

**ERATH COUNTY APPRAISAL  
DISTRICT**

**Annual Financial Report  
Fiscal Year Ended  
December 31, 2025**

**Erath County Appraisal District**  
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**December 31, 2025**

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## **FINANCIAL SECTION**



## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors and  
Chief Appraiser  
Erath County Appraisal District  
Stephenville, Texas

### **Opinions**

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

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

### **Basis for Opinions**

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

### **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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

#### **Required Supplementary Information**

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

A handwritten signature in cursive script that reads "Boucher, Morgan & Young".

Stephenville, Texas  
March 21, 2026

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

**ERATH COUNTY APPRAISAL DISTRICT**  
**Management's Discussion and Analysis**  
**December 31, 2025**

As management of Erath County Appraisal District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2025.

The District is located at 1195 W. South Loop, within the city limits of Stephenville, Texas. The District was created in 1980 as a result of Senate Bill No. 621, 1979 Texas Laws, of the 66<sup>th</sup> Texas Legislature. This Bill enacted the Texas Property Tax Code of which the amended version is the authority under which the District operates today. Districts are defined as political subdivisions of the state and were established in each county in the state of Texas.

The District is responsible for appraising property located within the boundaries of Erath County for ad valorem tax purposes of each taxing unit that imposes ad valorem taxes on property within the district. The area that the district appraises covers approximately 1100 square miles. The District consists of nineteen taxing jurisdictions with two cities, seven full school districts, and six partial school districts, a partial emergency district, one water district and the Erath County General and Road & Bridge accounts. The boundaries of the district are the boundaries of Erath County. The District maintains appraisals on just over 68,000 pieces of property located within the boundaries of Erath County. We have sixteen employees, consisting of eight appraisers, seven support staff, and the chief appraiser.

A board of directors governs the District. Five directors are appointed by the taxing jurisdictions that participate in the District. Members of the board of directors serve two-year staggered terms beginning on January 1. The board of directors is charged with three main responsibilities, appoint a chief appraiser which is the executive director for the District, set board policy for the District within the scope of the Texas Property Tax Code and adopt an annual budget for the District. The annual budget adopted by the board of directors is funded by the taxing jurisdictions participating in the District. It is allocated among the jurisdictions on a percentage basis of their tax levy to the total tax levy of all the participating jurisdictions.

The District maintains computerized and hardcopy files for each separate parcel of property ownership in its jurisdiction. The computerized mass appraisal software system, which is contracted through Southwest Data Systems, Inc., receives updates annually to allow for legislative changes and system upgrades. The PC based network is continually updated with new equipment and software as failures and obsolescence occur. The District maintains an ArcInfo computerized mapping system offered by ESRI. This map software database along with the appraisal database are linked together to create a geographic information system of the District. The software has been integrated with Pictometry, Inc. driven aerial photography that has proven to be a helpful tool in locating new improvements, checking agricultural properties and aid in property location throughout the county. The entire District is re-photographed every year to stay up to date with changes that may have taken place. Each of these two-year flights is compared with the previous flight through Change Finder software to detect new and changed structures.

**Overview of the Financial Statements**

This MD&A is intended to serve as an introduction to the District's basic financial statements. The Statement of Net Position and the Statement of Activities included in this report are those of the District as a whole and report its activities in a way that helps answer the question "Is the District as a whole better off or worse off as a result of the year's activities?" These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District has only one type of activity as presented in these statements:

Governmental activities- The District's basic services are reported here including appraisal services to the taxing authorities, and information sources to the residents of the District. The assessments to the taxing authorities and miscellaneous service fees finance these activities.

**ERATH COUNTY APPRAISAL DISTRICT**  
**Management's Discussion and Analysis**  
**December 31, 2025**

The major funds financial statements follow the government wide financial statements, and provide additional information. The District's only governmental fund is the General Fund, which uses the following accounting approach:

Governmental funds- The District's basic services are reported in the General fund which focuses on how money flows into and out of the fund and the balances left at year end available for spending. This fund is reported using the modified accrual basis of accounting.

**District's Financial Analysis**

Certain comparative information between the current year and the prior year is generally required to be presented in the MD&A and is presented in the following tables. The District has only governmental activities. As a result, the governmental activities are representative of the total primary government.

**Statements of Net Position**

	<b>Governmental Activities</b>	
	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 1,634,934	\$ 1,434,675
Capital assets	1,340,638	628,710
Deferred outflows	452,130	375,176
<b>Total Assets and Deferred Outflows</b>	<u>3,427,702</u>	<u>2,438,561</u>
Current liabilities	1,222,243	627,783
Noncurrent liabilities	963,163	255,024
Deferred inflows	34,852	-
<b>Total Liabilities and Deferred Inflows</b>	<u>2,220,258</u>	<u>882,807</u>
Net investment in capital assets	648,249	624,888
Unrestricted	1,148,580	930,866
<b>Total Net Position</b>	<u>\$ 1,796,829</u>	<u>\$ 1,555,754</u>

**ERATH COUNTY APPRAISAL DISTRICT**  
**Management's Discussion and Analysis**  
**December 31, 2025**

**Statements of Changes in Net Position**

	<b>Governmental Activities</b>	
	2025	2024
<b>Revenues:</b>		
Program revenues	\$ 2,363,796	\$ 2,160,806
Investment earning	46,513	36,557
Gain on disposal of capital asset	31,600	8,004
<b>Total Revenues</b>	2,441,909	2,205,367
<b>Expenses:</b>		
Appraisal services	2,158,181	1,912,852
Interest charges	42,653	358
<b>Total Expenses</b>	2,200,834	1,913,210
Change in Net Position	241,075	292,157
Net Position - Beginning	1,555,754	1,320,707
Prior Period Adjustment	-	(57,110)
Net Position - Ending	\$ 1,796,829	\$ 1,555,754

**Financial Highlights**

The District's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of December 31, 2025 by \$1,796,829, of which \$648,249 was invested in the capital assets net of related debt. The governmental activities comprised the entire balance of net position, and there are no business-type activities of the District.

