HARRIS CENTRAL APPRAISAL DISTRICT, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended December 31, 2025

Report Issued By:
Budget and Finance Division

HARRIS CENTRAL APPRAISAL DISTRICT

ANNUAL COMPREHENSIVE FINANCIAL REPORT
December 31, 2025

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INTRODUCTORY SECTION

Harris Central Appraisal District

13013 Northwest Freeway
Houston TX 77040
Telephone: (713) 812-5800

P.O. Box 920975
Houston TX 77292-0975
Information Center: (713) 957-7800

Office of Chief Appraiser

June 29, 2026

Presiding Officers of Harris County Taxing Units
Members of the Board of Directors,
Harris Central Appraisal District
Citizens of Harris County

Section 6.063, Texas Tax Code, requires an audit of the financial affairs of an appraisal district by an independent certified public accountant. This report is published to fulfill that requirement for the fiscal year ended December 31, 2025.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Crowe LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the Harris Central Appraisal District's financial statements for the year ended December 31, 2025. The independent auditors' report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the District

The Harris Central Appraisal District is a political subdivision of the State of Texas established in 1980, following the codification of property tax laws by the 66th Texas Legislature in 1979. The 1979 codification established one appraisal district in each of the state's 254 counties for the purpose of discovering and appraising property for ad valorem tax purposes for each taxing unit within the boundaries of that appraisal district. The district, the largest in the state, serves 621 taxing units.

Texas appraisal districts are permitted to contract with their taxing units to perform tax collection functions. The Harris Central Appraisal District has not contracted with any of its taxing units to provide these services through 2025 and does not anticipate any collection contracts in the foreseeable future.

The Harris Central Appraisal District is governed by a board of nine directors who are chosen through three different processes. Five directors are appointed by a vote of eligible taxing units that participate in the district. Three directors are elected by the voters of Harris County at a countywide general election. The County Tax Assessor-Collector is a publicly elected official who pursuant to the Texas Property Tax Code, serves as an ex-officio director on the board.

The board of directors has general policy-making authority. It appoints the chief appraiser, who is chief administrator of the district. The board appoints the taxpayer liaison officer and the appraisal review board. The board of directors has primary responsibility for fiscal matters, including approval of major contracts and adoption of the annual budget.

The primary purpose and responsibility of the district is to provide to the taxing units and property owners within its boundaries fair and equitable appraisals of property subject to ad valorem taxation.

In Texas, the property tax is the primary source of funding for local governmental units (school districts, cities, counties, junior college districts, and other special districts). Property taxes pay much of the cost of public schools, police and fire protection, courts, health services, streets, water and sewage, parks, and most other local government activities. The Harris Central Appraisal District does not determine how much each of these local governments will spend to provide services, nor does it set their tax rates. Each local government adopts its own budget, then sets a tax rate that will generate the amount of money required to pay for its services. The district provides each local government with a list of its taxable property, together with the January 1 value of each property and appropriate exemptions. The appraisals serve to allocate the tax burden among all property owners on an equitable basis, based upon market value.

The Office of the Chief Appraiser is primarily responsible for the overall planning, organizing, staffing, and controlling district operations as required by the Texas Property Tax Code. The district is organized into four primary departments: Chief Appraiser, Deputy Chief Appraiser Appraisal & Security, Deputy Chief Appraiser Compliance, and Deputy Chief Appraiser Appeals.

Divisions reporting directly to the Chief Appraiser are the Information Technology which maintains the district's data center, local area networks, software applications, and imaging, the Budget & Finance which is responsible for the business support functions relating to budget, finance, employee benefits, purchasing, capital assets, facilities, and postal services, the Human Resources which is responsible for strategic and functional responsibilities for all HR disciplines, and the Legal Services which handles in-house legal services to HCAD and litigation involving cases filed against HCAD.

Divisions reporting directly to the Deputy Chief Appraiser Appraisal & Security are the Appraisal Operations, the Business and Industrial Property, the Residential Property, the Commercial Property, and the Security Services. The Appraisal Divisions are responsible for the valuation of all real and personal property accounts. The Security Services is responsible for providing a safe environment to all employees, property owners, visitors, and board members.

Divisions reporting directly to the Deputy Chief Appraiser Compliance are the Communications Services, the Audit Support Services, the Records Information Management, and the Information & Assistance. These divisions coordinate support functions, including records maintenance, exemptions, customer services to property owners, communication with active and inactive jurisdictions, internal and external communication, and records management.

Divisions reporting directly to the Deputy Chief Appraiser Appeals are the Review Appraisal and the ARB Operations. The ARB Operations is responsible for coordination, planning, and scheduling of informal meetings, formal hearings, and related functions. The Review Appraisal is responsible for overseeing post Appraisal Review Board property appeals.

Local Economy

The district's activities for the previous twelve months led up to the major event of certification of the appraisal roll. The appraisal roll was certified on August 22, 2025 with less than 4.26 percent of the total value in the district remaining under protest. State law requires that not more than 10 percent of the total value remain in unresolved property owner protests at the time the records are approved and certified as the appraisal roll. The sum of the taxable value for each of the 627 taxing unit appraisal rolls was approximately $5.68 trillion, resulting in a 2025 ad valorem tax levy of approximately $14.6 billion, an increase of 2.2 percent from 2024.

The Harris Central Appraisal District encompasses a 1,774-square-mile area, including some of the most complex properties in the world. These include the port facilities of the Houston Ship Channel and Port of Houston, the busiest port in the United States in terms of foreign tonnage and the second busiest in overall tonnage. The properties include two major international airports, more than 354 class A high-rise office properties, hundreds of millions of square feet of warehouse and retail properties, tens of thousands of apartment units, and more than 1.2 million homes. Harris County is one of the world's major petrochemical centers and includes five refineries, thousands of miles of pipeline and tank storage, and dozens of petrochemical processing facilities. The City of Houston is the fourth largest city in the United States, and Harris County estimates that the unincorporated area of the county would be the fifth largest city. The appraisal district also appraises business and industrial personal property for taxation at full market value.

The Houston housing market in 2025 reflected a return to a more balanced pace, making it a solid year overall for both buyers and sellers. After several years of ups and downs, the Greater Houston market returned to pre-pandemic norms, even as many other large U.S. markets continue to lag.

According to the Houston Association of Realtors' December/Full-Year 2025 Housing Market Update, total property sales for the full year were 2.3 percent above the 2024 level, highlighting continued demand across the region. Total dollar volume rose 4.5 percent to $42.9 billion. Single-family home sales also outpaced 2024 figures, climbing 3.8 percent, with 88,634 properties sold during the year compared to 85,373 in 2024.

Comparison of Appraised Values to Previous Year

The change in appraised value of taxable property between years 2025 and 2024 is reflected in the table below.

