

STERLING COUNTY APPRAISAL DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2025



RICHARD A. BOWMAN
Certified Public Accountant

**STERLING COUNTY APPRAISAL DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2025**

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INDEPENDENT AUDITOR'S REPORT

March 18, 2026

To the Sterling County Appraisal District
Sterling City, Texas

Opinions

I have audited the accompanying financial statements of the governmental activities and each major fund of the Sterling County Appraisal District as of December 31, 2025, and the related notes to the financial statements, which collectively comprise the Sterling County Appraisal District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above presents fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Sterling County Appraisal District, as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Sterling County Appraisal District and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe the audit evidence I have obtained is sufficient and appropriate to form the basis of my 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 the Sterling County Appraisal District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than that of one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements, including omissions, 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 and *Government Auditing Standards*, issued by the Comptroller General of the United States, I:

- 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, on a test basis, examining 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 the Sterling County Appraisal District's internal control. Accordingly, 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sterling County Appraisal District's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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 and budgetary comparison information on pages 3 to 5 and 22 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance

Richard Bowman

Richard A. Bowman
Certified Public Accountant

STERLING COUNTY APPRAISAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025

In this section of the Annual Financial and Compliance Report, I, the manager of the Sterling County Appraisal District (the "District"), discuss and analyze the District's financial performance for the fiscal year ended December 31, 2025. Please read it in conjunction with the independent auditor's report on page 1, and the District's Basic Financial Statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

- The District's Net Position increased by \$50,402 as a result of this year's operations.
- The General Fund ended the year with a fund balance of \$152,282.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 7 and 8). These provide information on the District's overall activities and present a longer-term view of its property, debt obligations, and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 9) report the District's operations in a more short-term manner, as well as the resources remaining for future spending.

The notes to the financial statements (starting on page 13) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 7. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year, while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting, which is the basis used by private sector companies.

These two statements report the District's Net Position and its changes. The District's Net Position (the difference between assets and liabilities) provides one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's Net Position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 9 and provide detailed information about the most significant funds, not the District as a whole.

Governmental funds – The District's basic services are reported in the governmental fund. This fund uses modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and reports balances available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliation schedule that follows the fund's financial statements.

STERLING COUNTY APPRAISAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025

THE DISTRICT AS A WHOLE

The District's combined net position increased from a year ago, from \$130,117 to \$180,519, a total of \$50,402, compared to last year's increase of \$23,323. Looking at the net position and net expenses of governmental and business-type activities separately can give valuable information. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental and business-type activities.

Table 1 – Net Position

	Governmental Activities	
	<u>2025</u>	<u>2024</u>
Current and Other Assets	\$ 255,697	\$ 200,702
Capital Assets	-	-
Deferred Outflows	<u>24,653</u>	<u>27,652</u>
Total assets and deferred outflows	<u>280,350</u>	<u>228,354</u>
Deferred Inflows	5,710	3,994
Other Liabilities	<u>94,121</u>	<u>94,243</u>
Total liabilities and deferred inflows	<u>99,831</u>	<u>98,237</u>
Net position:		
Invested in capital assets, net of debt	-	-
Unrestricted	<u>180,519</u>	<u>130,117</u>
Total net position	<u>\$ 180,519</u>	<u>\$ 130,117</u>

Table 2 – Changes in Net Position

	Governmental Activities	
	<u>2025</u>	<u>2024</u>
Revenues		
General Revenues:		
Revenue from Taxing Entities	\$ 373,030	\$ 376,339
Miscellaneous	-	-
Total Revenues	<u>373,030</u>	<u>376,339</u>
Expenses:		
Governmental activities	<u>322,628</u>	<u>353,016</u>
Increase (decrease) in net position	<u>50,402</u>	<u>23,323</u>
Net position – beginning	130,117	106,794
Net position – ending	<u>\$ 180,519</u>	<u>\$ 130,117</u>

CAPITAL ASSET ADMINISTRATION

Capital Assets

At December 31, 2025, the District had no capital assets.