Revenues increased \$236,542 or 11% from 2024 to 2025. In 2025 net position increased \$241,075 compared to 2024 in which net position increased \$292,157.

**Budgetary Highlights**

The District's general governmental activities operated with a final appropriations budget total of \$2,362,799. The actual expenditures of the general fund were \$696,704 more than the final budgeted totals. Actual revenues were \$47,510 more than the final budgeted revenues.

**ERATH COUNTY APPRAISAL DISTRICT**  
**Management's Discussion and Analysis**  
**December 31, 2025**

**Capital Asset and Debt Administration**

Over many years, the District has invested \$1,823,392 in capital assets. Accumulated depreciation and amortization on the total capital assets as of December 31, 2025 was \$482,754.

The District's only debt is related to a software agreement entered into in the current year as a SBITA payable. The unpaid principal related to this software is \$692,389 at December 31, 2025.

**Contacting the District's Financial Management**

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Chief Appraiser, 1195 W. South Loop, Stephenville, TX 76401, or by telephone 254-965-5434.

## **BASIC FINANCIAL STATEMENTS**

# ERATH COUNTY APPRAISAL DISTRICT

## Statement of Net Position December 31, 2025

	Primary Government Governmental Activities
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 1,620,456
Prepaid items	14,478
Capital assets (net of accumulated depreciation and amortization):	
Buildings and improvements	396,064
Furniture and equipment	145,978
Vehicles	94,885
Right-to-use subscription assets	699,126
Right-to-use lease assets	4,585
Total Assets	2,975,572
<b>DEFERRED OUTFLOWS:</b>	
Related to TCDRS pension	452,130
Total Deferred Outflows	452,130
Total Assets and Deferred Outflows	3,427,702
<b>LIABILITIES:</b>	
Accounts payable	6,372
Accrued liabilities	37,101
Unearned revenue - assessments	589,385
Noncurrent Liabilities-	
Due within one year	181,397
Due in more than one year	611,068
Net pension liability	170,698
Total Liabilities	1,596,021
<b>DEFERRED INFLOWS:</b>	
Related to TCDRS pension	34,852
Total Deferred Inflows	34,852
<b>NET POSITION</b>	
Net investment in capital assets	648,249
Unrestricted	1,148,580
Total Net Position	\$ 1,796,829

The accompanying notes are an integral part of the financial statements

**ERATH COUNTY APPRAISAL DISTRICT**

**Statement of Activities  
For the Year Ended December 31, 2025**

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position	
			Governmental Activities	Total
<b>PRIMARY GOVERNMENT:</b>				
Governmental Activities:				
Appraisal services	\$ 2,158,181	\$ 2,363,796	\$ 205,615	\$ 205,615
Interest charges	42,653	-	(42,653)	(42,653)
Total Governmental Activities	2,200,834	2,363,796	162,962	162,962
Total Primary Government	\$ 2,200,834	\$ 2,363,796	162,962	162,962
General Revenues:				
Investment earnings			46,513	46,513
Gain on disposal of capital asset			31,600	31,600
Total General Revenues			78,113	78,113
Change in Net Position			241,075	241,075
Net Position - Beginning			1,555,754	1,555,754
Net Position - Ending			\$ 1,796,829	\$ 1,796,829

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

**ERATH COUNTY APPRAISAL DISTRICT**  
**Balance Sheet - Governmental Fund**  
**December 31, 2025**

	General Fund
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 1,620,456
Prepaid items	14,478
Total Assets and Other Debits	\$ 1,634,934
 <b>LIABILITIES:</b>	
Current	
Accounts payable	\$ 6,372
Accrued compensated absences	7,571
Unearned revenue - assessments	589,385
Total Liabilities	603,328
 <b>FUND BALANCES:</b>	
Nonspendable	
Prepaid items	14,478
Assigned for:	
Legal defense of property value protests	20,000
Capital projects	127,954
Unassigned	869,174
Total Fund Balance	1,031,606
Total Liabilities, Deferred Inflows of resources and Fund Balance	\$ 1,634,934

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

**ERATH COUNTY APPRAISAL DISTRICT**

**Reconciliation of the Governmental Fund Balance Sheet  
To the Statement of Net Position  
December 31, 2025**

<b>Total fund balance - governmental fund balance sheet</b>		<b>\$ 1,031,606</b>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		1,340,638
Compensated absences which are not due and payable in the current period and therefore are not reported in the fund financial statements.		(92,505)
Noncurrent liabilities and related balances are not due and payable in the current period and therefore are not reported in the fund financial statements.		
Accrued interest		(37,101)
SBITAs		(692,389)
Noncurrent liabilities and related balances are not due and payable in the current period		
Net pension liability	(170,698)	
Deferred retirement contributions	290,947	
Deferred investment experience	(14,015)	
Deferred assumption/input changes	36,196	
Deferred actual experience vs. assumption	104,150	246,580
<b>Net position of governmental activities</b>		<b><u>\$ 1,796,829</u></b>