HARRIS CENTRAL APPRAISAL DISTRICT APPRAISED VALUES

2025		2024	
Number of Accounts	Appraisal Value (in thousands)	Number of Accounts	Appraisal Value (in thousands)
1,777,541	$906,747,512	1,763,133	$879,346,209

Note: Land that is valued using productivity valuation methodology, such as agricultural and timber use is not included in the total appraised values. All other land is included. Since more than one property parcel is included on some accounts, the actual number of parcels appraised by the district is more than the number of accounts listed above.

Taxable Values

The following table compares the taxable values (appraised values less exemptions and special valuations) for the government of Harris County. The information presented here has been updated through January 1, 2026. The change in the appraised and taxable values from 2024 to 2025 varied among taxing units, reflecting the mix of property types, exemptions, and market conditions within each unit.

HARRIS COUNTY TAXABLE VALUES (in thousands $)				
	2025	2024	Change	Percent Change
Appraised Value	$906,747,512	$879,346,209	$27,401,303	3.12%
Taxable Value	$680,900,738	$663,448,334	$17,453,404	2.63%

Texas Comptroller of Public Accounts Ratio Study and Governance Review

Government Code Section 403.302 requires the Comptroller to conduct a study to determine the degree of uniformity and the median level of appraisals by the appraisal district with each major category of property, as required by Section 5.10, Tax Code. This study is required every other year. If the locally appraised value in a school district is within the statistical margin of error of the state value, the Comptroller's Property Tax Assistance Division (PTAD) certifies a school district's local tax roll value to the Commissioner of Education. A 5 percent margin of error is used to establish the upper and lower value limit for each school district. If the local value is outside the acceptable range, then PTAD certifies the state value, unless the school district is eligible for a grace period, which is a period when local value is used even though it is determined to be invalid. A property value study was completed for 2025, and all school districts fell within the margin of error.

Section 5.102, Tax Code requires the Comptroller of Public Accounts to review each appraisal district's governance, taxpayer assistance, operating standards and appraisal standards, procedures and methodology at least once every two years. School districts located in counties that do not receive the Methods and Assistance Program (MAP) reviews in a year will be subject to property value studies in that year. A MAP review was conducted for 2024.

The district's median level of appraisal for 2025 is summarized in the following table:

STATE COMPTROLLER'S STUDY	
Property Category	**Median Level of Appraisal 2025**
Single Family Residential	**1.00**
Multi-Family Residential	**0.99**
Vacant Lots	**0.96**
Acreage	**N/A**
Commercial Real Property	**0.96**
Utilities	**0.94**
Commercial Personal Property	**1.00**
Overall Median Level – All Properties	**0.99**

Since the statistical median reflects the mid-point of a sample, it is generally desirable to maintain median appraisal levels at or slightly below 1.00 to avoid over-appraisal of properties. The International Association of Assessing Officers (IAAO) guidelines state that the overall level of appraisal for all parcels in the jurisdiction should be within 10 percent of the legal level. Based on these criteria, the district's 99 appraisal level is considered to reflect very good appraisal performance.

Property Owner Protests

During 2025, property owners and professional tax consultants filed 567,154 protests, resulting in an increase of 9.77 percent from the 2024 protest volume of 516,674. Generally, property owners may protest appraised values placed on their property before the time the appraisal rolls are approved and certified. The protest period is conducted from May to August each year. Property owners usually resolve disagreements about their appraised value, exemptions, or other issues in an informal meeting with a district appraiser. If no agreement is reached informally, the property owner is heard before a 3-member panel of the appraisal review board, an independent body. The panel makes the final determination. The 2025 protest activity data has been updated through March 30, 2026. The table below shows the protest activity for the last 10 years.

PROTEST ACTIVITY
(Dollars in millions)

Year	Reappraisal Year	Accounts Protested	Value of Accounts	Avg Percent Reduction
2016	Yes	380,550	$311,654	10.80%
2017	Yes	389,644	$318,521	10.40%
2018	Yes	372,579	$319,597	10.02%
2019	Yes	421,819	$363,741	10.70%
2020	Yes	447,316	$388,763	11.08%
2021	Yes	453,543	$394,603	9.99%
2022	Yes	494,918	$455,480	10.24%
2023	Yes	528,812	$523,460	11.95%
2024	Yes	516,674	$517,774	9.88%
2025	Yes	567,154	$555,081	7.04%

Property owners who are dissatisfied with their protest hearing result may appeal the appraisal review board decision by filing suit in state district court, filing an application for binding arbitration, or filing an application for a hearing with the State Office of Administrative Hearings.

The volume of litigation for the last 10 years is summarized in the table below:

LITIGATION VOLUME

Year	Total Lawsuits	Number of Accounts	Value of Accounts	Number Resolved	Value Loss %
2016	4,212	12,018	$ 90,788,838,462	11,999	11.88%
2017	4,661	11,918	$ 81,113,534,434	11,910	11.27%
2018	7,183	16,024	$ 87,914,852,919	15,951	10.23%
2019	6,374	15,054	$106,544,983,826	14,978	11.71%
2020	6,584	16,175	$129,866,823,187	15,303	11.31%
2021	6,949	15,759	$115,084,993,520	14,955	10.48%
2022	8,000	18,395	$151,920,440,240	18,096	12.47%
2023	9,646	23,197	$168,679,835,891	21,194	13.42%
2024	9,873	25,552	$161,385,066,259	19,447	10.87%
2025	9,807	25,636	$161,917,368,198	2,218	9.42%

Rather than filing a suit in state district court, property owners may appeal the appraisal review board decision through binding arbitration. Arbitration is available for non-homesteaded properties valued at $5,000,000 or less. Homesteaded properties have no value limit.

Arbitration volume for the last 10 years is summarized in the table below:

ARBITRATION VOLUME

Year	Number of Accounts	Determined	Dismissed/ Withdrawn	Pending
2016	7,780	7,780	4,715	0
2017	7,375	7,375	3,702	0
2018	2,276	2,276	1,332	0
2019	3,548	3,548	2,189	0
2020	5,119	5,119	4,148	0
2021	5,647	5,645	5,239	0
2022	8,457	8,457	7,841	0
2023	12,401	12,386	11,234	15
2024	10,611	10,556	9,663	55
2025	13,885	12,575	11,769	1,309

iFile and iSettle Programs

The Harris Central Appraisal District continues its online iFile program that allows property owners and agents to protest their noticed values through the district's website. During 2025, 74,862 agent protests and 85,541 property owner protests were received through iFile. Both programs have reduced the number of property owners needing to appear in person at the district's office. Additionally, much of the paper handling, data entry, scanning, and filing tasks were eliminated due to the increased use of iFile and iSettle. The iFile program also allows personal property renditions to be submitted on-line.