Capital Assets at Year-end

(Net of Depreciation)

	Governmental Activities	
	<u>2025</u>	<u>2023</u>
Capital Assets	\$ -	\$ -

STERLING COUNTY APPRAISAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budgeted expenditures are expected to be \$373,030. Revenues are also budgeted at \$376,339, with the jurisdictions served by the District billed their proportionate share of this budget.

If these estimates are realized, the District's budgetary general fund balance is expected to remain unchanged at the end of fiscal year 2026.

CONTACTING THE APPRAISAL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Sterling County Appraisal District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Office of the Sterling County Appraisal District, P.O. Box 28, Sterling City, Texas, 76951.

STERLING COUNTY APPRAISAL DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 246,403
Prepaid Insurance	-
Net Pension Asset	9,294
Total Assets	255,697
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow Related to Pension Plan	24,653
Total Deferred Outflows of Resources	24,653
LIABILITIES	
Accounts payable	864
Unearned revenue	93,258
Payroll liabilities	-
Refund payable to entities	-
Total Liabilities	94,121
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflow Related to Pension Plan	5,710
Total Deferred Inflows of Resources	5,710
NET POSITION	
Net investment in capital assets	-
Unrestricted	180,519
Total Net Position	\$ 180,519

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

STERLING COUNTY APPRAISAL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Expenses	Program Revenues		Net (Expense) Revenue & Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Primary Gov. Governmental Activities
GOVERNMENTAL ACTIVITIES:				
General government	\$ 322,628	\$ 373,030	\$ -	\$ 50,402
TOTAL GOVERNMENTAL ACTIVITIES	\$ 322,628	\$ 373,030	\$ -	\$ 50,402
General Revenues:				
Other Income				-
Total General Revenues & Special Items				-
Change in net position before transfers				50,402
Refund to Entities				-
Change in Net Position				50,402
Net Position - Beginning				130,117
Net Position - Ending				\$ 180,519

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

STERLING COUNTY APPRAISAL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund
ASSETS	
Cash and cash equivalents	\$ 246,403
Prepaid Insurance	-
Total Assets	<u>\$ 246,403</u>
LIABILITIES	
Accounts payable	\$ 864
Unearned revenue	93,258
Payroll liabilities	-
Refund payable to entities	-
Total Liabilities	<u>94,121</u>
FUND BALANCE	
Assigned for Central Appraisal District	2,390
Committed for Legal Fees	56,502
Unassigned Fund Balance	93,389
Total Fund Balance	<u>152,282</u>
Total Liabilities and Fund Balance	<u>\$ 246,403</u>

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

STERLING COUNTY APPRAISAL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2025

Total Fund Balances - Governmental Funds	\$	152,282
<p>The implementation of GASB 68 requires recording information for the TCDRS Pension plan. This fiscal year required that the District report their net pension asset in the Government Wide Statement of Net Position. The items reported as a result of this implementation included a net pension asset of \$9,294, a Deferred Resource Outflow of \$24,653, and a Deferred Inflow of \$5,710. The net effect of these was to increase the ending net position by \$28,237.</p>		
		28,237
<p>Net Position of Governmental Activities</p>		
	\$	180,519

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

STERLING COUNTY APPRAISAL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund
REVENUES:	
Charges for Services	\$ 373,030
Other Income	-
Total Revenues	<u>373,030</u>
EXPENDITURES:	
Auto Expense	202
Continuing Education	1,155
Dues, Fees, & Subscriptions	560
Legal Publications	525
Insurance	5,321
Office Expense	4,913
Rent	9,600
Interim Chief Appraiser	2,700
Salaries	79,042
Medical Insurance	9,059
Payroll Taxes	6,047
Retirement	12,664
ARB Compensation	800
Accounting & Audit	1,935
Legal Fees	11,449
Computer Software	19,013
Mapping Services	4,991
Mineral Services	96,193
Notice of Appraised Value	1,798
Real Estate Appraisal	36,907
PC Services	5,538
Homestead Services	2,475
Travel, Hotel, & Meals	3,864
Website	-
Utilities & Internet	<u>6,127</u>
Total Expenditures	<u>322,877</u>
Excess of Revenues Over Expenditures	<u>50,153</u>
Other Financing Sources (Uses):	
Transfers to Supporting Entities	<u>-</u>
Net Change in Fund Balance	50,153
Fund Balance - January 1 (Beginning)	<u>102,129</u>
Fund Balance - December 31 (Ending)	<u><u>\$ 152,282</u></u>

