PARKER COUNTY
APPRAISAL DISTRICT

ANNUAL FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

PARKER COUNTY APPRAISAL DISTRICT
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FINANCIAL SECTION

SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Parker County Appraisal District
Weatherford, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of Parker 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 the General Fund of the 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

We conducted our 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. 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.

Emphasis of Matter

As discussed in Note 1, the financial statements referred to above present only the government-wide financial statements and General Fund of the District and do not purport to, and do not, present fairly the financial position of the Parker County Appraisal District as of December 31, 2025 or the changes in its financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

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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 and *Government 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 and *Government 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, budgetary comparison information, the schedule of changes in the net pension liability (asset) and related ratios, and the schedule of employer pension contributions and related ratios on pages 5-10 and 35-38, respectively, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Snow Garrett Williams

Snow Garrett Williams
April 28, 2026

PARKER COUNTY APPRAISAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Parker County Appraisal District's (the District) management's discussion and analysis (MD&A) provides an overview of the District's financial activities for the year ended December 31, 2025. The MD&A should be read in conjunction with the accompanying financial statements and the notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resource of the District exceeded liabilities at the close of 2025 by $4,901,424 *(net position).* Of this amount, $3,659,148 represents unrestricted net position. As required by GASB Statement No. 34, net position also reflects $1,242,276, that is the net investment in capital assets.
- In contrast to the government-wide statements, the governmental fund statements report a fund balance at year-end of $3,639,912. Of this amount, $15,644 represents a non-spendable fund balance and $3,624,268 represents assigned fund balance for future budgets of the District.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information.

Government-wide financial statements. The government-wide financial statements include the statement of net position and the statement of activities. These statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business. Both are prepared using the economic resource focus and the accrual basis of accounting, meaning that all the current year's revenues and expenses are included regardless of when cash is received or paid.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term obligations. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The governmental activities of the District include appraisal and collection services. All governmental activities included in the government-wide financial statements are functions of the District (known as the primary government).

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one governmental fund, the General Fund.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The governmental fund financial statements can be found on pages 14 through 17 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 through 33 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including budgetary comparison information and information concerning the District's pension benefits. The required supplementary information can be found on pages 35 through 38 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by $4,901,424 as of December 31, 2025.

Parker County Appraisal District's Net Position

	Governmental Activities 2025	Governmental Activities 2024
Current and other assets	$ 5,179,511	$ 3,970,726
Capital assets, net of depreciation/amortization	1,756,801	1,860,323
Total assets	6,936,312	5,831,049
Deferred outflows of resources	702,536	869,625
Long-term liabilities	1,197,825	1,752,750
Other liabilities	1,539,599	1,285,542
Total liabilities	2,737,424	3,038,292
Net position		
Net investment in capital assets	1,242,276	1,296,532
Unrestricted	3,659,148	2,365,850
Total net position	$ 4,901,424	$ 3,662,382

Net investment in capital assets (e.g., land, buildings, improvements, furniture, equipment, and right of use assets) less any related debt used to acquire those assets that is still outstanding, and amounts recorded as accounts payable related to the acquisition of capital assets is $1,242,276. The District uses these capital assets to provide services to citizens and contracting governmental entities; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining portion of the District's net position may be used to meet the District's ongoing obligations to the citizens and contracting governmental entities.

The District's net position increased by $1,239,042 during the current year primarily due to interest income exceeding the budgeted amount and appraisal and collection service expenses that were less than the budgeted amount. The total cost of all governmental activities this year was $6,038,449.

Parker County Appraisal District's Changes in Net Position

	Governmental Activities	
	2025	2024
Revenues:		
Program revenues:		
Charges for services	$ 6,444,880	$ 6,252,331
General revenues:		
Other	832,611	870,920
Total revenues	7,277,491	7,123,251
Expenses:		
Appraisal and collection services	6,011,728	5,693,258
Interest on long-term debt	26,721	23,747
Total expenses	6,038,449	5,717,005
Change in net position	1,239,042	1,406,246
Net position, beginning of year	3,662,382	2,256,136
Prior Period Adjustment	-	(139,163)
Net position, end of year	$ 4,901,424	$ 3,662,382

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the total fund balance of the general fund was $3,639,912. The fund balance of the District's general fund increased by $954,728 during the current fiscal year. The key factor in this increase in fund balance is due to appraisal services revenue and interest income.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's actual revenue exceeded the budgeted revenue by $824,950, primarily as a result of interest income. Total general fund expenditures were less than total budgeted expenditures by $131,778. The primary expenditure category with favorable budget variance was salaries and benefits.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The District's investment in total capital assets for its governmental activities as of December 31, 2025 amounts to $1,756,801 (net of accumulated depreciation/amortization) and includes land, buildings and improvements, furniture and equipment, and right of use assets.

Parker County Appraisal District's Capital Assets
(net of depreciation/amortization)

	Governmental Activities	
	2025	2024
Land	$ 319,907	$ 319,907
Buildings and improvements	1,422,761	1,509,907
Furniture and equipment	4,911	7,719
Right of use assets - equipment	9,222	22,790
Total	$ 1,756,801	$ 1,860,323

Additional information on the District's capital assets can be found in Note 4 on page 24 of this report.

Long-term liabilities. At the end of the current year, the District had total long-term liabilities of $1,197,825, consisting of net pension liability ($459,940), compensated absences payable ($223,360), note payable from direct borrowing ($503,927), and lease liability ($10,598). This was an overall decrease in long-term liabilities of $554,925 as compared to the prior year, primarily as a result of changes to the net pension liability.