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

## ERATH COUNTY APPRAISAL DISTRICT

### Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Fund For the Year Ended December 31, 2025

	General Fund
<b>REVENUES:</b>	
Assessments to taxing authorities	\$ 2,313,549
Intergovernmental	3,918
Charges for services	1,329
Investment earnings	46,513
911 district contract payment	45,000
Total Revenues	2,410,309
<b>EXPENDITURES:</b>	
Current:	
Personnel-appraisal	1,662,800
Personnel-911	24,729
Data-appraisal	25,068
Building occupancy-appraisal	41,354
Appraisal licenses and travel expenditure	52,046
Appraisal review board	9,960
Office expenses-appraisal	53,341
Mapping expenses	10,442
Insurance and bond	9,188
Professional legal fees	7,550
Other professional fees	49,751
Debt Service:	
Principal retirement	185,341
Interest charges	5,552
Capital Outlay:	
General government	922,381
Total Expenditures	3,059,503
<b>Deficiency of Revenues over Expenditures</b>	<b>(649,194)</b>
<b>OTHER FINANCING SOURCES (USES):</b>	
Proceeds from right-to-use subscription assets	873,908
Total Other Financing Sources	873,908
Net Change in Fund Balances	224,714
<b>Fund Balances - Beginning</b>	806,892
<b>Fund Balances - Ending</b>	<b>\$ 1,031,606</b>

The accompanying notes are an integral part of the financial statements

**ERATH COUNTY APPRAISAL DISTRICT**

**Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Fund  
to the Statement of Activities  
For the Year Ended December 31, 2025**

**Net change in fund balances - total governmental funds** \$ 224,714

**Amounts reported for governmental activities in the  
Statement of Activities are different because:**

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those capital and right-to-use assets is allocated over their estimated useful lives, and reported as depreciation or amortization expense. 922,381

Depreciation and amortization expense on capital assets is reported in the statement of activities and does not require the use of current financial resources. Therefore, depreciation and amortization expense is not reported as expenditures in the governmental funds. (242,052)

Governmental funds recognize the proceeds from the disposal of capital assets as an other financing source. However, in the statement of activities, a gain on sale of capital assets is reported. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed. 31,600

Current year changes in accrued interest do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (37,102)

Current year changes in compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (7,599)

The issuance long-term liabilities provide current financial resources to governmental funds, while the repayment of the liabilities uses the current financial resources. Neither transaction, however, has any effect on net position. (688,567)

Net pension liabilities as well as the related deferred inflows and outflows of resources generated from those assets are not payable from current resources and therefore, are not reported in the governmental funds. These balances increased (decreased) by this amount. 37,700

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**Change in net position of governmental activities** \$ 241,075

The accompanying notes are an integral part of the financial statements

**NOTES TO  
FINANCIAL STATEMENTS**

# ERATH COUNTY APPRAISAL DISTRICT

## Notes to Financial Statements

December 31, 2025

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Erath County Appraisal District was created in 1980 as a result of Senate Bill No. 621, 1979 Texas Laws, of the 66<sup>th</sup> Texas Legislature to provide property tax appraisal services for the taxing authorities located within Erath County. There were eighteen taxing authorities (nineteen taxing jurisdictions) during the year. The District's five-member board of directors is composed of individuals nominated by the various taxing authorities.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as specified by the Governmental Accounting Standards Board (GASB), the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant policies:

#### A. The Reporting Entity

The District's financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements as a component unit. The District has no oversight responsibility for any other governmental entities since no other entities are considered to be controlled by or dependent on the District.

The criteria for including organizations as component units within the District's reporting entity include:

- the organization is legally separate
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

Based on these criteria, the Erath County Appraisal District has no component units. The Erath County Appraisal District is not a component unit of any other reporting entity as defined by the GASB Statement.

The individual taxing authorities for which the District provides appraisal services provide support for the District, but are not considered to be component units of the District.

#### B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. These statements distinguish between the governmental and business-type activities of Governments. The District has only governmental activities that are generally financed through intergovernmental revenues, and other nonexchange transactions. The District has no business-type activities financed in whole or in part by fees charged to external parties.

**ERATH COUNTY APPRAISAL DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2025**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation (continued)**

The statement of activities for governmental entities presents a comparison between direct expenses and program revenues for the business-type activities of a government and for each function of a government's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all assessments, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. There were no other funds to be aggregated and reported as nonmajor funds.

The District reports one major governmental fund, the General Fund. The General Fund is the District's primary operating fund. It accounts for all financial resources of the District.

**C. Measurement Focus, Basis of Accounting**

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

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter (sixty days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is made.

**ERATH COUNTY APPRAISAL DISTRICT**

**Notes to Financial Statements**

**December 31, 2025**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Cash and Cash Equivalents**

Cash includes amounts in demand deposits as well as short term investments with a maturity date within three months of the date acquired by the government. Restricted cash assets would not be included as cash equivalents.

**E. Capital Assets**

Capital assets purchased or constructed are reported at cost or estimated historical cost in the statement of net position. Capital assets are not reported in the individual fund financial statements. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation/amortization has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Buildings and improvements	15 to 40 years
Furniture and equipment	5 -10 years
Vehicles	5 years
Right-to-use subscription	2 - 6 years

**F. Budgets and Budgetary Accounting**

The District follows the procedures presented below in establishing the budgetary data reflected in the financial statements.

1. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at fiscal year end. The original expenditures budget adopted for the general fund for the year ended December 31, 2025 totaled \$2,362,799.
2. The Board of Directors may approve budget amendments during the year.
3. Formal budgetary integration is employed as a management control device during the year for all governmental fund types.

**G. Compensated Absences**

The District recognizes liabilities for accrued vacation and sick time attributable to services already rendered by employees. These liabilities are measured based on the employee's pay rate at the reporting date. Vacation and sick time qualifies as a liability if it accumulates and is more likely than not to be used or settled through cash or non-cash means. The liability for compensated absences is reported as incurred in the government-wide. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

# ERATH COUNTY APPRAISAL DISTRICT

## Notes to Financial Statements

December 31, 2025

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### H. Net Position and Fund Balance

In government-wide financial statements net position represents the difference between assets and liabilities. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws and/or regulations of other governments.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be extended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

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 purpose for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

**Nonspendable** - Resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

**Restricted** - Resources with constraints placed on the use of resources are 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.

**Committed** - Resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

**Assigned** - Resources neither restricted nor committed for which a government has a stated intended use as established by the Board of Directors or an official to which to the Board of Directors has delegated the authority to assign amounts for specific purposes.

**Unassigned** – Resources which cannot be properly classified in one of the other four categories. The General fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

#### I. Use of Estimates

The preparation of 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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# ERATH COUNTY APPRAISAL DISTRICT

## Notes to Financial Statements

December 31, 2025

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### J. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future periods(s) and so will not be recognized as an inflow of resources (revenue) until that time.

#### K. Subscription-Based Information Technology Arrangements (SBITA)

The District has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The District recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide and proprietary fund financial statements. The District recognizes subscription liabilities with an initial, individual value of \$20,000 or more.

At the commencement of an SBITA, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets. Key estimates and judgments related to SBITAs include how the District determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The District uses the implicit rate as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the District is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

**ERATH COUNTY APPRAISAL DISTRICT**

**Notes to Financial Statements**

**December 31, 2025**

**NOTE 2. ASSESSMENTS TO TAXING AUTHORITIES**

Assessments to each taxing authority for its proportionate share of the District's budget are based on a ratio calculation made by the District prior to January 1 of each new calendar year. This ratio reflects the total tax levy of each taxing unit as a fraction of the total taxes levied within the entire District the previous year. These ratios are then applied to the approved budget of the District and billed to the taxing authorities on a quarterly basis.

A summary of the assessments for the year ended December 31, 2025 follows:

Taxing Authority	2024 Tax Levy	Percentage	2025 Assessment
Bluff Dale ISD	\$ 2,626,356	3.29%	\$ 76,203
City of Dublin	1,664,008	2.09%	48,281
City of Stephenville	7,933,816	9.95%	230,198
Deleon ISD	110,509	0.14%	3,206
Dublin ISD	5,371,912	6.74%	155,865
Erath County	23,648,601	29.66%	686,159
Gordon ISD	321,941	0.40%	9,341
Hico Emergency	105,303	0.13%	3,055
Hico ISD	1,231,253	1.54%	35,725
Huckabay ISD	2,658,534	3.33%	77,137
Iredell ISD	729,178	0.91%	21,157
Lingleville ISD	1,531,727	1.92%	44,443
Lipan ISD	445,855	0.56%	12,936
Middle Trinity Groundwater Conservation District	387,526	0.49%	11,244
Morgan Mill ISD	1,210,010	1.52%	35,108
Santo ISD	452,942	0.57%	13,142
Stephenville ISD	28,670,858	35.96%	831,878
Three-Way ISD	636,631	0.80%	18,472
	\$ 79,736,960	100%	\$ 2,313,549

**NOTE 3. LONG-TERM DEBT**

The following is a summary of all long-term debt transactions for the year ended December 31, 2025:

Description	Beginning Balance		Ending Balance		Due within one year
	12/31/2024	Increases	Decreases	12/31/2025	
Governmental activities:					
Lease payable	\$ 3,822	\$ -	\$ 3,822	\$ -	\$ -
Subscription payable	-	873,908	181,519	692,389	147,677
Compensated absences	84,906	15,170	-	100,076	33,720
Net pension liability	166,296	-	(4,402)	170,698	-
Governmental activities long-term liabilities	\$ 255,024	\$889,078	\$ 180,939	\$ 963,163	\$ 181,397

**ERATH COUNTY APPRAISAL DISTRICT**

**Notes to Financial Statements**

**December 31, 2025**

**NOTE 3. LONG-TERM DEBT (CONTINUED)**

**Subscription Based Information Technology Arrangements (SBITA)**

The District has entered into multiple SBITAs that allow the right-to-use the SBITA vendor's information technology software over the subscription term. The District is required to make annual payments at its incremental borrowing rate or the interest rate stated or implied within the SBITAs. The SBITA rate, term, and ending subscription liability are as follows:

	<u>Interest Rates</u>	<u>Subscription Term in Years</u>	<u>Ending Balance</u>
Governmental activities Software	6%	2-6	\$ 692,389

The future principal and interest SBITA payments as of fiscal year end are as follows:

<u>Subscription Payable</u>	<u>Governmental Activities</u>		
Due Fiscal Year Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 147,677	\$ 40,478	\$ 188,155
2027	156,604	31,551	188,155
2028	121,909	23,286	145,195
2029	129,223	15,972	145,195
2030	136,976	8,219	145,195
<b>Totals</b>	<u>\$ 692,389</u>	<u>\$ 119,506</u>	<u>\$ 811,895</u>

The value of the subscription assets recorded in the governmental activities at the end of the current fiscal year was \$699,126 net of accumulated amortization of \$174,782.