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

STERLING COUNTY APPRAISAL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Total Net Change in Fund Balances - Governmental Funds	\$ 50,153
Net Pension Liability and related Deferred Outflows and Inflows are not reported in the funds.	249
Change in Net Position of Governmental Activities	<u>\$ 50,402</u>

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

STERLING COUNTY APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Sterling County Appraisal District (the “District”) operates under a Board-manager form of government and provides the following services: appraisal services for taxing entities.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units, except for the establishment of an allowance for uncollectible receivables. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant government accounting policies are described below.

A. Financial Reporting Entity

The District’s basic financial statements include the accounts of all District operations.

B. Basis of Presentation

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

Governmental funds are those funds through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The District has presented the following major governmental funds:

General Fund -

The General Fund is the District’s main operating fund. This fund is used to account for all financial resources not accounted for in other funds. All general revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund.

Net position flow assumption:

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider the restricted-net position to have been depleted before the unrestricted-net position is applied.

Fund balance flow assumptions:

Sometimes the District will fund outlays for a particular purpose from both the restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider the restricted fund balance to have been depleted before using any of the components of the unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

As of these financial statements, the District has adopted GASB Statement No. 54, which redefined the presentation of governmental fund balances. Fund balances are classified as follows:

Nonspendable—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted—Amounts that can be spent only for specific purposes because of the District Charter, District Code, state or federal laws, or externally imposed conditions by grantors or creditors.

STERLING COUNTY APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

Committed—Amounts that can be used only for specific purposes determined by a formal action by District Board ordinance or resolution. Once adopted, the limitation imposed by the ordinance remains in effect until a similar action is taken to remove or revise it.

Assigned—Amounts that are designated by the Chief Appraiser for a specific purpose but are not spendable until a budget ordinance is passed by the District Board.

Unassigned—All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 9). Assigned funds are reduced to the extent that expenditure authority has been budgeted by the Board or the assignment has been changed by the Chief Appraiser. Decreases to fund balance first reduce the unassigned fund balance; if the unassigned fund balance becomes zero, then the assigned and committed fund balances are used in that order.

General Fund

The General Fund has a committed fund balance of \$56,502. The Directors of the Sterling County Appraisal District have elected to commit \$56,502 from the retained fund balance to pay legal fees that may be incurred in potential litigation of a taxpayer refund claim.

The General Fund has an assigned fund balance of \$2,390. The District assigns the amount earned from special collections for District use. These funds are used at the direction of the Directors and the Chief Appraiser.

The General Fund has an unassigned fund balance of \$93,389.

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; the basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting concerns the timing of measurement, regardless of the measurement focus applied.

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

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

D. Cash and Cash Equivalents

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

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and have over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

STERLING COUNTY APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

Buildings	20 years
Water and Sewer System	30-50 years
Infrastructure	20-35 years
Machinery, Equipment, & Vehicles	5-15 years
Improvements	10-40 years

F. Net Position

Net position represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when limitations on use are imposed either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

G. Pensions

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

H. Deferred outflows/inflows of resources:

In addition to assets, the statement of financial position may include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that relates to future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time.

I. Budgetary Control

As set forth in the District charter, the District Board adopts an annual budget for the General Fund. The annual budget for the General Fund is prepared in accordance with the accounting basis used by that fund. Amendments are made to these budgets as needed throughout the year.

NOTE 2. CASH AND CASH EQUIVALENTS:

The District's funds must be deposited and invested under the terms of a contract, the contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities with the District's agent bank for safekeeping and trust, in an amount sufficient to protect District funds on a day-to-day basis during the term 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.

The District's deposits were fully insured or collateralized, as required by state statutes, as of December 31, 2025. At year-end, the carrying amount of the District's deposits was \$246,403, and the respective bank balances totaled \$248,069. Of the total bank balance, the Federal Deposit Insurance Corporation (FDIC) covered \$250,000.