The iSettle program was developed to provide a way for property owners to resolve protests on-line through the district's website rather than appear in person to meet with a district appraiser. Residential property owners not represented by agents, who participate in iFile, may use iSettle. Participation requires the property owner to give an opinion of value and a reason for the change requested. A district appraiser reviews the information and decides whether to offer the property owner relief. Acceptance of the appraiser's offer binds the property owner for the tax year. If the appraiser determines that an offer is not warranted, the protest is scheduled for an informal meeting with an appraiser. Rejection of the appraiser's offer or failure to respond, automatically schedules the property owner to appear for a formal hearing.

In 2017, a new feature was added to the iFile/iSettle program that allows property owners participating in iSettle to upload their hearing evidence via the Owners website. This uploaded evidence is taken under consideration by HCAD before making an iSettle offer to the property owner. A total of 15,633 property owners utilized this feature in 2025, and they uploaded a total of 137,021 files. The addition of this new feature plays a significant role in the quality of iSettle offers made by the district. iFile and iSettle volume is summarized in the table below:

iFILE / iSETTLE VOLUME						
Year	iFile Participants	iFile Renditions Processed	iFile Rendition Extension Requested	iSettle Offers Accepted	Owners Website Accounts Enrolled	Owners Website Accounts Serviced
2013	72,879	24,803	20,803	7,473	55,000	2,361
2014	97,000	31,258	21,202	13,920	90,000	8,061
2015	109,300	29,669	20,928	13,140	152,000	12,000
2016	119,547	30,452	21,075	13,679	180,000	16,000
2017	118,381	31,154	22,090	19,284	213,000	21,000
2018	118,798	32,098	20,546	9,749	233,000	25,000
2019	146,543	31,019	21,892	23,550	261,000	33,000
2020	172,407	32,931	12,598	32,604	287,000	41,000
2021	168,239	32,725	20,691	38,564	295,000	43,000
2022	287,387	34,369	20,007	36,756	353,102	34,574
2023	287,007	33,645	21,174	35,926	352,183	38,517
2024	305,257	33,781	21,584	33,836	305,257	41,454
2025	316,846	35,931	20,287	40,912	316,846	43,745

Financial Information

The general fund's total fund balance was $38,082,390 with an unassigned balance of $10,033,398 at year-end, which is 63.96% below the district's financial policy recommendation for budgetary and planning purposes. Other assignments include $1,343,565 for special projects, $1,000,000 for future election services, $6,559,669 for future major repairs and rehabilitations of facilities, and $17,819,560 to operating reserve fund. The district maintains a limited risk management program for health benefits through a separate fund to account for the district's self-insurance activities and the accumulation of resources to satisfy potential claims of subsequent periods.

The district uses a detailed line-item budget developed in a modified zero-based budgeting system. The emphasis of the budget process is to identify the activities requiring resources and to rank those administratively according to the needs of the department. Division directors submit their budget recommendations to the chief appraiser in early April during internal workshops. Section 6.06 of the Texas Property Tax Code requires the chief appraiser to formulate his proposed budget and submit it to the board of directors and presiding officers of the taxing units before June 15. The statute also provides that the board of directors must conduct a public hearing after giving notice in a quarter page advertisement and finally adopt a budget before September 15. Texas law also provides that each of the 621 taxing units entitled to vote on the appointment of board members is required to maintain a copy of the proposed budget for public inspection at its principal administrative office.

The taxing units participating in the appraisal district fund the district. The annual allocation to the taxing units is based upon the proportion that each taxing unit's property tax levy bears to the sum of the tax levies of all participating taxing units. Taxing units pay their share quarterly with the first quarter due on December 31 of the year before the budget takes effect. The taxing units pay approximately 0.76 percent of their property tax levy for appraisal district services.

The appropriated budget is prepared by fund and by divisions (unit of a department). An annual budget is legally adopted for the General Fund only. The chief appraiser may transfer budgeted amounts among divisions or line items; however, transfers which increase or decrease the district's totals for the object line items (legal level of budgetary control) by more than $25,000 must be approved by the board of directors. In addition, supplemental appropriations require the approval of the board of directors.

The board of directors adopted a 2025 expenditure budget of $111,370,551 on August 21, 2024. This amount represented a $6,042,773 decrease from the 2024 budget. Taxing unit funding decreased from $115,913,324 in 2024 to $110,370,551 for 2025, a decrease of $5,542,773.

Major Initiatives

1. Implementation of Cascade is fully underway, replacing VisiFlow for document and workflow management. BIPD has fully converted from VisiFlow to Cascade. Additional requirements gathering and configuration for all other divisions will continue through 2026.
2. Robotic Process Automation (RPA) bots to process arbitration applications for RAD and renditions for BIPD were completed, while existing bots for protests and agent appointment added the ability to deal with scanned documents in addition to digital applications.
3. Monarch (a supplemental program for HCAD's current manual rolls QC procedure handled by our QUAG team) has been successfully deployed. Unlike the current process, which depends on the QUAG team to manually spot-check samples, Monarch automates the validation of the entire dataset. It scans complete sets of roll data, PDF reports, and validates that information against the CAMA database. This shift provides faster, more thorough, and more accurate results in a fraction of the time.
4. User testing and additional configuration continues with TrueRoll and HCAD’s applications group to finalize automation of most simple exemption’s applications.
5. Information Security Program
    a. Participation in the district’s Cybersecurity Champions program, which recognizes individuals who complete not only the mandatory annual training but also 100 percent of the monthly training, rose from 27 percent to 33 percent of district employees.
    b. Increasing awareness of issues related to both cybersecurity and artificial intelligence.
    c. Conducted annual cybersecurity awareness month
    d. Continuing to implement advanced threat detection and prevention technologies to safeguard sensitive internal and property owner data.
6. The district continued to expand its implementation of Power BI for auditing, trending, and reporting, presenting data in ways that simplify complex concepts and increase productivity for end users. Additional dashboards were implemented to provide visualization of operational key performance indicators.
7. Completed a robust and comprehensive AI Governance to serve as a foundational framework for ensuring that AI systems used within HCAD operate transparently, ethically, and in full compliance with applicable laws and regulations. It aims to mitigate risks, promote fairness, and uphold accountability in AI-driven operations.
8. Completed development of a comprehensive field application for BIPD staff to streamline daily operations.
9. Continued expansion of the scope of ChatHCAD, HCAD’s proprietary AI chatbot, to include reference materials from both appraisal and non-appraisal (HR, IT, RIM, etc.) divisions.
10. Working with divisions to eliminate dependence upon end-of-life MS Access databases.
11. Added functionality to HCAD’s Case Management System (CMS) to extract data from and automatically process agreed final judgments; this capability will be extended to automate the processing of original petitions later in 2026.
12. Legal Services, RAD, and HCAD’s applications group are collaborating on a custom litigation cost tracking report that will replace one currently produced by an outside vendor on a monthly basis.
13. Modernizing core infrastructure on an ongoing basis.