Additional information on the District's liabilities can be found in Note 5 on pages 25 through 26 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The annual budget is developed to provide efficient, effective, and economic uses of the District's resources, as well as a means to accomplish the highest priority objectives. Through the budget, the Board sets the direction of the District, allocates its resources, and establishes its priorities.

In considering the District's budget for fiscal year 2026, the Board and management considered the following factors:

- Growth in Contracted Services: Additional costs associated with services provided by external vendors or partners.
- Inflationary Pressures: The impact of general inflation on the cost of supplies and services influencing overall expenditure needs.
- Cost of Living Adjustments (COLA): Anticipated increases in wages and benefits to maintain competitive compensation and address rising living costs.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and contracting governmental entities with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report, or need any additional financial information, contact the Parker County Appraisal District at 1108 Santa Fe Drive, Weatherford, Texas 76086.

BASIC FINANCIAL STATEMENTS

PARKER COUNTY APPRAISAL DISTRICT
Statement of Net Position
December 31, 2025

	Governmental Activities
Assets	
Cash	$ 5,100,034
Prepaid expenses	15,644
Receivable from Custodial Fund	63,833
Capital assets	
Land	319,907
Other capital assets, net of depreciation/amortization	1,436,894
Total assets	6,936,312
Deferred Outflows of Resources	
Deferred outflows of resources - pension	702,536
Liabilities	
Accounts payable	144,474
Unearned revenue	1,386,201
Accrued payroll	8,924
Noncurrent liabilities	
Due within one year	157,403
Due in more than one year	1,040,422
Total liabilities	2,737,424
Net Position	
Net investment in capital assets	1,242,276
Unrestricted	3,659,148
Total net position	$ 4,901,424

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

PARKER COUNTY APPRAISAL DISTRICT
Statement of Activities
For the Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Net Revenues (Expenses) and Change in Net Position: Governmental Activities
Governmental activities			
Appraisal and collection services	$ 6,011,728	$ 6,444,880	$ 433,152
Interest on long-term debt	26,721	-	(26,721)
Total governmental activities	$ 6,038,449	$ 6,444,880	406,431
General revenues:			
Interest and other income			832,611
Total general revenues			832,611
Change in net position			1,239,042
Net position, beginning of year			3,662,382
Net position, end of year			$ 4,901,424

PARKER COUNTY APPRAISAL DISTRICT
Balance Sheet
Governmental Fund
December 31, 2025

Assets	General	Total Governmental Fund
Cash	$ 5,100,034	$ 5,100,034
Prepaid expenses	15,644	15,644
Receivable from Custodial Fund	63,833	63,833
Total assets	$ 5,179,511	$ 5,179,511
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	$ 144,474	$ 144,474
Unearned revenue	1,386,201	1,386,201
Accrued payroll	8,924	8,924
Total liabilities	1,539,599	1,539,599
Fund Balance:		
Non-spendable: prepaid expenses	15,644	15,644
Assigned for future budgets	3,624,268	3,624,268
Total fund balance	3,639,912	3,639,912
Total liabilities and fund balance	$ 5,179,511	
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,756,801
Deferred outflows of resources are not financial resources and, therefore, are not reported in the funds.		702,536
Some liabilities, including notes payable, compensated absences, net pension liability, and lease liability are not due and payable in the current period and, therefore, are not reported in the funds.		(1,197,825)
Net position of governmental activities - statement of net position		$ 4,901,424

PARKER COUNTY APPRAISAL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2025

	General Fund
Revenues	
Appraisal services	$ 5,439,781
Collection services	967,658
Tax certificates	7,740
Attorney assistance	27,600
Interest income	828,320
Data processing services, maps, copies	2,101
Rendition filing fees	3,321
Miscellaneous	970
Total revenues	7,277,491
Expenditures	
Salaries and benefits	
Salaries	3,213,419
Insurance - health	512,743
Insurance - dental	31,851
Insurance - life	11,881
Retirement	713,446
Worker's compensation	12,253
FICA/Medicare tax	59,976
Unemployment	4,680
Total salaries and benefits	4,560,249
Purchased and contracted services	
Internet services	9,639
Legal	73,622
Audit	72,350
Valuation engineers	211,651
Software maintenance and computer hardware	148,146
Mapping expense	178,115
Outside support services	35,075
Appraisal review board	99,227
Security courier	2,400
Janitorial services	23,400
Building maintenance	48,814
Computer maintenance	1,671
Office equipment repair and maintenance	1,468
Taxpayer liaison officer	12,000
Payroll services	9,816
Total purchased and contracted services	$ 927,394

PARKER COUNTY APPRAISAL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2025

Expenditures (Continued)	
General operating	
Water, sewer, and garbage	$ 10,372
Telephone	50,007
Electricity	18,191
Gas	4,024
Office equipment rental	4,694
Valuation subscriptions	83,321
Postage	184,725
Data processing supplies	26,441
General office supplies	15,344
Printing	60,237
Field supplies	67
Freight	1,641
Janitorial supplies	6,267
Auto allowance	218,325
Travel, training, and tuition	22,740
Insurance and bonds	23,217
Fees, dues, and registration	6,504
Public and legal notices	1,370
Directors' expenses	405
Miscellaneous	21,241
Total general operating	759,133
Debt Service	
Principal	49,266
Interest	26,721
Total debt service	75,987
Total expenditures	6,322,763
Change in fund balance	954,728
Fund balance, beginning of year	2,685,184
Fund balance, end of year	$ 3,639,912

PARKER COUNTY APPRAISAL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund to the Statement of Activities

