

CLAY COUNTY APPRAISAL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2025

CLAY COUNTY APPRAISAL DISTRICT

ANNUAL FINANCIAL REPORT

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Clay County Appraisal District
Henrietta, Texas

Opinion

We have audited the accompanying financial statements of the Enterprise Fund and the aggregate remaining fund information of Clay County Appraisal District, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Clay County Appraisal 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 Enterprise Fund and the aggregate remaining fund information of Clay County Appraisal District as of December 31, 2025, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Clay County Appraisal District, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Clay County Appraisal District's internal control. Therefore, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Clay County Appraisal District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios – Texas County and District Retirement System and the Schedule of Employer Contributions – Texas County and District Retirement System information identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clay County Appraisal District's basic financial statements. The budgetary comparison information and the taxes receivable information listed as other supplementary information are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information and taxes receivable information listed as other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in blue ink that reads "Edgin, Parkman, Fleming & Fleming, PC". The signature is written in a cursive, flowing style.

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
April 10, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows exceeded its liabilities and deferred inflows of resources at December 31, 2025 by \$244,641 (net position). Of this amount, \$160,919 represents unrestricted net position.
- During the year, the District's total net position increased by \$93,595. The District's expenses, which totaled \$741,763, were less than the District's operating revenues of \$837,995 and nonoperating revenues of \$1,239. The District also refunded \$3,876 to the taxing entities in the current year.
- The District's operating revenues increased \$114,255, or about 8%. The District's budget for 2025 was higher than 2024 due to increased health insurance costs and other operating expenses and therefore the billings to entities increased.
- The total cost of the District's programs increased \$114,255, or approximately 18%. This increase was mostly due to increases in building maintenance, employee retirement and employee health insurance costs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of two components: the basic financial statements and the notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Basic Financial Statements

All of the District's services are reported in the basic financial statements, including capital asset activity. Collections from the taxing entities for appraisal and collection services finance the District's activities.

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

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

The *statement of revenues, expenses and changes in net position* details how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

The District uses fund accounting to keep track of specific sources of funding and spending for particular purposes.

An **enterprise fund** is used to report all financial aspects of the District's operations. This fund includes all financial activity of both appraisal and collections services.

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

Notes to the Basic Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *other supplementary information* concerning the District's budgetary performance as well as detailed tax collection activity for each entity that contracts with the District for property tax collections.

Financial Analysis of the District

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

Table 1 - District's Net Position

	2025	2024	\$ Change	% Change
Current and other assets	\$ 386,896	\$ 306,106	\$ 80,790	26%
Capital assets, net	86,410	50,029	36,381	73%
Total Assets	473,306	356,135	117,171	33%
Total Deferred Outflows of Resources	105,218	114,721	(9,503)	-8%
Current liabilities	70,395	54,525	15,870	29%
Long-term liabilities	27,201	53,921	(26,720)	-50%
Total Liabilities	97,596	108,446	(10,850)	-10%
Total Deferred Inflows of Resources	236,287	211,364	24,923	12%
Net position:				
Net investment in capital assets	39,931	41,885	(1,954)	-5%
Restricted	43,791	-	43,791	N/A
Unrestricted	160,919	109,161	51,758	47%
Total Net Position	\$ 244,641	\$ 151,046	\$ 93,595	62%

Net investment in capital assets is \$39,931. The District uses these capital assets to provide services to the taxing entities as well as citizens; consequently, these assets are not available for future spending.

\$43,791 of the net position is restricted for the District's pension plan. The remaining balance of the net position of \$160,919 is unrestricted.

Changes in Net Position

The District's total revenues were \$839,234. The vast majority of the District's revenue comes from billings to the taxing entities. Exhibited below in Table 2 are the District's revenues for the years ended December 31, 2025 and 2024:

Table 2 - District's Revenues

	2025	Percent	2024	Percent
Charges for services	\$ 837,995	100%	\$ 777,452	100%
Interest income	1,239	0%	1,834	0%
Total Revenues	\$ 839,234	100%	\$ 779,286	100%

Charges for services increased from the prior year due to the 2025 budget being approximately 8% higher than the 2024 budget.

The District's expenses increased from \$626,632 in the prior year to \$741,763 in the current year, an increase of approximately 18%. This increase was mostly due to an increase in building maintenance costs, employee retirement expenses, and employee health insurance expenses in 2025.

CAPITAL ASSETS

At December 31, 2025, the District had invested in a broad range of capital assets totaling \$86,410, net of accumulated depreciation, including land, building and improvements and subscription assets. See Table 3 below.