14. Optimizing operational efficiency by streamlining IT workflows, identifying opportunities for additional automation solutions, and building useful tools for business users across the district.
15. Continuously improving digital service delivery, including the expansion of self-service options for end users, increased customer satisfaction from encounters with IT support professionals, and updates and enhancements to public-facing applications and sites.
16. Generic service accounts have been eliminated, and hardware access controls have been installed on all shared machines, drastically improving our security posture.
17. Owners' and agents' portals are undergoing full architectural and UI redesign.
18. Cyclomedia street level LiDAR and Imagery infill capture of new subdivisions and areas that have a high number of permits indicating new construction
19. Continuing work on GIS Collaborative Portal for use by District and Jurisdictions
20. Successfully migrated from Connect Explorer to new, modern Cloud Explorer release for oblique photography and measurements from EagleView. The product is used in our everyday workflows and is an integral part of the valuation process at HCAD, used to look at, measure, or review characteristics of a building or exterior features.
21. Successfully migrated the technology that the District used for GIS and map creation, ArcMap, to ArcGIS Pro and its newer Parcel Fabric.
22. EagleView has replaced ConnectExplorer with Cloud Explorer, their newest and modern release for oblique photography and measurements. Esri Pro training for 15 new staff and refresher for 30+ current staff.
23. Upgraded Citrix environment to support GPU dependent GIS environment. The upgrade improved the business continuity plan by adding GIS environment to the real-time system and data replication.

The Harris Central Appraisal District's outreach program educates property owners on assessment and taxation issues. The district conducted a total of 63 virtual and in-person property tax workshops, exemption workshops and presentations in 2025. Many of these workshops were done with the Harris County Tax Assessor-Collector's office to present a complete picture of the assessment and collection process. The district also conducted workshops with community partners to reach the elderly and inner-city neighborhoods. The goal was to go to the property owners with helpful information rather than make them come to the appraisal district with questions. The district researched and identified communities in the county that underutilized the exemption and protest resources available and then scheduled presentations in those areas. The workshops promoted district resources available and provided individualized and immediate answers to property owner account questions.

Awards and Acknowledgements

For the ninth year in a row, Harris Central Appraisal District has landed on the Houston Chronicle's list of Top Workplaces 2025. Each year, the Houston Chronicle recognizes a select number of organizations with high employee engagement as Top Workplaces in Houston. These organizations are recognized based solely on their employees' survey responses. The Top Workplaces shared a common philosophy: recognizing their workers as their most important assets and the key to their success.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Harris Central Appraisal District for its annual comprehensive financial report (ACFR) for the fiscal year ended December 31, 2024. This was the thirty-eighth consecutive year that the district has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been accomplished without the efficient and dedicated service of the entire staff of the budget and finance division. The budget and finance division also received invaluable assistance and support from the districts' other departments: Appraisal Operations, Communications, and Information Technology. Credit must also be given to the board of directors for their unfailing support for maintaining the highest standards of professionalism in the management of the district's finances.

Respectfully submitted,

Adam Bogard
Chief Appraiser

Jason Cunningham
Deputy Chief Appraiser

Theresa Paul
Chief Financial Officer

Tracey Dang
Controller

RECORDS MAINTENANCE

Maintain the accuracy of the appraisal records concerning: REAL PROPERTY: 1) Update ownership based on property transfers; 2) Update legal descriptions as a result of a replat or combinations of property; 3) Maintain proper taxing jurisdiction listed on each account. PERSONAL PROPERTY: 1) Update ownership records; 2) Add and delete accounts based on existence of business.

DATA COLLECTION

REAL PROPERTY: 1) Capture and list the construction of all new improvements built each year; 2) Periodically review and update existing property characteristics. PERSONAL PROPERTY: 1) Assign Standard Industrial Codes; 2) Properly classify all property characteristics such as quality and quantity of inventory.

DATA ENTRY

Enter all property characteristics to the appraisal database after data collection.

MARKET ANALYSIS

Collect and analyze market information such as: 1) Sales of residential and commercial property and vacant land; 2) Occupancy and rental rates associated with commercial properties; and 3) Current construction costs associated with residential and commercial properties. Update cost schedules and market and income models associated with the mass appraisal model of all property.

APPRAISE ALL REAL AND PERSONAL PROPERTY

Determine appraisals for all properties using schedules and models tailored to specific property in defined neighborhoods.

REVIEW AND MAKE A FINAL APPRAISAL

Review all computer-generated values using automated and manual techniques, and select the most appropriate value for each property.

REVIEW REQUESTS FOR SPECIAL VALUATION AND DETERMINE VALUES

PROCESS EXEMPTION APPLICATIONS AND APPLICATIONS FOR DEFERRAL AND TAX ABATEMENTS

NOTIFY PROPERTY OWNERS

Submit appraisal records to the Appraisal Review Board by May 15 or as soon thereafter as practical

PROCESS HEARINGS ASSOCIATED WITH PROPERTY OWNER PROTESTS

May - August

PRODUCE AND DELIVER CERTIFIED ROLLS TO TAXING UNITS

By July 20 or when 95 percent of the total appraisal roll value is ready to be certified

PROCESS CHANGES TO CERTIFIED ACCOUNTS AND ADDITION OF NEW ACCOUNTS

1) Failure of notice 2) Late protests 3) Correction motions 4) Litigation 5) Omitted property

PERIODICALLY PRODUCE CORRECTION AND SUPPLEMENT APPRAISAL ROLLS FOR EACH YEAR

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Harris Central Appraisal District
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morrill