STERLING COUNTY APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions regarding investment practices, management reports, and the establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the District 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) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Investments – At December 31, 2025, the District held no investments.

Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the District’s deposits may not be returned to the District. In compliance with the District’s Investment Policy, as of December 31, 2025, the District was not exposed to custodial credit risk because its deposits were all covered by depository insurance.

NOTE 3. CAPITAL ASSETS:

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

Primary Government

Governmental-type activities:

	<u>Balance</u> <u>1/1/2025</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2025</u>
Capital assets, being depreciated:				
Transportation Equipment	\$ -	\$ -	\$ -	\$ -
Total Capital Assets being depreciated	\$ -	\$ -	\$ -	\$ -
Less: Accumulated Depreciation for:				
Transportation Equipment	\$ -	\$ -	\$ -	\$ -
Total Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -
Capital Assets, Net	\$ -			\$ -

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental-type activities:

Transportation Equipment	\$ -
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NOTE 4. UNEARNED REVENUE:

There is unearned revenue of \$93,258. This represents prepayments from the taxing entities for the year of 2025. This unearned revenue will be recorded as earned revenue in 2026.

NOTE 5. ACCUMULATED SICK LEAVE

The District has adopted a policy to pay employees at their regular pay rates for accrued sick leave after they have banked 30 days of leave. The maximum entitlement is 10 days per year. The District’s liability for accrued sick leave at December 31, 2025, is \$-0-.

**STERLING COUNTY APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 6. HEALTH CARE COVERAGE

During the year ended December 31, 2025, employees of the District were covered by a health insurance plan (the Plan). Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code, and was documented by contractual agreement.

The total cost to the District for providing health care coverage for the years ended December 31, 2025, and 2024, was \$9,059 and \$10,504.

NOTE 7. EMPLOYEE RETIREMENT SYSTEM:

A. Plan Description

- a. Sterling County Appraisal District participates in the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
 - 1) All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
 - 2) The plan provides retirement, disability, and survivor benefits.
 - 3) TCDRS is a savings-based plan. Under the District's plan, 7% of each employee's pay is deposited into their TCDRS account. By law, employee accounts earn 7% interest on the beginning-of-year balances annually. At retirement, the account is matched at an employer-set percentage (the current match is 250%) and then converted to an annuity.
 - 4) There are no automatic COLAs. Each year, the District may elect an ad hoc Cost of Living Adjustment (COLA) for its retirees (if any). There are two COLA types, each limited by actual inflation.
 - 5) Benefit terms are established under the TCDRS Act. They may be amended as of January 1 each year, but must remain in conformity with the Act.
- c. Membership information is shown in the chart below.
- d. The District's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Sterling County Appraisal District contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the District and are currently 7%. Contributions to the pension plan from the District for 2024 are shown in the Schedule of Employer Contributions.
- e. The most recent comprehensive annual financial report for TCDRS can be found at the following site: www.tcdrs.org/employer.

Membership Information

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2024</u>
Members		
Number of inactive employees entitled to but not yet receiving benefits:	0	1
Number of active employees:	3	3
Average monthly salary:	\$2,172	\$2,094
Average age:	46.40	47.40
Average length of service in years:	6.22	7.22
Number of benefit recipients:	1	1
Average monthly benefit:	\$ 608	\$ 608

STERLING COUNTY APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

B. Contributions

The contribution rates for employees in TCDRS are 7.00% of employee gross earnings. Under the state law governing TCDRS, the contribution rate for each District is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The District's contributions to TCDRS for the year ended December 31, 2025, were \$12,536, and were equal to the required contributions.

C. Net Pension Liability

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

Actuarial assumptions:

The Total Pension Liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	Varies by age and service. 0% average over career, including inflation.
Investment Rate of Return	7.50%, net of pension plan investment expense, including inflation

The long-term expected rate of return on pension plan investments is determined by adding expected inflation to expected long-term real returns and accounting for expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS's investment consultant, Cliffwater LLC. The numbers shown are based on January 2025 information for a 10-year time horizon.