For the Year Ended December 31, 2025

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental fund		$ 954,728
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.		
Depreciation/amortization expense	$ (103,522)	(103,522)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.		
Compensated absences	$ 102,480	
Net pension liability	403,179	505,659
Pension expense in the funds is recorded as contributions when made to the TCDRS plan. Pension expense in governmental activities is recorded as the retirement plan's pension expense for the measurement period. This is the effect of the difference between the two statements.		(167,089)
The issuance of long-term debt (e.g. notes payable, lease liabilities) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Note payable - direct borrowings repayment	$ 35,526	
Lease liability payments	13,740	49,266
Change in net position of governmental activities - statement of activities		$ 1,239,042

Note 1. <u>Summary of Significant Accounting Policies</u>

The accounting policies of the Parker County Appraisal District (the District) conform to accounting principles generally accepted in the United States of America as applicable to governments, except where specifically noted. The following are the most significant accounting policies.

<u>Creation of the District</u>

The District was established under provisions of the Property Tax Code of the State of Texas (specific provision of Code Section 6.01) to appraise taxable property in Parker County, Texas. The Code established a central district in each county to appraise all taxable property and to provide values to each taxing entity in the district. The Code also provides for a single board of equalization called an appraisal review board and for centralization of the filing of exemption applications and property renditions. A district may, in addition to providing appraisal services, contract with taxing entities to assess and collect taxes.

<u>The Financial Reporting Entity</u>

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

The District is governed by a Board of Directors, elected by the taxing entities that the District serves. The District acts as the tax assessor and/or tax collector to the taxing entities of Parker County, Texas, through its duly appointed Chief Appraiser and Appraisal Review Board. The taxing entities are charged for these services based upon actual cost distributed among the entities as is mutually agreed. The taxing jurisdictions served by the District are:

<u>Independent School Districts</u>

Aledo ISD	Lipan ISD	Poolville ISD
Azle ISD	Millsap ISD	Springtown ISD
Brock ISD	Mineral Wells ISD	Weatherford ISD
Garner ISD	Peaster ISD	
Granbury ISD	Perrin-Whitt Consolidated ISD	

<u>Cities</u>

Aledo	Mineral Wells	Weatherford
Azle	Reno	Willow Park
Fort Worth	Sanctuary	
Millsap	Springtown	

Note 1. Summary of Significant Accounting Policies (Continued)

Other Taxing Entities

Cresson Crossroads Municipal Utility District #2	Parker County Emergency Services District #1
City of Hudson Oaks Public Improvement District #1	Parker County Emergency Services District #3
Eagle Ridge Municipal Utility District	Parker County Emergency Services District #6
Morningstar Ranch Municipal Utility District #1	Parker County Emergency Services District #7
Morningstar Ranch Municipal Utility District #2	Parker County Emergency Services District #8
Parker County	Parker County Emergency Services District #9
	Parker County Hospital District
	Weatherford College

Departure from GAAP

The financial statements of the District include only the general fund and government-wide activity and do not include the District's custodial fund, as required by GAAP. Our opinions are not modified with respect to this matter.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the custodial fund of the District as of August 31, 2025, and our report thereon, dated November 5, 2025, expressed an unmodified opinion on those financial statements.

Government-wide and Fund Financial Statements

The two government-wide financial statements, the statement of net position and the statement of activities, report information on all of the non-fiduciary activities of the District. Governmental activities include those activities primarily supported by charges for appraisal and collection services.

The statement of activities reflects the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Interest income and other items not classified as program revenues are reported as general revenues.

Governmental funds are those through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources while modified accrual is used for the basis of accounting. The District reports the following major governmental fund:

General Fund is the main operating fund of the District. This fund is used to account for all financial resources except those required to be accounted for in another fund.

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported and accounted for using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these activities are included in the statement of net position. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows.

The governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. This focus is on the determination of and changes in financial position. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Revenues are considered measurable and available when cash is received or if received within 60 days after the fiscal year end. Expenditures are recorded when the related liability is incurred and payment is due, except for principal and interest on long-term debt and certain estimated liabilities which are recorded only when the obligation has matured and is due and payable shortly after year-end as required by GAAP.

Budgets and Budgetary Accounting

The District maintains control over expenditures in the General Fund by the establishment of an annual budget. The annual budget is adopted on a basis consistent with U.S. GAAP.

The budget, as formally adopted by the Board of Directors prior to the beginning of the year, establishes the maximum authorization of operating funds to be expended by any fund. Any subsequent amendment thereto must be approved by the Board. The Chief Appraiser is authorized to make line item budget transfers within the approved budget, provided that such transfers do not result in an increase or decrease to the total overall budget. Unused appropriations for all of the budgeted funds lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts.

Capital Assets

Capital assets, which include land, buildings and improvements, furniture and equipment, and right of use assets are reported in the government-wide financial statements. Capitalized assets consist of items that have an original cost of $5,000 or more including any charges for freight or installation and that will last for more than one year. Right of use assets are reported at present value of the future lease payments (lease liability), plus any ancillary cost to place the asset in service, plus any additional payments made at the beginning of the lease term, less any lease incentives received from the lessor prior to the commencement of the lease term. Capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10-40 years
Furniture and Equipment	3-5 years
Right of Use Assets - Equipment	5 years

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense) until then. The District currently has deferred outflows of resources related to the pension plan reported in the statement of net position. See additional information in Note 6 related to the pension plan.

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any deferred inflows of resources as of December 31, 2025.

Fund Balance

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Nonspendable Fund Balance includes amounts that are not in spendable form, or are legally or contractually required to be maintained intact.