Table 3 - Capital Assets, Net

	2025	2024	\$ Change	% Change
Land	\$ 5,000	\$ 5,000	\$ -	0%
Building and improvements, net	35,491	37,083	(1,592)	-4%
Subscription assets, net	45,919	7,946	37,973	478%
Totals	\$ 86,410	\$ 50,029	\$ 36,381	73%

Capital assets, net of accumulated depreciation, increased \$36,381 from the previous year. Additional information about the District's capital assets is presented in the notes to the financial statements.

LONG-TERM DEBT

At December 31, 2025, the District's long-term debt consisted of \$46,479 in subscription liabilities, which was an increase from the prior year amount of \$8,144.

Additional information about the District's long-term debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S FINANCIAL OUTLOOK

For the 2026 budget, total revenues and expenditures are budgeted to increase approximately 3% from the 2025 budget to \$866,392.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CLAY COUNTY APPRAISAL DISTRICT

STATEMENT OF NET POSITION DECEMBER 31, 2025

	Enterprise Fund
Assets	
Current assets:	
Cash and cash equivalents	\$ 308,825
Investments	26,747
Prepaid expenses	7,533
Total current assets	<u>343,105</u>
Long-term assets:	
Net pension asset	43,791
Capital assets, net of accumulated depreciation	86,410
Total long-term assets	<u>130,201</u>
Total assets	<u>473,306</u>
Deferred outflows of resources	
Pension-related	<u>105,218</u>
Liabilities	
Current liabilities:	
Accrued liabilities - operational	23,916
Subscription liabilities, due within one year	46,479
Total current liabilities	<u>70,395</u>
Long-term liabilities:	
Compensated absences	<u>27,201</u>
Total liabilities	<u>97,596</u>
Deferred inflows of resources	
Payments received in advance	218,577
Pension-related	17,710
Total deferred inflows of resources	<u>236,287</u>
Net position	
Net investment in capital assets	39,931
Restricted for pension plan	43,791
Unrestricted	160,919
Total net position	<u>\$ 244,641</u>

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

CLAY COUNTY APPRAISAL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2025

	Enterprise Fund
Operating revenues:	
Appraisal and collection revenues	\$ 837,995
Operating expenses:	
Salaries and wages	294,390
Contract appraisal	159,500
Information technology contracts	60,460
Equipment and building maintenance	31,822
Telephone and utilities	9,912
Employee retirement	21,969
Employee insurance	89,922
Insurance and bonding	7,933
Accounting and auditing services	10,500
Legal fees	2,036
Postage and freight	14,572
Auto and travel expenses	6,113
Directors expense	3,888
Payroll taxes	5,726
Supplies	11,504
Dues and publications	3,496
Education expense	2,681
Notices and advertising	911
Depreciation	1,591
Total operating expenses	738,926
Operating income	99,069
Nonoperating revenues (expenses):	
Interest income	1,239
Interest expense	(2,837)
Total nonoperating revenues (expenses)	(1,598)
Change in net position	97,471
Net position, beginning	151,046
Refunds to taxing entities	(3,876)
Net position at end of year	\$ 244,641

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

CLAY COUNTY APPRAISAL DISTRICT

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2025

	Enterprise Fund
Cash flows from operating activities:	
Received from customers and users	\$ 845,208
Payments to suppliers	(460,673)
Payments to employees	(288,536)
Net cash provided by operating activities	<u>95,999</u>
Cash flows from capital and related financing activities:	
Principal payments on subscription liabilities	(53,503)
Interest expense	(2,837)
Net cash used by capital and related financing activities	<u>(56,340)</u>
Cash flows used for noncapital financing activities:	
Refunds to taxing entities	<u>(3,876)</u>
Cash flows from investing activities:	
Purchase of investments	(1,239)
Interest on investments	1,239
Net cash used for investing activities	<u>-</u>
Net increase in cash and cash equivalents	35,782
Cash and cash equivalents - beginning	273,043
Cash and cash equivalents - ending	<u><u>\$ 308,825</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 99,069
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	55,456
(Increase) decrease in assets and deferred outflows of resources:	
Miscellaneous receivables	129
Prepaid expenses	(105)
Net pension asset	(43,791)
Deferred outflows of resources - pension-related	9,503
Increase (decrease) in liabilities and deferred inflows of resources:	
Accrued liabilities - operational	(1,118)
Accrued liabilities - compensated absences	5,854
Net pension liability	(53,921)
Deferred inflows of resources - pension-related	17,710
Increase (decrease) in deferred inflows of resources:	
Payments received in advance	7,213
Total adjustments	<u>(3,070)</u>
Net cash provided by operating activities	<u><u>\$ 95,999</u></u>
Noncash capital and related financing activities:	
Issuance of subscription liabilities	<u><u>\$ 91,838</u></u>