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

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return
U.S. Equities	Dow Jones U.S. Total Stock Market Index	13.00%	5.35%
Global Equity	MSCI World (net) Index	4.00%	5.15%
Int'l Equity Developed	MSCI World Ex USA (net) Index	6.00%	4.75%
Int'l Equity 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 Index	9.00%	3.70%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.85%
Distressed Debt	Cambridge Associated Distressed Securities Index	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 Ltd 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	6.00%	5.75%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	25.00%	8.15%
Hedge Funds	HFR, Inc. Fund of Funds Composite Index	6.00%	3.60%
Cash Equivalents	90-Day U.S. Treasury	2.00%	1.10%
Total		100.0%	

STERLING COUNTY APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumes that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2023	\$ 119,532	\$ 123,862	\$ (4,330)
Changes for the year:			
Service Cost	17,192		17,192
Interest	10,119		10,119
Effect of plan changes			
Effect of economic/demographic gains or losses	(1,658)		(1,658)
Effect of changes in assumptions or inputs			
Refund of Contributions			
Benefit payments	(7,293)	(7,293)	
Administrative expense		(80)	80
Member contributions		5,278	(5,278)
Net investment income		12,837	(12,837)
Employer contributions		11,996	(11,996)
Other changes		586	(586)
Balance at 12/31/2024	<u>\$ 137,891</u>	<u>\$ 147,185</u>	<u>\$ (9,294)</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (6.60%)	Current Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
District's net pension liability	\$ 154,430	\$ 137,891	\$ 123,871
Fiduciary net position	<u>147,185</u>	<u>147,185</u>	<u>147,185</u>
Net pension liability / (asset)	\$ 7,245	\$ (9,294)	\$ (23,314)

Pension Plan Fiduciary Net Position

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

STERLING COUNTY APPRAISAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

D. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

For the year ended December 31, 2025, the District recognized pension expense of \$12,415. At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,117	\$ 5,042
Changes of assumptions		
Net difference between projected and actual earnings		668
Contributions made subsequent to the measurement date	<u>12,536</u>	<u>-</u>
Total	<u>\$ 24,653</u>	<u>\$ 5,710</u>

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

Year ended December 31:	
2026	\$ 696
2027	2,641
2028	(34)
2029	513
2030	1,121
Thereafter	1,470

NOTE 8. SUBSEQUENT EVENTS

The District has evaluated subsequent events through March 18, 2026, the date on which the financial statements were available for issuance.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

STERLING COUNTY APPRAISAL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Charges for Services	\$ 373,030	\$ 373,030	\$ 373,030	\$ 0
Other Income	-	-	-	-
Total Revenues	<u>373,030</u>	<u>373,030</u>	<u>373,030</u>	<u>0</u>
EXPENDITURES:				
Auto Expense	350	350	202	148
Continuing Education	10,000	10,000	1,155	8,845
Dues, Fees, & Subscriptions	1,200	1,200	560	640
Legal Publications	-	1,200	525	675
Insurance	5,200	5,200	5,321	(121)
Office Expense	6,800	6,800	4,913	1,887
Rent	10,000	10,000	9,600	400
Interim Chief Appraiser	4,580	4,580	2,700	1,880
Salaries	98,100	98,100	79,042	19,058
Medical Insurance	14,500	14,500	9,059	5,441
Payroll Taxes	9,000	9,000	6,047	2,953
Retirement	17,000	17,000	12,664	4,336
ARB Compensation	1,500	1,500	800	700
Accounting & Audit	8,000	8,000	1,935	6,065
Legal Fees	10,000	10,000	11,449	(1,449)
Computer Software	27,000	27,000	19,013	7,988
Mapping Services	5,000	5,000	4,991	9
Mineral Services	96,000	96,000	96,193	(193)
Notice of Appraised Value	2,500	2,500	1,798	702
Real Estate Appraisal	36,800	36,800	36,907	(107)
PC Services	-	-	5,538	(5,538)
Homestead Services	-	3,000	2,475	525
Travel, Hotel, & Meals	-	-	3,864	(3,864)
Website	-	-	-	-
Utilities & Internet	5,300	5,300	6,127	(827)
Contingencies	-	-	-	-
Total Expenditures	<u>368,830</u>	<u>373,030</u>	<u>322,877</u>	<u>50,153</u>
Excess (Deficiency) of Revenues Over Expenditures	4,200	(0)	50,153	50,153
Other Financing Sources (Uses):				
Transfers to Supporting Entities	-	-	-	-
Net Change in Fund Balance	4,200	(0)	50,153	50,153
Fund Balance - January 1 (Beginning)	<u>102,129</u>	<u>102,129</u>	<u>102,129</u>	<u>-</u>
Fund Balance - December 31 (Ending)	<u>\$ 106,329</u>	<u>\$ 102,129</u>	<u>\$ 152,282</u>	<u>\$ 50,153</u>