Restricted Fund Balance includes amounts that are restricted for specific purposes stipulated by law or external resource providers. Restrictions may effectively be changed or lifted only with the consent of those resource providers.

Committed Fund Balance includes amounts that can only be used for the specific purposes pursuant to constraints imposed by the Board of Directors through a resolution, which is the District's highest level of decision-making authority, and, conjunctively, require the same formal action to remove or revise the enacted constraint limitations.

Assigned Fund Balance includes amounts intended to be used for specific purposes that are neither restricted nor committed. Assignments are made by the Chief Appraiser.

Unassigned Fund Balance represents the residual classification of all spendable amounts not contained within the other classifications and is used for all negative fund balances.

When multiple categories of fund balance are available for expenditures, the District will first spend the most restricted funds before moving down to the next most restrictive category with available funds.

Note 1. Summary of Significant Accounting Policies (Continued)

Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets consists of all capital assets net of accumulated depreciation/amortization and reduced by outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position consists of external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments, enabling legislation, and constitutional provisions.

Unrestricted net position represents net position not restricted for any project or other purpose.

When multiple categories of net position are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

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 and District Retirement System (TCDRS) and additions to/deductions from TCDRS' Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when 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.

Unearned Revenue

The taxing authorities served by the District provide the funds needed for its operating budget. Each entity's proportionate share of the budget is payable in quarterly installments throughout the year. The balance of unearned revenue at December 31, 2025 is the total payments received for the 2026 budget year.

Use of Estimates

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

Note 2. Deposits, Securities, and Investments

Chapter 2256 of the Texas Local Government Code (the Public Funds Investment Act) authorizes the District to invest its funds under a written investment policy (the Investment Policy) that primarily emphasizes safety of principal of all funds; to avoid speculative investing; and to maintain adequate liquidity, through scheduled maturity of investments to cover the cash needs of the District. The Investment Policy defines what constitutes the legal list of investments allowed under the policy, which excludes certain investment instruments allowed under chapter 2256 of the Texas Local Government Code.

The District's deposits and investments are invested pursuant to the Investment Policy, which is required to be approved annually by the Board of Directors. The Investment Policy includes a list of authorized investments and a maximum allowable maturity of any individual investment.

The District is authorized to invest in the following investment instruments provided that they meet the guidelines of the Investment Policy:

1) Bank Investments including fully collateralized Time Deposits, Certificates of Deposit, Money Market Accounts, and Interest-Bearing Checking Accounts; and
2) Direct Investments, including United States Treasury Securities.

Interest Rate Risk – Investments are exposed to interest rate risk if changes in market interest rates adversely affect the fair value of an investment. One of the ways the District manages its exposure to interest rate risk is by limiting any investment to a stated maturity of 12 months or less. As of December 31, 2025, the District's deposits consisted of interest-bearing checking accounts and, therefore, were not exposed to interest rate risk.

Credit Risk – Investments are exposed to credit risk if the security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. As of December 31, 2025, the District's deposits consisted of interest-bearing checking accounts and, therefore, were not exposed to credit risk.

Concentration of Credit Risk - The District's policy is to diversify its portfolio to eliminate the risk of loss resulting from over concentration of liquid assets with a specific maturity, a specific issuer, or a specific class of investments. There is no defined limit placed on the amount that may be invested in any one issuer. As of December 31, 2025, 100% of the District's deposits were in interest-bearing checking accounts.

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are not collateralized with securities held by the pledging financial institution or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. As of December 31, 2025, the District's cash was insured or collateralized with securities held by the pledging financial institution's trust department or agent in the District's name and therefore, was not exposed to custodial credit risk.

Note 3. <u>Interfund Balances</u>

During the course of the fiscal year, interfund receivables and payables arise. The following were outstanding as of December 31, 2025:

Fund	Receivable (Payable)
Custodial Fund	$ (63,833)
General Fund	63,833
Total	$ -

Interfund balances result primarily from interest income earned in the Custodial Fund account.

Note 4. <u>Capital Assets</u>

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

	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025
Capital assets not being depreciated/amortized				
Land	$ 319,907	$ -	$ -	$ 319,907
Total capital assets not being depreciated/amortized	319,907	-	-	319,907
Other capital assets				
Buildings and improvements	2,525,080	-	-	2,525,080
Furniture and equipment	331,131	-	-	331,131
Right of use assets - equipment	62,041	-	-	62,041
Total other capital assets	2,918,252	-	-	2,918,252
Less accumulated depreciation/amortization for:				
Buildings and improvements	1,015,173	87,146	-	1,102,319
Furniture and equipment	323,412	2,808	-	326,220
Right of use assets - equipment	39,251	13,568	-	52,819
Total accumulated depreciation/amortization	1,377,836	103,522	-	1,481,358
Other capital assets, net	1,540,416	(103,522)	-	1,436,894
Capital assets, net	$ 1,860,323	$ (103,522)	$ -	$ 1,756,801

Depreciation/amortization expense charged to appraisal and collection services was $103,522 for the year ended December 31, 2025.

Note 5. Governmental Activities Liabilities

The following is a summary of changes by type of liability for the year ended December 31, 2025:

	Balance 1/1/2025	Additions	Reductions	Balance 12/31/2025	Due Within One Year
Net pension liability	$ 863,119	$ -	$ 403,179	$ 459,940	$ -
Compensated absences	325,840	-	102,480 *	223,360	114,685
Note payable - direct borrowings	539,453	-	35,526	503,927	32,120
Lease liability	24,338	-	13,740	10,598	10,598
Total	$ 1,752,750	$ -	$ 554,925	$ 1,197,825	$ 157,403

* Net change

Compensated Absences

Employees earn vacation and compensatory time in varying amounts based on years employed at the District. Unused vacation and compensatory time are carried forward from one year to the next up to certain limits. All employees are entitled to have their accrued vacation and compensatory time paid out when employment is terminated. Employees earn sick leave at a rate of one day per month. Sick leave may accumulate up to a maximum of 60 days. Unused sick leave is not paid out upon separation. The outstanding balance of the liability for compensated absences at December 31, 2025, was $223,360.