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

CLAY COUNTY APPRAISAL DISTRICT**STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2025**

	<u>Custodial Funds</u>
Assets	
Cash and cash equivalents	<u>\$ 2,355,280</u>
Liabilities	
Taxes held in escrow	<u>153,250</u>
Net Position	
Restricted for taxing entities	<u><u>\$ 2,202,030</u></u>

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

CLAY COUNTY APPRAISAL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION DECEMBER 31, 2025

	Custodial Funds
Property taxes collected for other governments	\$ 19,826,286
Property taxes distributed to other governments	<u>19,189,100</u>
Change in net position	637,186
Net position - beginning	<u>1,564,844</u>
Net position - ending	<u><u>\$ 2,202,030</u></u>

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

CLAY COUNTY APPRAISAL DISTRICT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Clay County Appraisal District (District) was created in 1979 by Senate Bill Number 621, which was passed by the 66th Texas State Legislature and signed by the Governor. This act created local appraisal districts in the State of Texas and specified the powers, duties, functions, and financing of these local appraisal districts. Each district has the responsibility for listing and appraising taxable property within the district and providing local remedies for dissatisfied property owners. The District determines property values for ad valorem taxes in the following taxing units: Clay County, City of Henrietta, City of Bellevue, City of Byers, City of Petrolia, Bellevue Independent School District, Henrietta Independent School District, Midway Independent School District, Petrolia Consolidated Independent School District, Clay County Emergency Services District #1, and Clay County Emergency Services District #2. The District also determines property values for very small portions of Burkburnett Independent School District, Bowie Independent School District, Goldburg Independent School District, Windthorst Independent School District, and the City of Windthorst.

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

A. Reporting Entity

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

B. Basis of Presentation

The District's financial statements consist of business-type activities and fiduciary funds.

The basic financial statements (i.e., the statement of net position and the statement of revenues, expenses and changes in net position) report information on all non-fiduciary activities of the District.

Fund financial statements

The District's activities are reported in two fund types: proprietary funds and fiduciary funds.

CLAY COUNTY APPRAISAL DISTRICT

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

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

Included in proprietary funds is the Enterprise Fund, which reports all activities of the District, including appraisal and collection services that the District provides to the taxing entities within Clay County.

Fiduciary funds include the Custodial Funds, which are used to report resources held in a purely custodial capacity (assets equal liabilities). Custodial funds involve only the receipt of property tax (and related penalties and interest) payments from taxpayers and subsequent remittance from the District to each of the taxing entities within Clay County.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary fund are providing appraisal and collection services to the taxing entities within Clay County. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all deposits with original maturities of three months or less at the time of acquisition to be cash equivalents.

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements.

CLAY COUNTY APPRAISAL DISTRICT

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

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

F. Capital Assets

Capital assets, which includes building and improvements, are reported in the District governmental columns in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the time received.

Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	20-40 years
Subscription-based information technology arrangements	2 years

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the year ended December 31, 2025, the District reports deferred outflows of resources for amounts related to the District's defined benefit pension plan (See Note 6).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At December 31, 2025, certain taxing authorities made advance payments on the 2026 assessments in the amount of \$218,577 and is reported as a deferred inflow of resources. The District also reports deferred inflows of resources for amounts related to the District's defined benefit pension plan (See Note 6).

H. Subscription-Based Information Technology Agreements (SBITAs)

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

CLAY COUNTY APPRAISAL DISTRICT

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

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

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

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

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

The subscription term includes the noncancellable period of the SBITA.

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

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

I. Pensions

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

J. Compensated Absences

The District implemented GASB Statement 101, *Compensated Absences* during the year ended December 31, 2025. District policy permits employees to accumulate earned, but unused vacation and sick leave based upon their length of employment. The entire balance of vacation leave is recognized as a liability at year end. Sick leave is recognized as a liability if it is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability for such leave is reported as incurred in the Enterprise Fund.