**ERATH COUNTY APPRAISAL DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2025**

**NOTE 4. CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	<u>2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>2025</u>
<b>Governmental activities:</b>				
Capital assets being depreciated/amortized:				
Buildings and improvements	\$ 504,273	\$ -	\$ -	\$ 504,273
Furniture and equipment	151,559	40,557	-	192,116
Vehicles	235,058	39,516	39,822	234,752
Right-to-use subscription assets	-	873,908	-	873,908
Right-to-use lease assets	18,343	-	-	18,343
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets being depreciated/amortized	909,233	953,981	39,822	1,823,392
	<hr/>	<hr/>	<hr/>	<hr/>
Less accumulated depreciation/amortization for:				
Buildings and improvements	95,602	12,607	-	108,209
Furniture and equipment	29,639	16,499	-	46,138
Vehicles	145,194	34,495	39,822	139,867
Right-to-use subscription assets	-	174,782	-	174,782
Right-to-use lease assets	10,089	3,669	-	13,758
	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated depreciation/amortization	280,524	242,052	39,822	482,754
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets being depreciated/amortized, net	628,709	711,929	-	1,340,638
	<hr/>	<hr/>	<hr/>	<hr/>
Governmental activities capital assets, net	<u>\$ 628,709</u>	<u>\$ 711,929</u>	<u>\$ -</u>	<u>\$ 1,340,638</u>

Depreciation and amortization was charged to general governmental appraisal services in the amount of \$242,052 for the year ended December 31, 2025. Depreciation and amortization is not reported in the general fund financial statements but in government-wide financial statements only.

**NOTE 5. DEFERRED ASSESSMENTS**

Deferred assessments in the amount of \$589,385 were recorded as of December 31, 2025, for the unearned portion of payments received from various taxing entities for services provided by the District. Assessments are billed to the taxing authorities in advance of each calendar quarter. A portion of the first assessments for the 2026 budgetary year were received in December 2025 from all but two taxing authorities.

**ERATH COUNTY APPRAISAL DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2025**

**NOTE 6. CASH DEPOSITS AND INVESTMENTS**

*Custodial credit risk-deposits.* This is the risk that in the event of bank failure, the District's deposits may not be returned. The District was not exposed to custodial credit risk since its deposits at year-end and during the year ended December 31, 2025 were covered by depository insurance or by pledged collateral by the District's agent bank in the District's name.

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 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, (9) and 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, (10) and 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.

*Interest rate risk.* The District is not significantly exposed to interest rate risk.

*Credit risk-investments.* State law limits investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. The District did not have any such investments as of December 31, 2025.

**NOTE 7. PARTICIPATION IN PUBLIC ENTITY RISK POOLS**

The District is a member of the Texas Municipal League public entity risk pool. This risk pool was created to formulate, develop and administer programs of property/casualty insurance for the participating memberships. As a result, the District has obtained lower costs for property/casualty insurance and developed a comprehensive loss control program. The District paid an annual premium to the Municipal League for its property/casualty insurance, liability insurance, and workers compensation coverage. The District's agreement with the Municipal League provides that the self-insured pool will be self-sustaining through member premiums and will provide, through commercial company's reinsurance contracts, individual stop loss coverage for member districts. The District does not retain the risk of loss exceeding premiums and deductibles. The District has had no significant reductions in insurance coverage from the previous year and claims have not exceeded coverage in the last three years.

# ERATH COUNTY APPRAISAL DISTRICT

## Notes to Financial Statements

December 31, 2025

### NOTE 8. CONTRACTUAL AGREEMENTS

Erath County Appraisal District entered into a contract with an independent appraisal firm during 2018. Under the terms of the contract, the independent appraisal firm provided the District with expertise and skill in appraising and valuing properties located in Erath County producing oil and gas and other fuel minerals. The District compensated the independent appraisal firm in the amount of \$36,900 during the year ended December 31, 2025.

### NOTE 9. COMMITMENTS AND CONTINGENCIES

The District and Appraisal Review Board are defendants in a number of property owner appeals pursuant to Chapter 42 of the State Tax Code. Such legal proceedings allege that the appraised value placed on taxpayers' properties are excessive. The potential liability to the District in each of these appeals is for recovery of attorney's fees and court costs. The District believes that any ultimate liability on these appeals will not materially affect its financial position. No provision for any liability that might result from these appeals has been recorded in the basic financial statements.

In addition, state law requires the District to refund any assessment revenue in excess of expenditures to the various taxing jurisdictions. The refunding takes place in the subsequent year and offsets the payments required of the taxing jurisdictions. No amounts are required to be refunded during 2026 related to the year ending December 31, 2025.

### NOTE 10. RETIREMENT PLAN

#### Plan Description

The District provides retirement benefits for all of its full-time employees through a nontraditional defined benefit plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for administration of the statewide agent multiple-employer public employee retirement system. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, TX 78768-2034.