Executive Director/CEO

JIM ROBINSON
Chairman

MARTINA LEMOND DIXON
Secretary

ERICKA McCRUTHCHEON
Assistant Secretary

ANNETTE RAMIREZ
Tax Assessor-Collector
Ex-Officio Director
Member

MIKE SULLIVAN
Member

MELISSA NORIEGA
Member

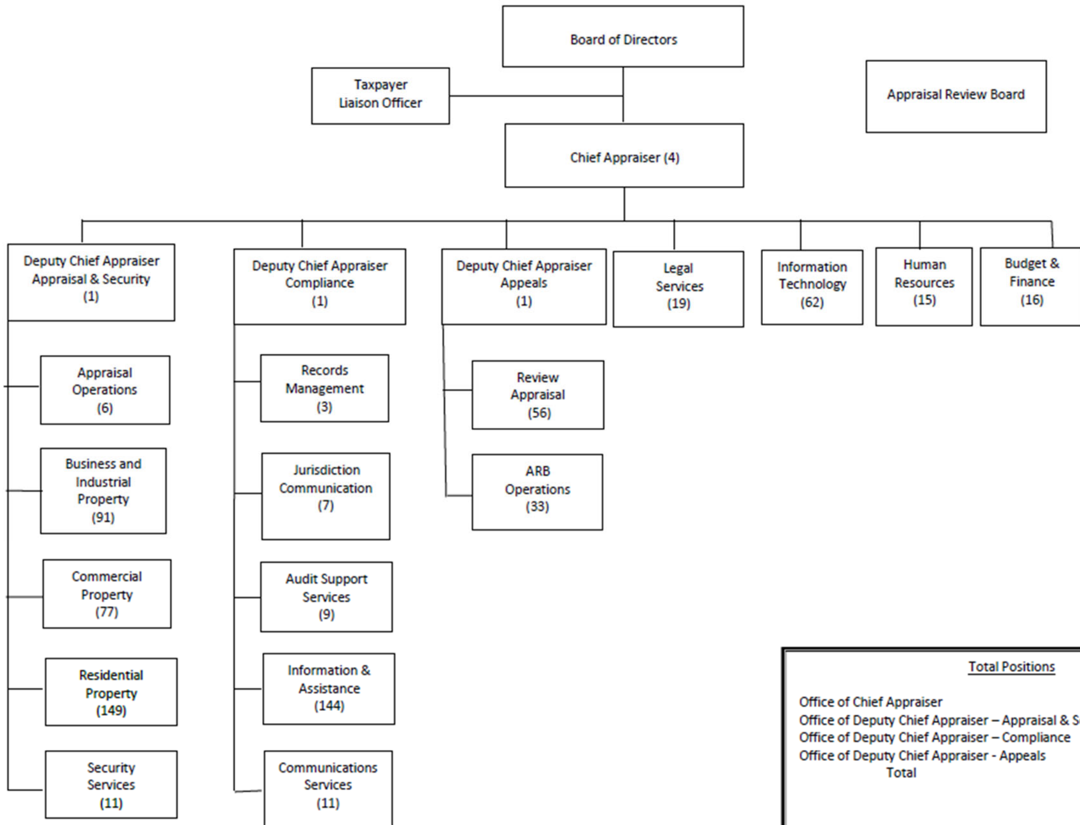
TRACY JONES
Member

KATHY BLUEFORD-DANIELS
Member

KYLE SCOTT
Member

ADAM BOGARD
Chief Appraiser

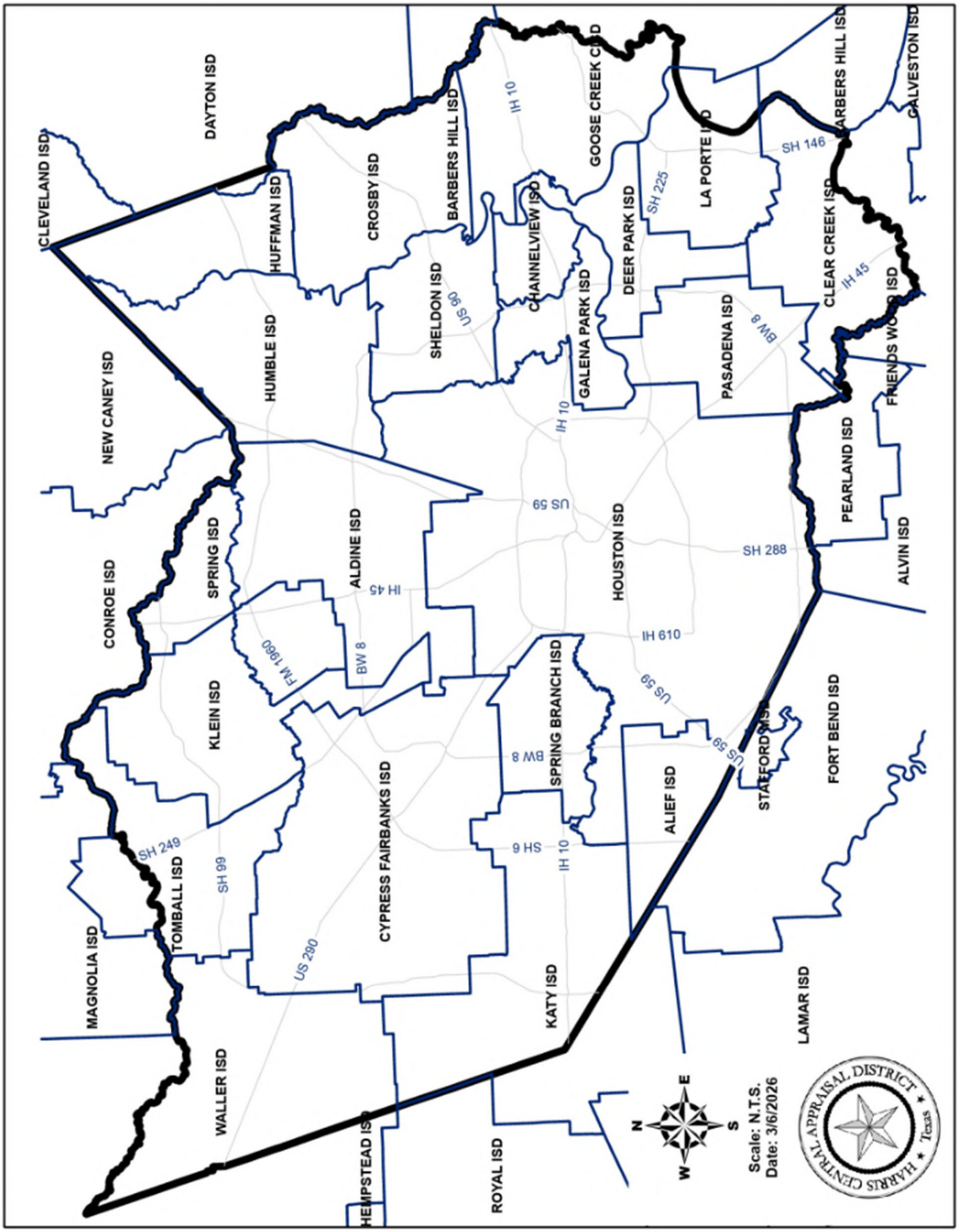
PLAN OF ORGANIZATION - 2025

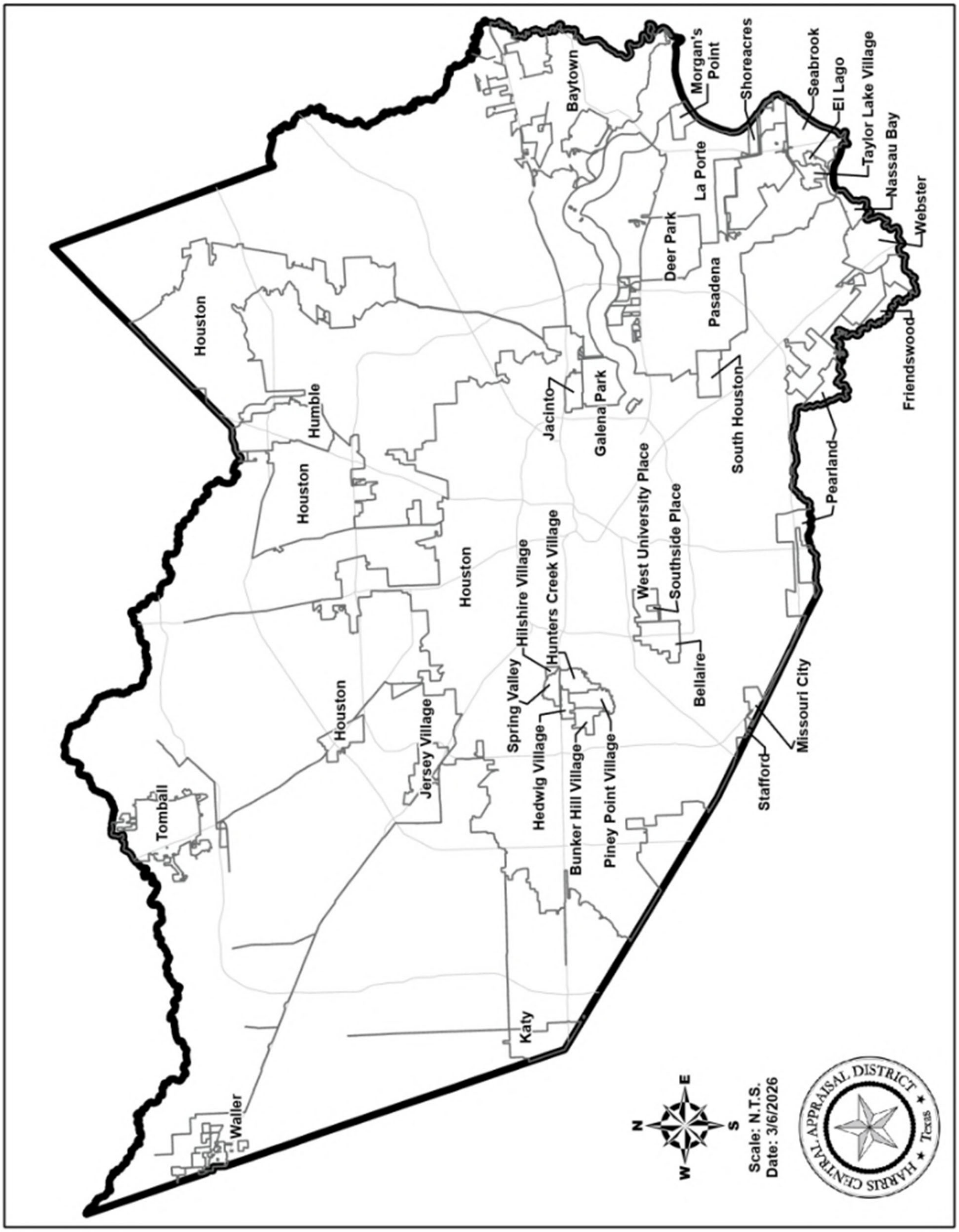


Total Positions

Office of Chief Appraiser	119
Office of Deputy Chief Appraiser – Appraisal & Security	334
Office of Deputy Chief Appraiser – Compliance	174
Office of Deputy Chief Appraiser - Appeals	89
Total	716

HARRIS CENTRAL APPRAISAL DISTRICT