CLAY COUNTY APPRAISAL DISTRICT

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

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

K. Use of Estimates

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

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

Finance-Related Legal and Contractual Provisions

The District had no violations of finance-related legal and contractual provisions to report in the current year.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

Cash Deposits

At December 31, 2025, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments, including custodial funds) was \$2,690,852 and the bank balance was \$2,722,098. The District's cash deposits at December 31, 2025 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

Investments

The District is required by Government Code Chapter 2256, The Public Funds Investment Act (Act) to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

CLAY COUNTY APPRAISAL DISTRICT

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

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

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at December 31, 2025, are shown below:

<u>Investment or Investment Type</u>	<u>Weighted Maturity (Months)</u>	<u>Fair Value</u>
Certificate of deposit	6.6	<u>\$26,747</u>

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, 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.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

CLAY COUNTY APPRAISAL DISTRICT

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

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

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

NOTE 4 - CAPITAL ASSETS

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

	Balance January 1, 2025	Increases	Decreases	Balance December 31, 2025
Capital assets not being depreciated:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Capital assets being depreciated:				
Buildings and improvements	109,102	-	-	109,102
Subscription assets	95,710	91,838	79,817	107,731
Total capital assets being depreciated	204,812	91,838	79,817	216,833
Less accumulated depreciation for:				
Buildings and improvements	72,020	1,591	-	73,611
Subscription assets	87,764	53,865	79,817	61,812
Total accumulated depreciation	159,784	55,456	79,817	135,423
Total capital assets being depreciated, net	45,028	36,382	-	81,410
Total capital assets being depreciated	\$ 50,028	\$36,382	\$ -	\$ 86,410

Depreciation expense of \$53,865 related to subscription assets is included in "Information technology contracts" expense on the Statement of Revenues, Expenses and Changes in Net Position.

NOTE 5 - LONG-TERM LIABILITIES

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

	Balance January 1, 2025	Issued	Retired	Balance December 31, 2025	Due Within One Year
Subscription liabilities	\$ 8,144	\$91,838	\$53,503	\$46,479	\$46,479
Compensated absences	21,347	5,854	-	27,201	-
Totals	\$29,491	\$97,692	\$53,503	\$73,680	\$46,479

CLAY COUNTY APPRAISAL DISTRICT

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

NOTE 5 - LONG-TERM LIABILITIES (CONT'D.)

Subscription Liabilities

The District entered into an information technology agreement with Pritchard & Abbott, Inc. for the use of mapping software for the period from January 1, 2024 through December 31, 2025. The contract calls for annual totals of \$8,400 payable in quarterly installments. The contract has an imputed interest rate of 5% and a term of two years.

The District also entered into an information technology agreement with Pritchard & Abbott, Inc. for the use of appraisal and collection software for the period from January 1, 2025 through December 31, 2026. The contract calls for total payments of \$84,410, with \$47,940 due in 2025 and \$47,940 due in 2026. The contract has an imputed interest rate of 5% and a term of two years.

Debt service requirements on the subscription liabilities as of December 31, 2025 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	<u>\$46,479</u>	<u>\$1,461</u>	<u>\$47,940</u>

Compensated Absences

Compensated absences displayed as issuances or retirements represent the net change in the liability.

NOTE 6 - DEFINED BENEFIT PENSION PLAN

A. Plan Description

The District provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of more than 800 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis that is publicly available at www.tcdrs.org.

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

CLAY COUNTY APPRAISAL DISTRICT

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

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

B. Benefits Provided

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

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	4
Active employees	6

C. Contributions

The District has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the District based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The District contributed using an elected rate of 31.87% in 2025. The actuarially determined rate was 19.11% for 2025. As a result, the District contributed \$91,956 for 2025, compared to required contributions of \$55,139.

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

D. Net Pension Liability

The District's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation.

Actuarial Assumptions

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

CLAY COUNTY APPRAISAL DISTRICT

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

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

Actuarial assumptions that determined the total pension liability as of December 31, 2024 were based on the results of an actuarial experience study.

Real rate of return	5.00% per year
Inflation	2.50% per year
Long-term investment return	7.50% per year, net of pension plan investment expenses
Growth in membership	0.00% per year
Payroll growth	0.00% per year

Salary increases were based on a service-related table. The mortality rates for active members were based on 135% of the Pub-2010 General Employees Amount-Weighted Table for males and 120% of the Pub-2010 General Employees Amount-Weighted Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. The mortality rate for service retirees, beneficiaries, and non-depositing members was based on 135% of the Pub-2010 General Retirees Amount-Weighted Table for males and 120% of the Pub-2010 General Retirees Amount-Weighted Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. The mortality rates for disabled retirees were based on 160% of the Pub-2010 General Disabled Retirees Amount-Weighted Table for males and 125% of the Pub-2010 General Disabled Retirees Amount-Weighted Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are based on April 2020 information for a 7-10 year time horizon.