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

STERLING COUNTY APPRAISAL DISTRICT
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
 FOR THE YEAR ENDED DECEMBER 31, 2025

	FY 2025		FY 2024		FY 2023		FY 2022		FY 2021		FY 2020		FY 2019		FY 2018		FY 2017		FY 2016			
	Plan Year	2025	Plan Year	2024	Plan Year	2023	Plan Year	2022	Plan Year	2021	Plan Year	2020	Plan Year	2019	Plan Year	2018	Plan Year	2017	Plan Year	2016		
A. Total Pension Liability																						
Service cost	\$	17,192	\$	19,393	\$	2,591	\$	7,945	\$	7,328	\$	7,103	\$	7,155	\$	4,204	\$	4,371	\$	3,349		
Interest on the total pension liability		10,119	9,018	6,304	5,905	4,961	3,922	2,982	1,654	6,316	640	623	1,519	1,059	759	1,800	1,800	1,800	1,800	1,800	1,800	
Effect of plan changes		-	-	-	1,541	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(55)	
Effect of assump. changes or inputs		-	-	-	(886)	1,234	1,582	1,519	640	(946)	124	-	-	-	-	-	-	-	-	-	(946)	
Effect of economic/demographic (gains) or losses		(1,658)	(4,436)	17,310	(323)	2,312	-	-	-	-	-	-	-	-	-	-	-	-	-	-	124	
Benefit payments/refunds		(7,293)	(7,293)	(7,293)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net Change in Total Pension Liability	\$	18,360	\$	16,682	\$	18,912	\$	14,182	\$	15,835	\$	12,607	\$	11,656	\$	13,437	\$	5,290	\$	3,231		
Total Pension Liability - Beginning		119,532	102,850	83,938	69,756	53,921	41,314	29,658	16,221	10,931	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700	
Total Pension Liability - Ending	\$	137,892	\$	119,532	\$	102,850	\$	83,938	\$	69,756	\$	53,921	\$	41,314	\$	29,658	\$	16,221	\$	10,931		
B. Total Fiduciary Net Position																						
Contributions - Employer	\$	5,278	\$	18,536	\$	13,661	\$	5,667	\$	5,977	\$	5,714	\$	5,125	\$	2,635	\$	2,390	\$	2,390	\$	2,277
Contributions - Employee		11,996	5,493	6,178	4,288	4,543	4,400	4,260	2,173	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	
Net investment income		12,837	10,676	(6,200)	14,859	4,856	5,121	(303)	2,239	728	(121)	-	-	-	-	-	-	-	-	-	-	
Benefit payments/refunds		(7,293)	(7,293)	(7,293)	(47)	(47)	(36)	(25)	(8)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	
Administrative expense		(80)	(65)	(56)	(47)	(316)	(353)	(282)	(64)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	
Other		586	879	1,840	299	316	353	282	64	360	360	360	360	360	360	360	360	360	360	360	360	
Net Change in Plan Fiduciary Net Position	\$	23,324	\$	28,226	\$	8,130	\$	25,066	\$	15,645	\$	15,552	\$	9,339	\$	7,096	\$	5,270	\$	3,949		
Plan Fiduciary Net Position - Beginning		123,862	95,636	87,506	62,440	46,795	31,243	21,904	14,808	9,538	5,589	5,589	5,589	5,589	5,589	5,589	5,589	5,589	5,589	5,589	5,589	
Plan Fiduciary Net Position - Ending	\$	147,186	\$	123,862	\$	95,636	\$	87,506	\$	62,440	\$	46,795	\$	31,243	\$	21,904	\$	14,808	\$	9,538		
C. Net Pension Liability (Asset)	\$	(9,294)	\$	(4,330)	\$	7,214	\$	(3,568)	\$	7,316	\$	7,126	\$	10,071	\$	7,754	\$	1,413	\$	1,393		
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability		106.74%	103.62%	92.99%	104.25%	89.51%	86.78%	75.62%	73.86%	91.29%	87.24%	87.24%	87.24%	87.24%	87.24%	87.24%	87.24%	87.24%	87.24%	87.24%	87.24%	
E. Covered Payroll	\$	75,396	\$	78,478	\$	88,252	\$	61,264	\$	64,897	\$	62,860	\$	60,864	\$	54,325	\$	45,000	\$	45,000		
F. Net Pension Liability (Asset) as a Percentage of Covered Payroll		-12.33%	-5.52%	8.17%	-5.82%	11.27%	11.34%	16.55%	14.27%	3.14%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%	