HARRIS COUNTY SCHOOL DISTRICTS
December 31, 2025




Baytown
Morgan's Point
Shoreacres
Seabrook
El Lago
Taylor Lake Village
Nassau Bay
Webster
La Porte
Deer Park
Pasadena
Friendswood
South Houston
Houston
Humble
Jacinto
Galena Park
Pearland
West University Place
Southside Place
Bellaire
Missouri City
Stafford
Hilshire Village
Hunters Creek Village
Spring Valley
Hedwig Village
Bunker Hill Village
Piney Point Village
Jersey Village
Tomball
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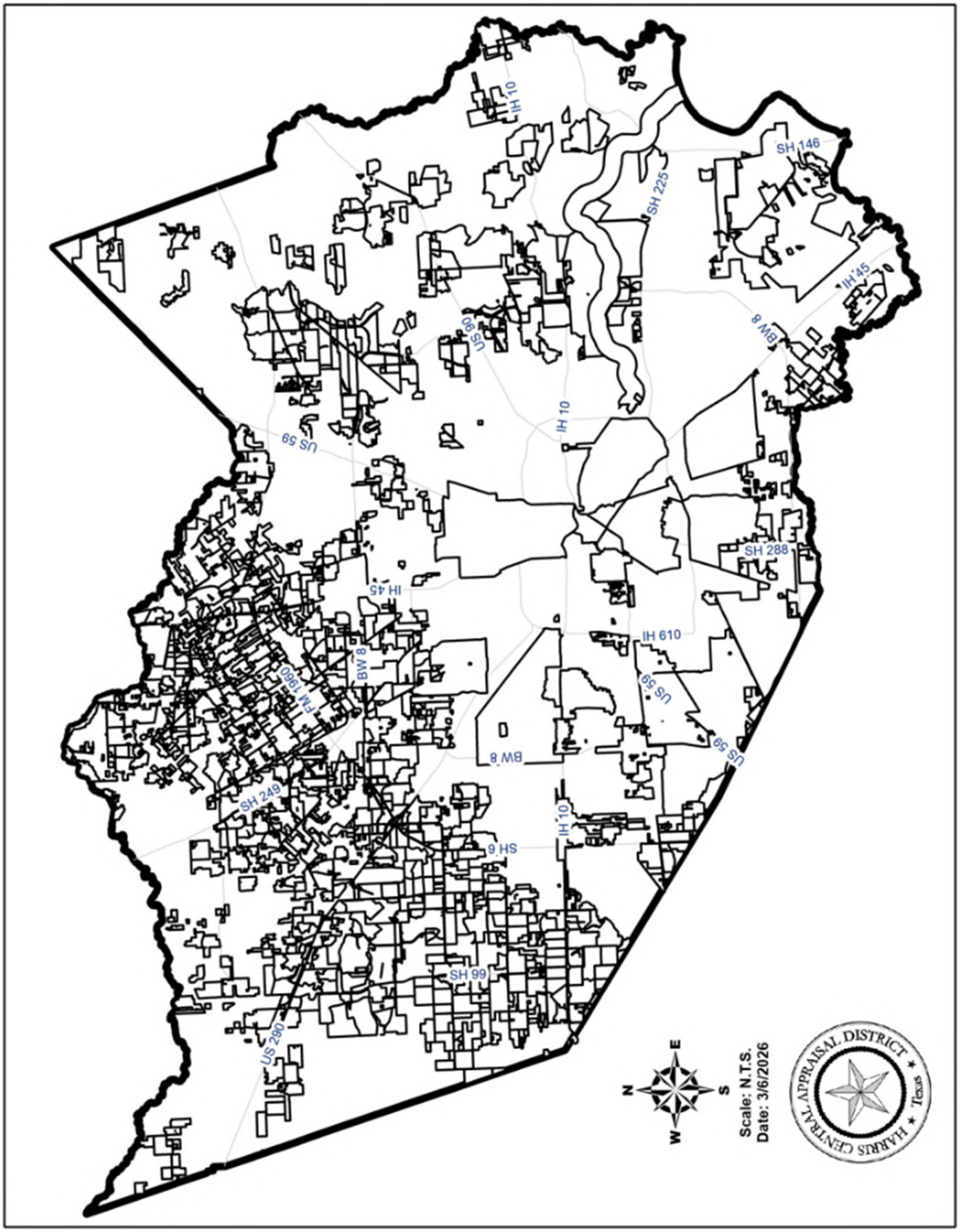
Date: 3/6/2026
HARRIS CENTRAL APPRAISAL DISTRICT
Texas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Scale: N.T.S.
Date: 3/6/2026
HARRIS CENTRAL APPRAISAL DISTRICT
Texas