The valuation assumption for long-term expected return is re-assessed a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2021.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

CLAY COUNTY APPRAISAL DISTRICT

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

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

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation</u> ⁽¹⁾	<u>Geometric Real Rate of Return (Expected minus Inflation)</u> ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	13.00%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	25.00%	8.15%
Global Equities	MSCI World (net) Index	4.00%	5.15%
International Equities – Developed	MSCI World Ex USA (net) Index	6.00%	4.75%
International Equities – Emerging	MSCI Emerging Markets (net) Index	0.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.55%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.70%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.85%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	4.00%	6.80%
REIT Equities	67% FTSE NAREIT A;; Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.95%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	4.95%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	5.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.60%
Commodities	Bloomberg Commodities Index	2.00%	1.00%
Cash Equivalents	90-Day U.S. Treasury	2.00%	1.10%

⁽¹⁾ Target asset allocation adopted at the March 2025 TCDRS Board Meeting.

⁽²⁾ Geometric real rates of return equal the expected return for the asset minus the assumed inflation of 2.35%, per Cliffwater's 2025 capital market assumptions

⁽³⁾ Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

CLAY COUNTY APPRAISAL DISTRICT

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

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

Discount Rate

The projected fiduciary net position was determined to be sufficient compared to projected benefit payments. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be sufficient to pay projected benefit payments in all future years. Therefore, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments (7.60%).

Changes in Net Pension Liability / (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2023	\$1,594,563	\$1,540,642	\$ 53,921
Changes for the year:			
Service cost	43,855	-	43,855
Interest on total pension liability	118,890	-	118,890
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	4,673	-	4,673
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	-	-	-
Benefit payments	(150,902)	(150,902)	-
Administrative expense	-	(901)	901
Member contributions	-	20,014	(20,014)
Net investment income	-	156,208	(156,208)
Employer contributions	-	91,520	(91,520)
Other changes	-	(1,711)	1,711
Balances as of December 31, 2024	<u>\$1,611,079</u>	<u>\$1,654,870</u>	<u>(\$ 43,791)</u>

Sensitivity Analysis

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

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Net pension liability	<u>\$89,170</u>	<u>(\$43,791)</u>	<u>(\$160,766)</u>

CLAY COUNTY APPRAISAL DISTRICT

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

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

Pension Expense

	January 1, 2024 to December 31, 2024
Service cost	\$ 43,855
Interest on total pension liability ⁽¹⁾	118,890
Effect of plan changes	-
Administrative expenses	901
Member contributions	(20,014)
Expected investment return net of investment expenses	(115,523)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	11,706
Recognition of assumption changes or inputs	-
Recognition of investment gains or losses	(20,069)
Other ⁽²⁾	<u>1,711</u>
Pension expense	<u>\$ 21,457</u>

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

⁽²⁾ Relates to allocation of system-wide items.

Deferred Outflows / Inflows of Resources

As of December 31, 2025, the deferred outflows and inflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,262	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings	-	17,710
Contributions made subsequent to measurement date	<u>91,956</u>	<u>-</u>
Total	<u>\$105,218</u>	<u>\$17,710</u>

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

Plan Year Ended December 31:

2025	(\$ 2,750)
2026	24,385
2027	(17,946)
2028	(8,137)

CLAY COUNTY APPRAISAL DISTRICT

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

NOTE 7 - ECONOMIC DEPENDENCY

The District derives approximately 97% of its assessment revenues from six government entities, and the remaining 3% of its assessment revenues from ten other taxing authorities. All entities are located in Clay County, Texas.

NOTE 8 - RISK MANAGEMENT AND LITIGATION

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the past several years, the District has purchased coverage from commercial insurance companies for most risks except for litigation concerning appraisal value. The District has also effectively managed risk through various employee education and prevention programs. Expenses and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

NOTE 9 - CONTINGENCIES

The District is a defendant in lawsuits contesting appraised values. Liability to the District, if any, is limited to the cost of the plaintiff's attorney fees. The ultimate liability of the District in the lawsuits cannot be determined at this time. Since the probable range cannot be estimated with any certainty, an expense has not been recorded in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CLAY COUNTY APPRAISAL DISTRICT