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

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

STERLING COUNTY APPRAISAL DISTRICT
 SCHEDULE OF CONTRIBUTIONS
 TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
 FOR THE FISCAL YEAR 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 11,996	\$ 18,536	\$ 13,661	\$ 5,667	\$ 5,977	\$ 5,714	\$ 5,125	\$ 2,635	\$ 2,390	\$ 2,277
Contributions in Relation to the Actuarially Determined Contributions	11,996	18,536	13,661	5,667	5,977	5,714	5,125	2,635	2,390	2,277
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 75,396	\$ 78,478	\$ 88,252	\$ 61,264	\$ 64,897	\$ 62,860	\$ 60,864	\$ 54,325	\$ 45,000	\$ 45,000
Contributions as a Percentage of Covered Employee Payroll	15.91%	23.62%	15.48%	9.25%	9.21%	9.09%	8.42%	4.85%	5.31%	5.06%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years, as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

STERLING COUNTY APPRAISAL DISTRICT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2025

NOTE I BUDGETS AND BUDGETARY ACCOUNTING

The Board adopts an annual budget no later than the September meeting for the fiscal year commencing on the following January 1. The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. During August of each year, the Chief Appraiser submits to the Board a proposed operating budget for the following fiscal year. The operating budget includes proposed revenues and expenditures.
2. After a review by the Board, a public hearing is conducted, and further comments are received from the Board and the general public.
3. Upon completion of the hearings and modifications, if any, to the proposed budget, it is adopted by the Board through passage of an appropriate resolution.
4. Generally, the budget is amended in the middle of the year and at the end of the year. All approved additional appropriations are added to the adopted budget, and an amended budget is presented to the Board, which adopts it after due review.
5. The Chief Appraiser is authorized to transfer from time to time budget amounts of operational expenditure categories within departments as deemed necessary in order to meet the District's needs.
6. Board approval is required for all fund-to-fund transfers, department-to-department transfers, fund reserve to appropriations transfers, for new revenue sources with offsetting appropriations, and for transfers to/from the capital expenditure category.

NOTE II NOTE TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes 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:	16.2 years (based on the contribution rate calculated in 12/31/2024 valuation)
Asset Valuation Method:	5-Year smoothed market
Inflation:	2.5%
Salary Increases:	Varies by age and service. 4.7% average over career, including inflation.
Investment Rate of Return:	7.50%, net of administrative and investment expenses, including inflation.
Retirement Age:	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality:	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality, and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality, and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: Employer contributions reflect that the member contribution rate was increased to 7%. 2019: No changes in plan provisions were reflected in the Schedule.

2020: No changes in plan provisions were reflected in the Schedule.
2021: No changes in plan provisions were reflected in the Schedule.
2022: Employer contributions reflect that the current service matching rate was increased to 250% for future benefits.
2023: No changes in plan provisions were reflected in the Schedule.
2024: No changes in plan provisions were reflected in the Schedule.

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