Note Payable- Direct Borrowings

The District signed a note payable for remodeling its building on November 1, 2016. The original principal amount was $750,000 with an interest rate of 4.50%. Interest was only payable on the amount of funds withdrawn until April 1, 2017. Thereafter, principal and interest in the amount of $4,752 is due monthly until maturity on May 1, 2027. Interest expense totaled $25,907 for the year ended December 31, 2025. The note is secured by a deed of trust on the District's office building. The note payable balance as of December 31, 2025 was $503,927.

The annual requirements to amortize long-term debt as of December 31, 2025 are as follows:

Note Payable - Direct Borrowings			
Year	Principal	Interest	Total
2026	$ 32,120	$ 20,158	$ 52,278
2027	471,807	6,998	478,805
Totals	503,927	27,156	531,083

Note 5. Governmental Activities Liabilities (Continued)

The District did not have any unused lines of credit, terms specified in debt agreements related to significant events of default or termination with finance-related consequences, or subjective acceleration clauses as of December 31, 2025.

Leases

General information related to leases is summarized below.

Asset	Term	Interest Rate	Payment Amount	Lease Liability 12/31/2025
Postage Machine	60 months	4.50%	$ 548	$ 5,367
Copiers	60 months	4.50%	$ 665	$ 5,231

There were no variable payments or residual value guarantees or penalties not included in the measurement of the leases. The District did not have any commitments under leases not yet commenced at year-end, components of losses associated with asset impairments, or sublease transactions for fiscal year 2025.

The annual requirements to amortize lease liabilities as of December 31, 2025, are as follows:

Year	Principal	Interest
2026	$ 10,598	$ 200
Totals	$ 10,598	$ 200

Note 6. Defined Benefit Pension Plan

Plan Description

The District participates in the nontraditional defined benefit pension plan administered by the Texas County and District Retirement System (TCDRS). TCDRS was created by the Texas Legislature and is overseen by an independent Board of Trustees, which is responsible for the administration of the System. TCDRS is a statewide, agent multiple-employer, public employee retirement system for county and district employees in the State of Texas. The TCDRS Act places the general administration and management of the System with a nine-member Board of Trustees.

TCDRS in the aggregate issues an annual comprehensive financial report on a calendar year basis. In addition, detailed information about the pension plan's fiduciary net position is available in a separately issued TCDRS financial report. Both reports are available at *www.tcdrs.org*.

Note 6. Defined Benefit Pension Plan (Continued)

Benefits Provided

All full-time and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in temporary positions are not eligible for membership.

The plan provides retirement, disability, and survivor benefits. TCDRS is a savings-based plan. For the District's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 200%) and is then converted to an annuity. There are no automatic Cost of Living Adjustments (COLAs). Each year the District may elect an ad hoc COLA for its retirees. There are two COLA types, each limited by actual inflation. Benefit provisions are established under the TCDRS Act. They may be amended as of January 1 each year by the Board of Directors, but must remain in conformity with the Act. Plan provisions for the District are as follows:

Employee deposit rate	7%
Employer matching (future deposits)	200%
Prior service credit	100%
Years required for vesting	10
Service retirement eligibility	60/10, 0/30, 80 total
(expressed as age/years of service)	age plus service

Members may choose to receive their retirement benefit in one of seven actuarially equivalent payment options. The District has also opted to provide prior service which gives employees monetary credit for time worked for an organization before it joined TCDRS.

Employees covered by benefit terms

At the December 31, 2025 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	11
Active employees	40
Total	61

Note 6. Defined Benefit Pension Plan (Continued)

Contributions

The deposit rates for employees in TCDRS can range from 4% to 7% of employee compensation, as adopted by the employer's governing body. Participating employers are required, by law, to contribute at actuarially determined rates, although the employer may elect to contribute at a higher rate to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and are based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis.

Employees for the District were required to contribute 7% of their annual gross earnings during the fiscal year. The required contribution rate for the District was 13.11% and the elected contribution rate was 14.10% in calendar year 2025. The District's contributions to TCDRS for the year ended December 31, 2025 were $450,414 and were $31,624 in excess of the required contributions.

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 methods and assumptions

For funding calculations, TCDRS uses an entry-age normal actuarial cost method assuming the current plan provisions had always been in place. The goal of this cost method is to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin. Under this approach, benefits are funded in advance as a level percentage of pay. This portion of the contribution rate is called the normal cost rate and generally remains stable from year to year.

The total pension liability in the December 31, 2024, actuarial valuation was determined using the following TCDRS system-wide and employer specific assumptions:

Real rate of return	5.00% per year
Inflation	2.50% per year
Long-term investment return	7.50%, net of administrative expenses

The assumed long-term investment return of 7.50% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 7.50% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

Note 6. Defined Benefit Pension Plan (Continued)

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.50% productivity increase assumptions) and a merit, promotion, and longevity component that on average approximates 1.70% per year for a career employee.

