension expense in the amount of \$63,278.

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience (net of Changes in actuarial assumptions)	35,168	
Differences between projected and actual investment earnings (net of Contributions subsequent to the measurement date)	10,168	39,293
Total	<u>36,614</u>	<u>39,293</u>
	<u>81,950</u>	<u>39,293</u>

\$36,614 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2021.

**JONES COUNTY APPRAISAL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

**NOTE 7: RETIREMENT PLAN – TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM - continued**

The net amount of the District’s balances of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2021	10,885
2022	2,286
2023	12,484
2024	(19,612)

**NOTE 8: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS**

Plan Description

Jones County Appraisal District participates in the retiree Group Term Life program for the Texas County and District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system. 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 Group Term Life program are included in the OPEB plan. 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.

Membership Information

Actuarial Valuation and Measurement Date, December 31, Membership

Number of inactive employees entitled to but not yet receiving benefits:	1
Number of active employees:	6
	<hr/> 7

Summary of Actuarial Assumptions

Total OPEB liability is based on the following actuarial methods and assumptions:

Discount Rate	2.41%
Retirees' share of benefit-related costs	\$0
Mortality rates - depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Mortality rates - disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, oth projected with 110% of the MP-2014 Ultimate scale after 2014.

**JONES COUNTY APPRAISAL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

**NOTE 8: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued**

Contributions

Employees for the Jones County Appraisal District were required to contribute 0% of their annual gross earnings during the fiscal year. The contribution rates for the District were 0.49% and 0.55% in calendar years 2019 and 2020, respectively. The District's contributions to TCDRS OPEB for the year ended December 31, 2020 were \$1,527 and were equal to the required contribution.

Total OPEB Liability

The changes in total OPEB liability are as follows:

	Increase (Decrease)
	<u>Total OPEB Liability</u>
Balance at 12/31/18	\$ 16,064
Changes for the year:	
Service Cost	359
Interest	654
Change in benefit terms	
Difference between expected/actual experience	596
Changes of assumptions	3,707
Contributions - employer	
Contributions - employee	
Net investment income	
Benefit payments, including refunds of employee contributions	(940)
Administrative expenses	
Other charges	
Net changes	<u>4,376</u>
Balance at 12/31/19	<u>\$ 20,440</u>

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

The following presents the total OPEB liability of the District as if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended December 31, 2019.

OPEB expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the District recognized OPEB expense in the amount of \$1,527.

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**JONES COUNTY APPRAISAL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

**NOTE 8: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - continued**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of Changes in actuarial assumptions	1,019 3,244	969
Differences between projected and actual investment earnings (net of Contributions subsequent to the measurement date	1,527	
Total	<u>5,790</u>	<u>969</u>

\$1,527 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31,	
2021	812
2022	812
2023	807
2024	863

**NOTE 9: NEW ACCOUNTING PRONOUNCEMENTS**

In June 2017, the GASB issued Statement No. 87 *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. GASB No. 95 postponed the effective date 18 months. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2018, the GASB issued Statement No. 89 *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. GASB No. 95 postponed the effective date one year. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

## JONES COUNTY APPRAISAL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### **NOTE 9: NEW ACCOUNTING PRONOUNCEMENTS - continued**

In August 2018, the GASB issued Statement No. 90 *Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. GASB No. 95 postponed the effective date one year. The District determined there was no impact upon its financial position, results of operations or cash flows upon adoption.