#### Benefits Provided

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at age 60 and above with 10 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 10 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can expect 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. There are no automatic post-employment benefit changes, including automatic COLAs.

**ERATH COUNTY APPRAISAL DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2025**

**NOTE 10. RETIREMENT PLAN (CONTINUED)**

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees of beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	2
Active employees	16
	25
	25

**Contributions**

The employer has elected the annually determined contribution rate (Variable Rate) plan provision of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

The employer contributed using the actuarially determined rate of 16.6% for the calendar year ending in 2025. The deposit rate payable by the employee members for calendar year 2025 is the rate of 7% as adopted by the governing body of the employer. The employee and employer deposit rates may be changed by the governing body of the employer within the options available in the TCDRS Act.

**Net Pension Liability**

The employer's Net Pension Liability (NPL) for the year ended December 31, 2025, 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	0% per year	
Investment Rate of Return	7.5%, net of pension plan investment expense, including inflation	

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee.

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

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

# ERATH COUNTY APPRAISAL DISTRICT

## Notes to Financial Statements

December 31, 2025

### NOTE 10. RETIREMENT PLAN (CONTINUED)

#### Actuarial Assumptions (continued)

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

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected minus inflation)
US Equities	Dow Jones U.S. Total Stock Market Index	13.0%	5.35%
Global Equities	MSCI World (net) Index	4.0%	5.15%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	6.0%	4.75%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	0.0%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.0%	2.55%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.0%	3.70%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.0%	6.85%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.0%	6.80%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.0%	4.95%
Master Limited Partnerships	Alerian MLP Index	2.0%	4.95%
Commodities	Bloomberg Commodities Index	2.0%	1.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.0%	5.75%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	25.0%	8.15%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.0%	3.60%
Cash Equivalent	90-Day U.S. Treasury	2.0%	1.10%
Total		100.0%	

#### Discount Rate:

The discount rate used to measure the Total Pension Liability was 7.60%. Using the alternative method, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments based on the funding requirements under the District's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the unfunded actuarial accrued liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the District is legally required to make the contribution specified in the funding policy.
3. The District assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the District is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable

**ERATH COUNTY APPRAISAL DISTRICT**

**Notes to Financial Statements**

**December 31, 2025**

**NOTE 10. RETIREMENT PLAN (CONTINUED)**

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and the net pension liability of the District is equal to the long-term assumed rate of return on investments.

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balance at 12/31/2023	\$ 2,567,969	\$ 2,401,672	\$ 166,297
Changes for the year:			-
Service cost	174,167	-	174,167
Interest on total pension liability	203,984	-	203,984
Effect of plan changes	116,907	-	116,907
Effect of economic/demographic gains or losses	52,937	-	52,937
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(237)	(237)	-
Benefit payments	(118,213)	(118,213)	-
Administrative expenses	-	(1,539)	1,539
Member contributions	-	72,064	(72,064)
Net investment income	-	248,375	(248,375)
Employer contributions	-	214,716	(214,716)
Other	(1)	9,977	(9,978)
<b>Balance at 12/31/2024</b>	<b>\$ 2,997,513</b>	<b>\$ 2,826,815</b>	<b>\$ 170,698</b>

**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 7.6%, 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 (6.6%) or 1-percentage point higher (8.6%) than the current rate:

	<b>1% Decrease in Discount Rate (6.6%)</b>	<b>Discount Rate (7.6%)</b>	<b>1% Increase in Discount Rate (8.6%)</b>
Total pension liability	\$ 3,388,925	\$ 2,997,513	\$ 2,664,817
Fiduciary net position	2,826,815	2,826,815	2,826,815
Net pension liability (asset)	\$ 562,110	\$ 170,698	\$ (161,998)

**ERATH COUNTY APPRAISAL DISTRICT**

**Notes to Financial Statements**

**December 31, 2025**

**NOTE 10. RETIREMENT PLAN (CONTINUED)**

**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 TCDRS website at [www.tcdrs.org](http://www.tcdrs.org).

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

For the year ended December 31, 2025, the District recognized pension expense of \$252,978.

As of December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>
Differences between expected and actual experience	\$ 19,310	\$ 123,460
Changes of assumptions	1,527	37,723
Net difference between projected and actual earnings	14,015	-
Contributions subsequent to the measurement date	N/A	290,947
<b>Total</b>	<b>\$ 34,852</b>	<b>\$ 452,130</b>

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

<b>Valuation year ended December 31:</b>	
2025	\$ 28,127
2026	65,347
2027	9,203
2028	(295)
2029	16,384
Thereafter	\$ 7,565