Mortality rates for depositing members were based on the Pub-2010 General Employees Amount-Weighted Mortality Table for males and females as appropriate, with adjustments, projected with 100% of the MP-2021 Ultimate scale after 2010. Service retirees, beneficiaries, and non-depositing members were based on the Pub-2010 General Retirees Amount-Weighted Mortality Table for males and females as appropriate, projected with 100% of the MP-2021 Ultimate scale after 2010. Disabled retirees were based on the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and females as appropriate, with adjustments, projected with 100% of the MP-2021 Ultimate scale after 2010.

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

Discount Rate

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

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

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

Note 6. <u>Defined Benefit Pension Plan (Continued)</u>

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

The discount rate used to measure the total pension liability is 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

The rate 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. The numbers shown are based on January 2025 information for a 10-year time horizon. The valuation assumption for long-term expected return is re-assessed 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 target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation [1]	Geometric Real Rate of Return [2]
U.S. Equities	13.00%	5.35%
Global Equities	4.00%	5.15%
International Equities - Developed Markets	6.00%	4.75%
International Equities - Emerging Markets	0.00%	4.75%
Investment-Grade Bonds	3.00%	2.55%
Strategic Credit	9.00%	3.70%
Direct Lending	16.00%	6.85%
Distressed Debt	4.00%	6.80%
REIT Equities	2.00%	3.95%
Master Limited Partnerships	2.00%	4.95%
Commodities	2.00%	1.00%
Private Real Estate Partnerships	6.00%	5.75%
Private Equity	25.00%	8.15%
Hedge Funds	6.00%	3.60%
Cash Equivalents	2.00%	1.10%
Total	100.00%	

[1] Target asset allocation adopted at the March 2025 TCDRS Board meeting.

[2] Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.35%, per Cliffwater's 2025 capital market assumptions.

PARKER COUNTY APPRAISAL DISTRICT
Notes to the Financial Statements
December 31, 2025

Note 6. Defined Benefit Pension Plan (Continued)

Sensitivity Analysis

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%)
Net pension liability	$ 2,317,861	$ 459,940	$ 1,106,437

Changes in Net Pension Liability

	Increase (Decrease)		
Changes in the NPL	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2023	$ 12,657,237	$ 11,794,118	$ 863,119
Changes for the year:			
Service cost	412,047	-	412,047
Interest on total pension liability	977,030	-	977,030
Effect of economic / demographic gains or losses	69,644	-	69,644
Refund of contributions	(40,062)	(40,062)	-
Benefit payments	(395,146)	(395,146)	-
Administrative expenses	-	(7,197)	7,197
Member contributions	-	214,665	(214,665)
Net investment income	-	1,206,699	(1,206,699)
Employer contributions	-	432,572	(432,572)
Other	-	15,161	(15,161)
Balance at 12/31/2024	$ 13,680,750	$ 13,220,810	$ 459,940

Note 6. Defined Benefit Pension Plan (Continued)

Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions

For the year ended December 31, 2025, the District recognized pension expense of $214,298.

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

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	$ 213,282	$ 147,487
Changes of assumptions	294,686	-
Net difference between projected and actual earnings	-	108,359
Contributions made subsequent to measurement date	450,414	-
Total	$ 958,382	$ 255,846

Contributions made subsequent to the measurement date of $450,414 are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability for the fiscal year ending December 31, 2026. 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	$ (19,596)
2027	261,248
2028	(41,273)
2029	31,082
2030	10,711
Thereafter	9,950
Total	$ 252,122

Note 7. Defined Contribution Deferred Compensation Plan

All employees of the District participate in a defined contribution deferred compensation plan which complies with IRS regulations under Section 457 of the Internal Revenue Code. The plan is administered by Nationwide Retirement Solutions, Inc. through the National Association of Counties (NACO) Deferred Compensation Program. In 2025, the District contributed 8% of all eligible participants' compensation. The plan permits participants to defer a portion of their salary until future years up to the maximum allowed by law. The deferred compensation is not available to participants until termination, retirement, death, or an unforeseeable emergency.

The District and its employees contributed $265,442 and $49,008 to the plan, respectively, for the year ended December 31, 2025.

Note 8. Litigation

The District is a defendant in several suits related to the valuation of properties for the purpose of ad valorem taxation. The Plaintiffs are not seeking monetary damages against the District and management believes the likelihood of an unfavorable outcome is unlikely.

Note 9. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the District's participation in the Texas Municipal League Intergovernmental Risk Pool (TMLIRP) for liability, property, and workers' compensation insurance. These are self-sustaining risk pools operated on a statewide basis for the benefit of several hundred Texas cities and other public entities. The District pays annual premiums to the TMLIRP, which retains risk of loss up to $1,000,000 for property and liability insurance and up to $1,500,000 for worker's compensation and obtains independent coverage for losses in excess of these amounts. The District retains no risk except for deductible amounts.

There have been no significant reductions in coverage in the current fiscal year and there have been no settlements exceeding insurance coverage in the current year or the past three fiscal years.

Note 10. Commitments and Contingencies

The District contracts for professional services relating to mineral property appraisal with Pritchard & Abbott, Inc. Expenses related to these services were $211,650 for 2025. The District's balance on the contract as of December 31, 2025 of $670,000 is payable in equal quarterly installments through November 2028.

The District also contracts with Pictometry International Corporation for the license to use Pictometry's aerial imagery software and the Pictometry Image Library. Expenses related to this license were $124,540 for 2025. The remaining balance on the contract is $249,080 as of December 31, 2025, payable through 2027.