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

	2024	2023	2022	2021
Total Pension Liability				
Service cost	\$ 43,855	\$ 36,512	\$ 31,409	\$ 19,640
Interest on total pension liability	118,890	115,593	120,684	119,497
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	-	-	-	(39,789)
Effect of economic/demographic (gains) or losses	4,673	30,443	(85,035)	39,044
Benefit payments/refunds of contributions	(150,902)	(142,263)	(136,147)	(132,998)
Net change in total pension liability	16,516	40,285	(69,089)	5,394
Total pension liability (asset), beginning	1,594,563	1,554,278	1,623,367	1,617,973
Total pension liability (asset), ending (a)	<u>\$ 1,611,079</u>	<u>\$ 1,594,563</u>	<u>\$ 1,554,278</u>	<u>\$ 1,623,367</u>
Fiduciary Net Position				
Employer contributions	\$ 91,520	\$ 91,880	\$ 76,850	\$ 67,852
Member contributions	20,014	18,476	14,855	13,103
Investment income net of investment expenses	156,208	155,609	(87,452)	285,126
Benefit payments/refunds of contributions	(150,902)	(142,263)	(136,147)	(132,998)
Administrative expenses	(901)	(804)	(831)	(842)
Other	(1,711)	(1,028)	(4,956)	(1,109)
Net change in fiduciary net position	114,227	121,869	(137,681)	231,132
Fiduciary net position, beginning	1,540,643	1,418,774	1,556,455	1,325,323
Fiduciary net position, ending (b)	<u>\$ 1,654,870</u>	<u>\$ 1,540,643</u>	<u>\$ 1,418,774</u>	<u>\$ 1,556,455</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (43,791)</u>	<u>\$ 53,920</u>	<u>\$ 135,504</u>	<u>\$ 66,912</u>
Fiduciary net position as a % of total pension liability	<u>102.72%</u>	<u>96.62%</u>	<u>91.28%</u>	<u>95.88%</u>
Pensionable covered payroll	<u>\$ 285,911</u>	<u>\$ 263,947</u>	<u>\$ 212,218</u>	<u>\$ 187,180</u>
Net pension liability as a % of covered payroll	<u>-15.32%</u>	<u>20.43%</u>	<u>63.85%</u>	<u>35.75%</u>

2020	2019	2018	2017	2016	2015
\$ 22,868	\$ 21,860	\$ 19,647	\$ 31,760	\$ 32,169	\$ 39,873
120,374	115,428	114,312	111,264	108,985	106,540
-	-	-	-	-	(5,503)
64,031	-	-	19,943	-	19,423
(238)	25,360	(18,713)	(2,778)	(17,162)	(11,658)
(102,592)	(102,592)	(104,727)	(115,949)	(107,889)	(107,890)
104,443	60,056	10,519	44,240	16,103	40,785
1,513,530	1,453,474	1,442,955	1,398,715	1,382,612	1,341,827
<u>\$ 1,617,973</u>	<u>\$ 1,513,530</u>	<u>\$ 1,453,474</u>	<u>\$ 1,442,955</u>	<u>\$ 1,398,715</u>	<u>\$ 1,382,612</u>
\$ 68,666	\$ 61,276	\$ 36,298	\$ 47,557	\$ 43,646	\$ 41,898
13,415	10,654	10,217	13,489	15,028	14,872
126,114	176,861	(22,256)	154,135	75,266	18,794
(102,592)	(102,592)	(104,727)	(115,949)	(107,889)	(107,890)
(970)	(931)	(865)	(771)	(838)	(759)
(486)	(879)	(1,618)	(743)	(9,720)	9,097
104,147	144,389	(82,951)	97,718	15,493	(23,988)
1,221,176	1,076,787	1,159,738	1,062,020	1,046,527	1,070,515
<u>\$ 1,325,323</u>	<u>\$ 1,221,176</u>	<u>\$ 1,076,787</u>	<u>\$ 1,159,738</u>	<u>\$ 1,062,020</u>	<u>\$ 1,046,527</u>
<u>\$ 292,650</u>	<u>\$ 292,354</u>	<u>\$ 376,687</u>	<u>\$ 283,217</u>	<u>\$ 336,695</u>	<u>\$ 336,085</u>
<u>81.91%</u>	<u>80.68%</u>	<u>74.08%</u>	<u>80.37%</u>	<u>75.93%</u>	<u>75.69%</u>
<u>\$ 191,643</u>	<u>\$ 152,201</u>	<u>\$ 145,951</u>	<u>\$ 192,696</u>	<u>\$ 214,687</u>	<u>\$ 212,464</u>
<u>152.71%</u>	<u>192.08%</u>	<u>258.09%</u>	<u>146.98%</u>	<u>156.83%</u>	<u>158.18%</u>

CLAY COUNTY APPRAISAL DISTRICT

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

Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a % of Covered Payroll
2016	\$ 43,646	\$ 43,646	-	\$ 214,687	20.3%
2017	47,557	47,557	-	192,696	24.7%
2018	36,298	36,298	-	145,951	24.9%
2019	61,276	61,276	-	152,201	40.3%
2020	68,666	68,666	-	191,643	35.8%
2021	67,852	67,852	-	187,180	36.2%
2022	76,845	76,845	-	212,221	36.2%
2023	91,880	91,880	-	263,946	34.8%
2024	91,520	91,520	-	285,911	32.0%
2025	55,139	91,956	(36,817)	288,535	31.9%