## **REQUIRED SUPPLEMENTARY INFORMATION**

## ERATH COUNTY APPRAISAL DISTRICT

### General Fund Budgetary Comparison Schedule For the Year Ended December 31, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Assessments to Taxing Authorities	\$ 2,313,549	\$ 2,313,549	\$ 2,313,549	\$ -
Less refund to taxing authorities	-	-	-	-
Intergovernmental Revenue	2,500	2,500	3,918	1,418
Charges for Services	750	750	1,329	579
Investment Earnings	1,000	1,000	46,513	45,513
911 District Contract Payment	45,000	45,000	45,000	-
Total Revenues	<u>2,362,799</u>	<u>2,362,799</u>	<u>2,410,309</u>	<u>47,510</u>
<b>EXPENDITURES:</b>				
Current:				
Personnel-Appraisal	1,668,200	1,668,200	1,662,800	5,400
Personnel-911	29,700	29,700	24,729	4,971
Data Processing-Appraisal	69,500	69,500	25,068	44,432
Data Processing-911	9,800	9,800	-	9,800
Building Occupancy-Appraisal	56,100	56,100	41,354	14,746
Building Occupancy-911	1,000	1,000	-	1,000
Appraisal Licenses and Travel-Appraisal	81,000	81,000	52,046	28,954
Appraisal Licenses and Travel-911	3,500	3,500	-	3,500
Appraisal Review Board	19,000	19,000	9,960	9,040
Office Expenses-Appraisal	80,500	80,500	53,341	27,159
Office Expenses-911	1,000	1,000	-	1,000
Mapping Expenses-Appraisal	153,000	153,000	10,442	142,558
Insurance and Bond	7,500	7,500	9,188	(1,688)
Professional Legal Fees	35,000	35,000	7,550	27,450
Professional Services-Other	88,000	88,000	49,751	38,249
Debt Service:				
Principal retirement	-	-	185,341	(185,341)
Interest charges	-	-	5,552	(5,552)
Capital Outlay:				
General Government	59,999	59,999	922,381	(862,382)
Total Expenditures	<u>2,362,799</u>	<u>2,362,799</u>	<u>3,059,503</u>	<u>(696,704)</u>
Deficiency of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>(649,194)</u>	<u>(649,194)</u>
<b>OTHER FINANCING SOURCES:</b>				
Proceeds from right-to-use subscription assets	-	-	873,908	873,908
Miscellaneous expense	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>873,908</u>	<u>873,908</u>
Net Change in Fund Balances	-	-	224,714	224,714
<b>Fund Balances - Beginning</b>	<u>806,892</u>	<u>806,892</u>	<u>806,892</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 806,892</u>	<u>\$ 806,892</u>	<u>\$ 1,031,606</u>	<u>\$ 224,714</u>

**ERATH COUNTY APPRAISAL DISTRICT**  
**SCHEDULE OF CHANGES IN NET PENSION**  
**LIABILITY AND RELATED RATIOS**  
Last 10 Measurement Years (will ultimately be displayed)

<b>Total Pension Liability</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Service Cost	\$ 174,167	\$ 172,188	\$ 167,499	\$ 156,196
Interest on total pension liability	203,984	175,874	155,866	124,312
Effect of plan changes	116,907	40,741	-	105,155
Effect of assumption changes or inputs	-	-	-	(3,567)
Effect of economic/demographic (gains) or losses	52,937	61,754	(33,791)	36,174
Benefit payments/refunds of contributions	(118,450)	(48,176)	(14,443)	(14,334)
<b>Net Change in Total Pension Liability</b>	<b>429,544</b>	<b>402,381</b>	<b>275,131</b>	<b>403,936</b>
<b>Total Pension Liability, beginning</b>	<b>2,567,969</b>	<b>2,165,588</b>	<b>1,890,457</b>	<b>1,486,521</b>
<b>Total Pension Liability, ending (a)</b>	<b>\$ 2,997,513</b>	<b>\$ 2,567,969</b>	<b>\$ 2,165,588</b>	<b>\$ 1,890,457</b>
<b>Fiduciary Net Position</b>				
Employer contributions	\$ 214,716	\$ 186,631	\$ 148,955	\$ 218,732
Member contributions	72,064	73,366	64,283	59,367
Investment income net of investment expenses	248,375	217,721	(126,038)	311,252
Benefit payments/refunds of contributions	(118,450)	(48,176)	(14,442)	(14,334)
Administrative expenses	(1,538)	(1,253)	(1,151)	(1,008)
Other	9,976	11,391	29,544	7,825
<b>Net Change in Fiduciary Net Position</b>	<b>425,142</b>	<b>439,680</b>	<b>101,151</b>	<b>581,834</b>
<b>Fiduciary Net Position, beginning</b>	<b>2,401,672</b>	<b>1,961,992</b>	<b>1,860,841</b>	<b>1,279,007</b>
<b>Fiduciary Net Position, ending (b)</b>	<b>\$ 2,826,814</b>	<b>\$ 2,401,672</b>	<b>\$ 1,961,992</b>	<b>\$ 1,860,841</b>
<b>Net Pension Liability (Asset), ending = (a) - (b)</b>	<b>\$ 170,698</b>	<b>\$ 166,297</b>	<b>\$ 203,595</b>	<b>\$ 29,616</b>
<b>Fiduciary net position as a % of total pension liability</b>	<b>94.31%</b>	<b>93.52%</b>	<b>90.60%</b>	<b>98.43%</b>
<b>Pensionable covered payroll</b>	<b>\$1,029,479</b>	<b>\$1,048,090</b>	<b>\$918,332</b>	<b>\$848,095</b>
<b>Net pension liability as a % of covered payroll</b>	<b>16.58%</b>	<b>15.87%</b>	<b>22.17%</b>	<b>3.49%</b>