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Audit Committee and
Board of Directors of the
Harris Central Appraisal District

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Harris Central 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the district as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

(Continued)

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 GAAS 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 GAAS, 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 and Required Supplementary Information, as listed on 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.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the district's basic financial statements. The schedule as identified in the table of contents as Supplementary Information, is 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 or to 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 schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Crowe LLP

Crowe LLP

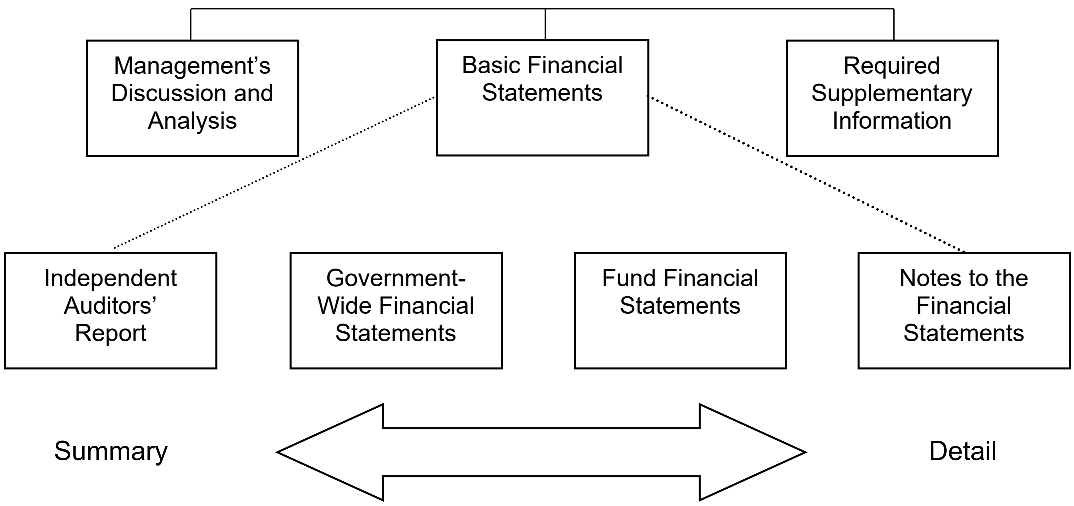
Houston, Texas
June 29, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the Harris Central Appraisal District (the "district") for the year ended December 31, 2025. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the district's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the district's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT

Components of the Financial Section



The district's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

<u>Governmental-Wide Statements</u>

The government-wide statements report information for the district as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the district as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the district's financial statements, report information on the district's activities that enable the reader to understand the financial condition of the district. These statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the district's assets, liabilities, and deferred outflows/inflows 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 financial position of the district is improving or deteriorating. Other nonfinancial factors, such as the district's assessment tax base and the condition of the district's capital assets, need to be considered in order to assess the overall health of the district.

(Continued)

The Statement of Activities presents information showing how the district's net position changed during the most recent 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 – the accrual method rather than modified accrual that is used in the fund level statements.

The government-wide financial statements should distinguish functions of the district that are principally supported by the district's taxing units and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). All of the district's activities are governmental. The district is the *primary government* and has no component units.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the district. They are usually segregated for specific activities or objectives. The district uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The two categories of district funds are governmental and proprietary. The district maintains an internal service fund, which is used for a governmental function and is included within governmental activities in the government-wide financial statements.

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 *balances of spendable resources* available at the end of the year. 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 district'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 this comparison between the *governmental fund* and *governmental activities*.

The district maintains one governmental fund, the general fund. This fund is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. The general fund is always considered to be a major fund for reporting purposes.

The district adopts an annual appropriated budget for the general fund. Budgetary comparison schedules have been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds

The district maintains one type of proprietary fund, an internal service fund. An internal service fund is an accounting device used to accumulate revenue and allocate costs. The district's internal service fund is used in the administration of the district's employee benefits self-insurance program. Since this fund benefits governmental activities rather than a business-type function, it has been included with governmental activities in the government-wide financial statements.

(Continued)

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund, schedules of changes in net pension and total other postemployment benefits (OPEB) liability and related ratios and schedule of contributions for the Texas County and District Retirement System, and schedule of total OPEB liability for a retiree healthcare plan. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the district's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $45,714,615 as of year-end. This compares with $57,261,761 from the prior year. A portion of the district's net position, 54 percent, reflects its investments in capital assets (e.g., the geographical information system, land, building, furniture, equipment, vehicles, and computers and peripherals), less any debt used to acquire those assets that is still outstanding. The district uses these capital assets to provide services to the taxing units and the citizens and property owners of Harris County; 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 assets themselves cannot be used to liquidate these liabilities.

(Continued)

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities 2025	Governmental Activities 2024	Percentage Change
ASSETS			
Current and other assets	$ 81,542,026	$ 80,927,462	1%
Capital assets, net	26,901,086	28,524,336	-6%
Total assets	108,443,112	109,451,798	-1%
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	12,686,485	16,376,795	-23%
Deferred outflows - OPEB	5,173,430	6,092,647	-15%
Total deferred outflows on resources	17,859,915	22,469,442	-21%
LIABILITIES			
Current liabilities	14,764,453	13,288,416	11%
Noncurrent liabilities	27,284,205	27,708,928	-2%
Total liabilities	42,048,658	40,997,344	3%
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - assessments	28,931,819	27,592,883	5%
Deferred inflows - pensions	3,584,533	56,177	6281%
Deferred inflows - OPEB	6,023,402	6,013,075	0%
Total deferred inflows on resources	38,539,754	33,662,135	14%
NET POSITION			
Net investment in capital assets	24,832,305	25,095,751	-1%
Restricted	1,221,995	3,505,193	-65%
Unrestricted	19,660,315	28,660,817	-31%
Total net position	$ 45,714,615	$ 57,261,761	-20%

The district's restricted net position of $1,221,995, or 3 percent is restricted for the pension plan. The district's unrestricted net position of $19,660,315, or 43 percent, may be used to meet the district's ongoing obligation to taxing units, citizens, and creditors.