Note 11. Subsequent Events

The District has evaluated subsequent events through April 28, 2026, the date the financial statements were available to be issued and noted nothing significant requiring disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

PARKER COUNTY APPRAISAL DISTRICT
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual - General Fund
For the Year Ended December 31, 2025
With Comparative Actual Amounts for the Year Ended December 31, 2024

	Original Budget	Final Budget	2025 Actual	Variance Favorable (Unfavorable)	2024 Actual
Revenues					
Appraisal services	$ 5,438,783	$ 5,438,783	$ 5,439,781	$ 998	$ 5,430,544
Collection services	967,658	967,658	967,658	-	786,822
Tax certificates	10,000	10,000	7,740	(2,260)	5,740
Attorney assistance	27,600	27,600	27,600	-	27,600
Interest income	3,500	3,500	828,320	824,820	833,152
Data processing services, maps, copies	2,000	2,000	2,101	101	1,625
Rendition filing fees	2,500	2,500	3,321	821	2,489
Miscellaneous	500	500	970	470	35,279
Total revenues	6,452,541	6,452,541	7,277,491	824,950	7,123,251
Expenditures					
Salaries and benefits					
Salaries	3,301,541	3,301,541	3,213,419	88,122	3,167,200
Insurance - health	549,900	549,900	512,743	37,157	515,061
Insurance - dental	32,000	32,000	31,851	149	31,728
Insurance - life	12,400	12,400	11,881	519	14,705
Retirement	731,820	731,820	713,446	18,374	678,028
Worker's compensation	18,280	18,280	12,253	6,027	13,612
FICA/Medicare tax	47,000	47,000	59,976	(12,976)	54,874
Unemployment	6,500	6,500	4,680	1,820	1,711
Total salaries and benefits	4,699,441	4,699,441	4,560,249	139,192	4,476,919
Purchased and contracted services					
Internet services	10,000	10,000	9,639	361	5,532
Legal	90,000	90,000	73,622	16,378	46,051
Audit	65,000	65,000	72,350	(7,350)	64,950
Valuation engineers	211,650	211,650	211,651	(1)	211,650
Software maintenance and computer hardware	95,000	95,000	148,146	(53,146)	110,116
Mapping expense	140,000	140,000	178,115	(38,115)	137,980
Outside support services	1,400	1,400	35,075	(33,675)	860
Appraisal review board	175,000	175,000	99,227	75,773	84,026
Security courier	2,400	2,400	2,400	-	2,350
Janitorial services	23,400	23,400	23,400	-	23,400
Building maintenance	35,000	35,000	48,814	(13,814)	28,449
Computer maintenance	25,000	25,000	1,671	23,329	213
Office equipment repair and maintenance	500	500	1,468	(968)	1,397
BOD election fees	100	100	-	100	25,845
Taxpayer liaison officer	12,000	12,000	12,000	-	12,000
Payroll services	11,000	11,000	9,816	1,184	12,925
Total purchased and contracted services	$ 897,450	$ 897,450	$ 927,394	$ (29,944)	$ 767,744

PARKER COUNTY APPRAISAL DISTRICT
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual - General Fund
For the Year Ended December 31, 2025
With Comparative Actual Amounts for the Year Ended December 31, 2024

	Original Budget	Final Budget	2025 Actual	Variance Favorable (Unfavorable)	2024 Actual
Expenditures (Continued)					
General operating					
Water, sewer, and garbage	$ 17,000	$ 17,000	$ 10,372	$ 6,628	$ 9,344
Telephone	41,000	41,000	50,007	(9,007)	38,033
Electricity	20,000	20,000	18,191	1,809	16,352
Gas	6,000	6,000	4,024	1,976	2,468
Office equipment rental	19,000	19,000	4,694	14,306	2,875
Valuation subscriptions	7,300	7,300	83,321	(76,021)	7,961
Postage	180,000	180,000	184,725	(4,725)	164,775
Data processing supplies	22,000	22,000	26,441	(4,441)	13,172
General office supplies	13,000	13,000	15,344	(2,344)	12,892
Printing	95,000	95,000	60,237	34,763	67,236
Field supplies	800	800	67	733	582
Drafting supplies	100	100	-	100	-
Freight	1,200	1,200	1,641	(441)	418
Janitorial supplies	7,000	7,000	6,267	733	6,515
Auto allowance	221,400	221,400	218,325	3,075	218,765
Travel, training, and tuition	23,000	23,000	22,740	260	19,288
Insurance and bonds	23,150	23,150	23,217	(67)	26,494
Fees, dues, and registration	9,100	9,100	6,504	2,596	8,020
Public and legal notices	4,000	4,000	1,370	2,630	660
Directors' expenses	1,400	1,400	405	995	1,200
Miscellaneous	200	2,200	21,241	(19,041)	21,826
Total general operating	711,650	713,650	759,133	(45,483)	638,876
Capital outlay					
Building, furniture, and equipment	94,000	94,000	-	94,000	13,388
Total capital outlay	94,000	94,000	-	94,000	13,388
Reserve for contingency					
Reserve for contingency	50,000	50,000	-	50,000	-
Total reserve for contingency	50,000	50,000		50,000	-
Debt Service					
Principal	-	-	49,266	(49,266)	43,085
Interest	-	-	26,721	(26,721)	23,747
Total debt service	-	-	75,987	(75,987)	66,832
Total expenditures	6,452,541	6,454,541	6,322,763	131,778	5,963,759
Change in fund balance	$ -		954,728	$ 956,728	1,159,492
Fund balance - beginning			2,685,184		1,525,692
Fund balance - ending			$ 3,639,912		$ 2,685,184

PARKER COUNTY APPRAISAL DISTRICT
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios
Last Ten Fiscal Years