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

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:

<i>Actuarial Cost Method</i>	Entry Age
<i>Amortization Method</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period</i>	2.0 years (based on contribution rate calculated in 12/31/2023 valuation)
<i>Asset Valuation Method</i>	5-year smoothed market
<i>Inflation</i>	2.50%
<i>Salary increases</i>	Varies by age and service. 4.7% average over career, including inflation
<i>Investment rate of return</i>	7.5%, net of administrative and investment expenses, including inflation
<i>Retirement age</i>	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.
<i>Mortality</i>	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.
<i>Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions</i>	2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
<i>Changes in Plan Provisions Reflected in the Schedule of Employer Contributions</i>	2016: No changes in plan provisions were reflected in the schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018-2025: No changes in plan provisions were reflected in the schedule.

OTHER SUPPLEMENTARY INFORMATION

CLAY COUNTY APPRAISAL DISTRICT

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL - ENTERPRISE FUND FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Operating revenues:				
Appraisal and collection revenues	\$ 837,951	\$ 837,951	\$ 837,995	\$ 44
Operating expenses:				
Salaries and wages	294,300	294,300	294,390	(90)
Contract appraisal	159,500	159,500	159,500	-
Information technology contracts	62,672	62,672	60,460	2,212
Equipment and building maintenance	13,578	13,578	31,822	(18,244)
Telephone and utilities	9,820	9,820	9,912	(92)
Employee retirement	94,676	94,676	92,468	2,208
Employee insurance	111,690	111,690	89,922	21,768
Insurance and bonding	4,936	4,936	7,933	(2,997)
Accounting and auditing services	10,250	10,250	10,500	(250)
Legal fees	11,650	11,650	2,036	9,614
Postage and freight	16,000	16,000	14,572	1,428
Auto and travel expenses	10,000	10,000	6,113	3,887
Directors expense	4,500	4,500	3,888	612
Payroll taxes	5,679	5,679	5,726	(47)
Supplies	18,000	18,000	11,504	6,496
Dues and publications	3,500	3,500	3,496	4
Education expense	5,700	5,700	2,681	3,019
Notices and advertising	1,500	1,500	911	589
Total operating expenses	837,951	837,951	807,834	30,117
Operating income (loss)	-	-	30,161	30,161
Nonoperating revenues (expenses):				
Interest income	-	-	1,239	1,239
Interest expense	-	-	(2,837)	(2,837)
Total nonoperating revenues (expenses)	-	-	(1,598)	(1,598)
Change in net position	\$ -	\$ -	\$ 28,563	\$ 28,563

Reconciliation of budgetary basis results to GAAP basis results shown on Exhibit A-2:

	Budgetary Basis	Pension Adjustments	Capital Asset Adjustments	GAAP Basis
Total revenues	\$ 837,995	\$ -	\$ -	\$ 837,995
Total expenses	807,834	(70,499)	1,591	738,926
Nonoperating revenues (expenses)	(1,598)	-	-	(1,598)
Change in net position	\$ 28,563	\$ 70,499	\$ (1,591)	\$ 97,471

The District budgets for pension expenditures on a cash basis as opposed to the accrual basis that includes adjustments for GASB 68. Additionally, the District does not budget for depreciation expense as it does not reflect a current use of cash.

CLAY COUNTY APPRAISAL DISTRICT

NOTES TO THE OTHER SUPPLEMENTARY INFORMATION DECEMBER 31, 2025

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

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

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

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

The budget for the next year is approved by the Board of Directors prior to September 1.

Expenses should not exceed appropriations for each legally adopted annual operating budget.

Annual budgets are legally adopted for the enterprise fund with contributions to the pension plan budgeted on the cash basis and no amounts budgeted for depreciation expense.

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

During the year ended December 31, 2025, the District's expenses exceeded budgeted amounts for Salaries and wages (\$90), Equipment and building maintenance (\$18,244), Telephone and utilities (\$92), Insurance and bonding (\$2,997), Accounting and auditing services (\$250), and Payroll taxes (\$47).