In May 2019, the GASB issued Statement No. 91 *Conduit debt obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Implementation of this standard has been extended until the reporting periods beginning after December 15, 2021 due to GASB No. 95. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In January 2020, the GASB issued Statement No. 92 *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Implementation of this standard has been extended until the reporting periods beginning after December 15, 2021. GASB No. 95 postponed the effective date for one year. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In March 2020, the GASB issued Statement No. 93 *Replacement of Interbank Offered Rates*. The objective of the Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement are effective for reporting periods ending after December 15, 2021. Implementation of this standard has been extended until the reporting periods beginning after December 15, 2022. GASB No. 95 postponed the implementation by one year. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

## JONES COUNTY APPRAISAL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### **NOTE 9: NEW ACCOUNTING PRONOUNCEMENTS - continued**

In March 2020, the GASB issued Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In May 2020, the GASB issued Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018. And later. The following statements are postponed by one year: 83, 84, 88, 89, 90, 91, 92 and 93. The following statement is postponed by 18 months: No. 87. The requirements of this Statement are effective immediately.

In May 2020, the GASB issued Statement No. 96 *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset- an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for years beginning after June 15, 2022. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2020, the GASB issued Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements Nos. 14 and 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements, and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the

**JONES COUNTY APPRAISAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

***NOTE 9: NEW ACCOUNTING PRONOUNCEMENTS - continued***

definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

**REQUIRED SUPPLEMENTARY INFORMATION**

**JONES COUNTY APPRAISAL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 578,460	578,460	\$ 584,134	\$ 5,674
Investment income			259	259
Other income	38,201	38,201	47,579	9,378
Total Revenues	<u>616,661</u>	<u>616,661</u>	<u>631,972</u>	<u>15,311</u>
<b>EXPENDITURES</b>				
Salary	284,914	284,914	277,586	7,328
Payroll tax	23,417	23,417	22,244	1,173
Employee benefits	40,430	40,430	39,060	1,370
Appraisal engineers	125,400	125,400	125,400	
Board of review	2,700	2,700	1,547	1,153
Dues and subscriptions	3,500	3,500	2,659	841
Insurance and bonds	3,500	3,500	3,506	(6)
Leases and agreements	57,500	57,500	58,339	(839)
Miscellaneous			1,003	(1,003)
Office maintenance	4,000	4,000	4,686	(686)
Office supplies and postage	28,000	28,000	28,832	(832)
Professional services	10,300	10,300	10,500	(200)
Telephone and utilities	13,000	13,000	11,143	1,857
Travel, training and tuition	4,000	4,000	3,733	267
Capital outlay	16,000	16,000	6,630	9,370
Total Expenditures	<u>616,661</u>	<u>616,661</u>	<u>596,868</u>	<u>19,793</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			<u>35,104</u>	<u>35,104</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to supporting entities			<u>(35,104)</u>	<u>(35,104)</u>
Total Other Financing Sources (Uses)			<u>(35,104)</u>	<u>(35,104)</u>
Net Change in Fund Balance				
Fund Balance - Beginning	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	
Fund Balance - Ending	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$</u>

**JONES COUNTY APPRAISAL DISTRICT**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Plan Year Ended December 31,		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total Pension Liability</b>			
Service cost	\$ 31,802	\$ 31,394	\$ 31,224
Interest (on the total pension liability)	132,712	123,361	113,570
Changes of benefit terms			
Difference between expected and actual experience	19,529	16,520	16,305
Change of assumptions			15,865
Benefit payments, including refunds of employee contributions	(56,246)	(56,246)	(56,246)
Net Change in Total Pension Liability	<u>127,797</u>	<u>115,029</u>	<u>120,718</u>
Total Pension Liability - Beginning	1,634,192	1,519,163	1,398,445
<b>Total Pension Liability - Ending (a)</b>	<u><u>\$ 1,761,989</u></u>	<u><u>\$ 1,634,192</u></u>	<u><u>\$ 1,519,163</u></u>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 32,046	\$ 27,743	\$ 26,178
Contributions - employee	19,355	18,530	18,343
Net investment income	231,572	(27,096)	185,967
Benefit payments, including refunds of employee contributions	(56,246)	(56,246)	(56,246)
Administrative expense	(1,246)	(1,133)	(963)
Other	61	(151)	(166)
Net Change in Plan Fiduciary Net Position	<u>225,542</u>	<u>(38,353)</u>	<u>173,113</u>
Plan Fiduciary Net Position - Beginning	1,410,105	1,448,458	1,275,345
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u><u>\$ 1,635,647</u></u>	<u><u>\$ 1,410,105</u></u>	<u><u>\$ 1,448,458</u></u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u><u>\$ 126,342</u></u>	<u><u>\$ 224,087</u></u>	<u><u>\$ 70,705</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.83%	86.29%	95.35%
Covered Employee Payroll	\$ 276,494	\$ 264,719	\$ 262,037
Net Pension Liability as a Percentage of Covered Employee Payroll	45.69%	84.65%	26.98%