Measurement Date - December 31:*	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Total Pension Liability										
Service cost	$ 412,047	$ 386,256	$ 354,189	$ 339,291	$ 291,550	$ 288,324	$ 270,745	$ 264,552	$ 265,878	$ 221,102
Interest on total pension liability	977,030	912,550	818,235	765,041	677,224	615,504	552,660	493,445	443,691	409,060
Effect of plan changes	-	-	351,335	-	-	-	-	-	-	(54,326)
Effect of assumption changes or inputs	-	-	-	11,109	626,939	-	-	26,830	-	56,369
Effect of economic/demographic (gains) or losses	69,644	(43,445)	55,761	(134,336)	238,863	(48,936)	30,303	17,425	(166,006)	(180,133)
Benefit payments/refunds of contributions	(435,208)	(430,331)	(313,012)	(279,756)	(77,434)	(114,130)	(77,434)	(77,380)	(50,189)	(40,946)
Net change in total pension liability	1,023,513	825,030	1,266,508	701,349	1,757,142	740,762	776,274	724,872	493,374	411,126
Total pension liability, beginning	12,657,237	11,832,207	10,565,699	9,864,350	8,107,208	7,366,446	6,590,172	5,865,300	5,371,926	4,960,800
Total pension liability, ending (a)	$ 13,680,750	$ 12,657,237	$ 11,832,207	$ 10,565,699	$ 9,864,350	$ 8,107,208	$ 7,366,446	$ 6,590,172	$ 5,865,300	$ 5,371,926
Plan Fiduciary Net Position										
Employer contributions	$ 432,572	$ 402,881	$ 385,375	$ 343,064	$ 339,168	$ 304,654	$ 290,598	$ 292,969	$ 259,804	$ 265,387
Member contributions	214,665	200,011	165,502	158,127	153,935	140,286	133,097	126,553	121,121	114,309
Investment income net of investment expenses	1,206,699	1,151,630	(656,035)	1,933,596	774,635	1,008,641	(106,008)	712,369	311,058	(134,588)
Benefit payments/refunds of contributions	(435,208)	(430,331)	(313,012)	(279,756)	(77,434)	(114,130)	(77,434)	(77,380)	(50,189)	(40,946)
Administrative expenses	(7,197)	(6,158)	(6,132)	(5,867)	(6,357)	(5,708)	(4,935)	(3,922)	(3,382)	(2,952)
Other	15,161	12,836	42,553	8,665	13,045	12,369	10,909	4,547	24,249	1,844
Net change in plan fiduciary net position	1,426,692	1,330,869	(381,749)	2,157,829	1,196,992	1,346,112	246,227	1,055,136	662,661	203,054
Plan fiduciary net position, beginning	11,794,118	10,463,249	10,844,998	8,687,169	7,490,177	6,144,065	5,897,838	4,842,702	4,180,041	3,976,987
Plan fiduciary net position, ending (b)	$ 13,220,810	$ 11,794,118	$ 10,463,249	$ 10,844,998	$ 8,687,169	$ 7,490,177	$ 6,144,065	$ 5,897,838	$ 4,842,702	$ 4,180,041
Net pension liability (asset), ending (a) - (b)	$ 459,940	$ 863,119	$ 1,368,958	$ (279,299)	$ 1,177,181	$ 617,031	$ 1,222,381	$ 692,334	$ 1,022,598	$ 1,191,885
Plan's fiduciary net position as a percentage of total pension liability	96.64%	93.18%	88.43%	102.64%	88.07%	92.39%	83.41%	89.49%	82.57%	77.81%
Covered payroll	$ 3,194,431	$ 3,066,615	$ 2,760,975	$ 2,635,458	$ 2,565,582	$ 2,338,100	$ 2,218,292	$ 2,109,211	$ 2,018,675	$ 1,905,145
Net pension liability (asset) as a % of covered payroll	14.40%	28.15%	49.58%	-10.60%	45.88%	26.39%	55.10%	32.82%	50.66%	62.56%

* The amounts presented above are as of the measurement date of the collective net pension liability (asset).

PARKER COUNTY APPRAISAL DISTRICT
Schedule of Employer Pension Contributions and Related Ratios
Last Ten Fiscal Years

Year Ended December 31st:	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 418,790	$ 425,033	$ 403,035	$ 385,375	$ 343,064	$ 339,168	$ 304,653	$ 290,598	$ 292,969	$ 259,804
Contributions in relation to the actuarially determined amount	450,414	432,598	403,035	385,375	343,064	339,168	304,653	290,598	292,969	259,804
Contribution deficiency (excess)	$ (31,624)	$ (7,565)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,194,431	$ 3,066,615	$ 2,858,406	$ 2,760,975	$ 2,635,248	$ 2,565,582	$ 2,338,100	$ 2,218,292	$ 2,109,211	$ 2,018,675
Contributions as a percentage of covered payroll	14.1%	14.1%	14.1%	14.0%	13.0%	13.2%	13.0%	13.1%	13.9%	12.9%

Notes to Schedule of Contributions

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age (level of percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	11.9 years (based on contribution rate calculated in 12/31/2024 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the PUB-2010 General Retirees Table for males and 120% of the PUB-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality, and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule. 2023: Employer contriutions reflect that the member contribution rate was increased to 7%. 2024: No changes in plan provisions were reflected in the Schedule.

OVERALL COMPLIANCE AND INTERNAL CONTROLS

SNOWGARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCEWITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Parker County Appraisal District
Weatherford, Texas

We have audited, in accordance with the 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, the financial statements of the governmental activities and the major fund of Parker 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, and have issued our report thereon dated April 28, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Snow Garrett Williams

Snow Garrett Williams
April 28, 2026