CLAY COUNTY APPRAISAL DISTRICT

**TAXES RECEIVABLE - BELLEVUE ISD
YEAR ENDED DECEMBER 31, 2025**

	<u>Total</u>
Taxes receivable, January 1, 2025	\$ 1,763,586
Taxes assessed 2025	1,956,910
Collections	(1,981,797)
Adjustments, net	<u>(3,912)</u>
Taxes receivable, December 31, 2025	<u><u>\$ 1,734,787</u></u>

CLAY COUNTY APPRAISAL DISTRICT**TAXES RECEIVABLE - CITY OF BELLEVUE
YEAR ENDED DECEMBER 31, 2025**

	<u>Total</u>
Taxes receivable, January 1, 2025	\$ 18,368
Taxes assessed 2025	42,223
Collections	(36,564)
Adjustments, net	<u>(29)</u>
Taxes receivable, December 31, 2025	<u><u>\$ 23,998</u></u>

CLAY COUNTY APPRAISAL DISTRICT

**TAXES RECEIVABLE - CITY OF BYERS
YEAR ENDED DECEMBER 31, 2025**

	<u>Total</u>
Taxes receivable, January 1, 2025	\$ 40,673
Taxes assessed 2025	88,435
Collections	(81,469)
Adjustments, net	<u>(22)</u>
Taxes receivable, December 31, 2025	<u><u>\$ 47,617</u></u>

CLAY COUNTY APPRAISAL DISTRICT**TAXES RECEIVABLE - CLAY COUNTY
YEAR ENDED DECEMBER 31, 2025**

	<u>Total</u>
Taxes receivable, January 1, 2025	\$ 4,497,354
Taxes assessed 2025	7,585,528
Collections	(7,306,965)
Adjustments, net	<u>72,872</u>
Taxes receivable, December 31, 2025	<u><u>\$ 4,848,789</u></u>

CLAY COUNTY APPRAISAL DISTRICT

**TAXES RECEIVABLE - HENRIETTA ISD
YEAR ENDED DECEMBER 31, 2025**

	<u>Total</u>
Taxes receivable, January 1, 2025	\$ 3,601,996
Taxes assessed 2025	5,231,755
Collections	(5,362,199)
Adjustments, net	<u>(31,159)</u>
Taxes receivable, December 31, 2025	<u><u>\$ 3,440,393</u></u>

CLAY COUNTY APPRAISAL DISTRICT**TAXES RECEIVABLE - CITY OF HENRIETTA
YEAR ENDED DECEMBER 31, 2025**

	<u>Total</u>
Taxes receivable, January 1, 2025	\$ 708,138
Taxes assessed 2025	1,268,978
Collections	(1,266,969)
Adjustments, net	<u>(10,097)</u>
Taxes receivable, December 31, 2025	<u>\$ 700,050</u>

CLAY COUNTY APPRAISAL DISTRICT

TAXES RECEIVABLE - MIDWAY ISD
YEAR ENDED DECEMBER 31, 2025

	<u>Total</u>
Taxes receivable, January 1, 2025	\$ 1,467,381
Taxes assessed 2025	1,493,997
Collections	(1,741,463)
Adjustments, net	<u>(7,032)</u>
Taxes receivable, December 31, 2025	<u><u>\$ 1,212,883</u></u>

CLAY COUNTY APPRAISAL DISTRICT**TAXES RECEIVABLE - PETROLIA CISD
YEAR ENDED DECEMBER 31, 2025**

	<u>Total</u>
Taxes receivable, January 1, 2025	\$ 984,941
Taxes assessed 2025	1,775,069
Collections	(1,629,799)
Adjustments, net	<u>(6,562)</u>
Taxes receivable, December 31, 2025	<u><u>\$ 1,123,649</u></u>

CLAY COUNTY APPRAISAL DISTRICT**TAXES RECEIVABLE - CITY OF PETROLIA
YEAR ENDED DECEMBER 31, 2025**

	<u>Total</u>
Taxes receivable, January 1, 2025	\$ 46,824
Taxes assessed 2025	69,638
Collections	(68,526)
Adjustments, net	<u>201</u>
Taxes receivable, December 31, 2025	<u><u>\$ 48,137</u></u>

CLAY COUNTY APPRAISAL DISTRICT**TAXES RECEIVABLE - ESD #1
YEAR ENDED DECEMBER 31, 2025**

	<u>Total</u>
Taxes receivable, January 1, 2025	\$ 25,885
Taxes assessed 2025	59,194
Collections	(55,277)
Adjustments, net	<u>(156)</u>
Taxes receivable, December 31, 2025	<u>\$ 29,646</u>

CLAY COUNTY APPRAISAL DISTRICT

**TAXES RECEIVABLE - ESD #2
YEAR ENDED DECEMBER 31, 2025**

	<u>Total</u>
Taxes receivable, January 1, 2025	\$ 20,035
Taxes assessed 2025	45,730
Collections	(44,576)
Adjustments, net	<u>(92)</u>
Taxes receivable, December 31, 2025	<u><u>\$ 21,097</u></u>