	2016	2015	2014
\$	31,519	\$ 28,922	\$ 28,005
	104,499	97,441	90,570
		(5,900)	
	16,434	7,607	14,217
		21,870	
	(56,246)	(56,246)	(56,246)
	96,206	93,694	76,546
	1,302,239	1,208,545	1,131,999
\$	<u>1,398,445</u>	<u>1,302,239</u>	<u>1,208,545</u>

\$	23,930	\$ 23,319	\$ 22,589
	17,839	17,310	16,575
	87,963	4,587	77,319
	(56,246)	(56,246)	(56,246)
	(955)	(855)	(891)
	12,710	10,223	7,593
	85,241	(1,662)	66,939
	1,190,104	1,191,766	1,124,827
\$	<u>1,275,345</u>	<u>1,190,104</u>	<u>1,191,766</u>

\$	<u>123,100</u>	<u>112,135</u>	<u>16,779</u>
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	91.20%	91.39%	98.61%
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\$	254,847	\$ 247,285	\$ 236,781
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	48.30%	45.35%	7.09%
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**JONES COUNTY APPRAISAL DISTRICT**

**SCHEDULE OF PENSION CONTRIBUTIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Fiscal Year Ended December 31,		
	2020	2019	2018
Actuarially determined contribution	\$ 36,614	\$ 32,046	\$ 27,743
Contributions in relation to actuarially determined contribution	<u>(36,614)</u>	<u>(32,046)</u>	<u>(27,743)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 277,586	\$ 276,494	\$ 264,719
Contributions as a percentage of covered employee payroll	13.19%	11.59%	10.48%

	<u>2017</u>		<u>2016</u>		<u>2015</u>
\$	26,178	\$	23,930	\$	23,319
	<u>(26,178)</u>		<u>(23,930)</u>		<u>(23,319)</u>
\$	<u><u>-</u></u>	\$	<u><u>-</u></u>	\$	<u><u>-</u></u>
\$	262,037	\$	254,847	\$	247,285
	9.99%		9.39%		9.43%

**JONES COUNTY APPRAISAL DISTRICT**

**NOTES TO SCHEDULE OF CONTRIBUTIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**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
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	14.2 years (based on contribution rate calculated in 12/31/19 valuation)
Asset Valuation Method	5-yr smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.1%, net of administrative and investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected.
	2017: New mortality 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.

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

**JONES COUNTY APPRAISAL DISTRICT**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Plan Year Ended December 31,		
	2019	2018	2017
<b>Total OPEB Liability</b>			
Service cost	\$ 359	\$ 421	\$ 373
Interest (on the total OPEB liability)	654	586	599
Changes of benefit terms			
Difference between expected and actual experience	596	509	477
Change of assumptions	3,707	(1,615)	557
Benefit payments, including refunds of employee contributions	(940)	(874)	(865)
Net Change in Total OPEB Liability	4,376	(973)	1,141
Total OPEB Liability - Beginning	16,064	17,037	15,896
<b>Total OPEB Liability - Ending (a)</b>	<b>\$ 20,440</b>	<b>\$ 16,064</b>	<b>\$ 17,037</b>
Covered Employee Payroll	\$ 276,494	\$ 264,719	\$ 262,037
Net OPEB Liability as a Percentage of Covered Employee Payroll	7.39%	6.07%	6.50%