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

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
\$	149,252	\$ 139,262	\$ 137,743	\$ 129,821	\$ 249,466
	89,125	69,652	47,471	31,425	9,907
	189,822	-	82,085	-	-
	100,116	-	-	1,606	-
	11,069	27,076	8,545	30,546	215
	(7,692)	(3,526)	(3,526)	(2,938)	-
	531,692	232,464	272,318	190,460	259,588
	954,828	722,365	450,048	259,588	-
	<u>\$ 1,486,521</u>	<u>\$ 954,829</u>	<u>\$ 722,366</u>	<u>\$ 450,048</u>	<u>\$ 259,588</u>
\$	332,502	\$ 112,120	\$ 199,976	\$ 99,180	\$ 80,411
	58,751	57,008	51,877	48,976	39,751
	83,572	88,806	(2,612)	20,141	-
	(7,692)	(3,526)	(3,526)	(2,938)	-
	(936)	(611)	(435)	(192)	-
	11,429	5,781	7,427	1,944	1,820
	477,627	259,579	252,707	167,111	121,982
	801,380	541,800	289,093	121,982	-
	<u>\$ 1,279,007</u>	<u>\$ 801,380</u>	<u>\$ 541,800</u>	<u>\$ 289,093</u>	<u>\$ 137,606</u>
\$	207,514	\$ 153,449	\$ 180,566	\$ 160,955	\$ 121,982
	86.04%	83.93%	75.00%	64.24%	53.01%
	\$839,301	\$ 814,398	\$ 741,105	\$ 699,660	\$ 567,877
	24.72%	18.84%	24.36%	23.00%	21.48%

**Erath County Appraisal District**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
 Last 10 Years (will ultimately be displayed)

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2025	190,947	290,947	(100,000)	1,113,662	26.1%
2024	164,986	214,986	(50,000)	1,029,479	20.9%
2023	164,131	186,631	(22,500)	1,048,090	17.8%
2022	148,955	148,955	-	918,332	16.2%
2021	115,680	218,732	(103,052)	848,095	25.8%
2020	117,250	332,502	(215,252)	839,301	39.6%
2019	112,120	112,120	-	814,398	13.4%
2018	99,976	199,976	(100,000)	741,105	24.6%
2017	99,072	99,180	(108)	699,660	14.2%
2016	80,411	80,411	-	597,877	14.2%

**ERATH COUNTY APPRAISAL DISTRICT**  
**Notes to Required Supplementary Information**  
**December 31, 2025**

**Budgetary Data**

The Board adopts an appropriated budget on a modified accrual basis consistent with the fund financial statements. At minimum, the District is required to present the original and final amended budgets for revenues and expenditures compared to actual revenues and expenditures for the general fund. The District uses the following procedures in establishing the budget reflected in the basic financial statements:

1. During May the Board of Directors is presented with a proposed budget for the fiscal year beginning on the following January 1. The budget includes proposed expenditures and the means of financing them. The budget also serves as a basis for determining the annual assessments due from the taxing jurisdictions.
2. Public hearings are conducted to obtain citizen's comments.
3. An annual budget is legally adopted for the General Fund. The budget is adopted on a modified accrual basis consistent with accounting principles generally accepted in the United States of America.
4. The Chief Appraiser is authorized to transfer amounts between departments within the General Fund; however, revisions that alter total General Fund expenditures must be approved by the Board of Directors and the taxing jurisdictions. The fund level is the legal level of budgetary control. Appropriations lapse at year-end.
5. Budgeted amounts presented in the budgetary comparison schedule are as originally adopted by the Board of Directors June of 2024.
6. Expenditures exceeded the final expenditures budget by \$696,194.

**ERATH COUNTY APPRAISAL DISTRICT**  
**Notes to Required Supplementary Information**  
**December 31, 2025**

**RETIREMENT SCHEDULES**

**Valuation Date**

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

**Methods and Assumptions Used to Determine Contribution Rates**

<b>Actuarial Cost Method</b>	Entry Age (level percentage of pay)
<b>Amortization Method</b>	Level percentage of payroll, closed
<b>Remaining Amortization Period</b>	15.9 years (based on contribution rate calculated in 12/31/2024 valuation)
<b>Asset Valuation Method</b>	5-year smoothed market
<b>Inflation</b>	2.50%
<b>Salary Increases</b>	Varies by age and service. 4.7% average over career including inflation
<b>Investment Rate of Return</b>	7.50%, net of administrative and investment expenses, including inflation
<b>Retirement Age</b>	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.
<b>Mortality</b>	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.
<b>Changes in Assumptions and Methods Reflected in the schedule of Employer Contributions</b>	<p>2015: New inflation, mortality and other assumptions were reflected.</p> <p>2017: New mortality assumptions were reflected.</p> <p>2019: New inflation, mortality and other assumptions were reflected.</p> <p>2022: New investment return and inflation assumptions were reflected.</p>
<b>Changes in Plan Provisions Reflected in the Schedule of Employer Contributions</b>	<p>2015: Not applicable, prior to TCDRS participation.</p> <p>2016: No changes in plan provisions were reflected in the Schedule</p> <p>2017: New Annuity Purchase Rates were reflected for benefits earned after 2017</p> <p>2018: No changes in plan provisions were reflected in the Schedule</p> <p>2019: Employer contributions reflect that the prior service matching rate was increased to 15%</p> <p>2020: No changes in plan provisions were reflected in the Schedule</p> <p>2021: Employer contributions reflect that the prior service matching rate was increased to 25%</p> <p>2022: Employer contributions reflect that the prior service matching rate was increased to 30%</p> <p>2023: No changes in plan provisions were reflected in the Schedule</p> <p>2024: Employer contributions reflect that the prior service matching rate was increased to 35%</p>