The district's total net position decreased by $11,547,146 during the current fiscal year. This decrease was mainly due to higher appraisal services expenditures.

Assets decreased $1,008,686 primarily due to decreases in the net pension asset and capital assets in the current fiscal year. Total liabilities increased $1,051,314 primarily due to increases in accounts payable and long-term liabilities within one year, partially offset by a slight decrease in long-term liabilities due in more than one year.

(Continued)

Deferred outflows decreased by $4,609,527 and deferred inflows increased by $4,877,619 compared to the prior year as a result of changes in expected and actual economic experience, assumptions, and projected and actual investment earnings related to the district's pension and OPEB plans.

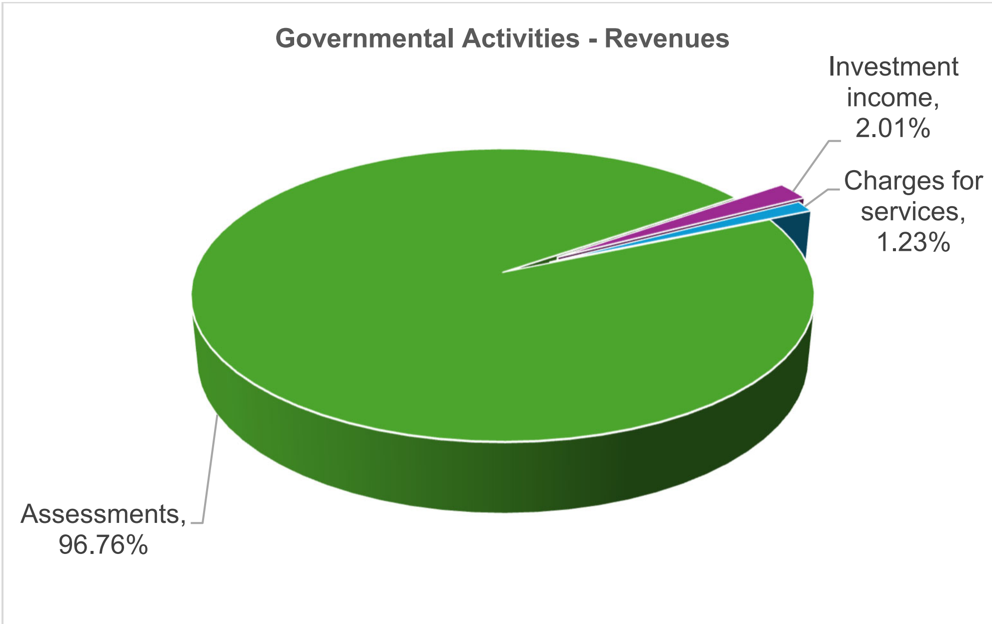
Statement of Activities

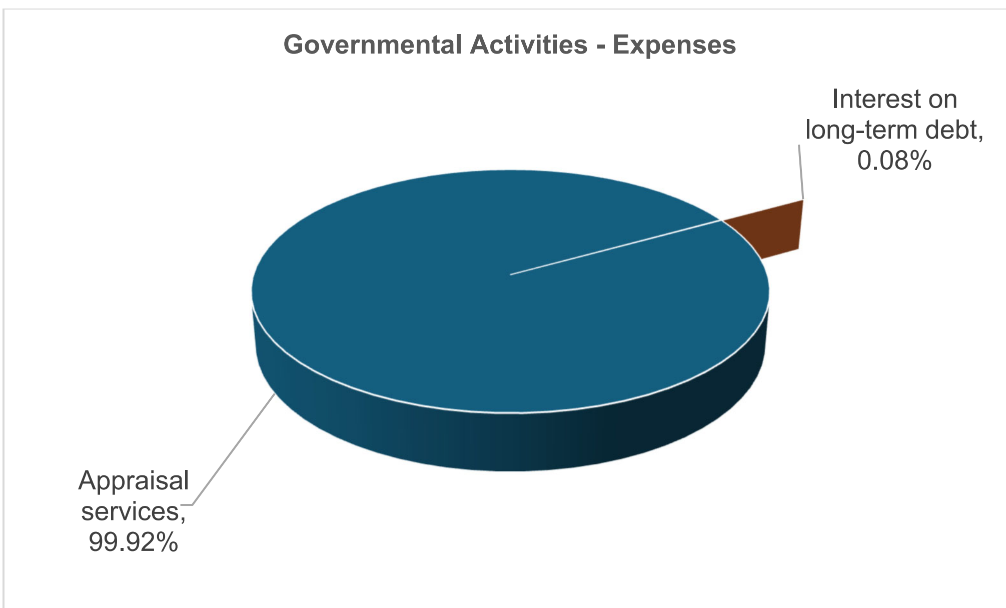
The following table provides a summary of the district's changes in net position:

	Governmental Activities	
	2025	2024
Revenues		
Program revenues		
Charges for services	$ 1,405,040	$ 1,086,194
General revenues		
Assessments	110,371,194	109,363,655
Investment income	2,296,623	2,756,106
Total revenues	114,072,857	113,205,955
Expenses		
Appraisal services	125,522,098	107,911,562
Interest on long-term debt	97,905	81,491
Total expenses	125,620,003	107,993,053
Change in net position	(11,547,146)	5,212,902
Net position-beginning of year	57,261,761	52,048,859
Net position-end of year	$ 45,714,615	$ 57,261,761

(Continued)

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the district's activities.





(Continued)

For the year ended December 31, 2025, revenues from governmental activities totaled $114,072,857, which was a net increase of $866,902 or 1 percent from the prior year. This increase is primarily due to an increase in assessment revenue due to an increase in the district's budget.

Total expenses for the district increased in comparison to 2024 by $17,626,950 or 16 percent. This was primarily due to an increase in personnel expenses and pension expense.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure 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. In particular, the unassigned fund balance may serve as a useful measure of the district's net resources available for spending at the end of the year.

The general fund is the district's primary operating fund. At the end of the year, total fund balance was $38,082,390. Of this, $1,326,198 is nonspendable, $1,343,565 is assigned for special projects, $1,000,000 is assigned for election services, $6,559,669 is assigned for major repairs and rehabilitations, $17,819,560 is assigned for the operating reserve, and $10,033,398 is unassigned. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance plus assigned for operating reserve as well as total fund balance to total fund expenditures. Unassigned and assigned for an operating reserve fund balances represent 25 percent, while total fund balance represents 34 percent of that same amount.

There was an increase in fund balance for the general fund of $3,594,242. Revenues increased by $967,293 mainly due to increases in assessment revenue as a result of an increase in the district's budget. Expenditures decreased $3,821,802 largely due to decreases in legal expenditures related to election services.

Proprietary Funds – The district's internal service fund is used in the administration of the district's employee benefits self-insurance program. This fund is presented as a governmental activity rather than a business-type function. Net position decreased by $1,963,398 primarily as a result of an increase in insurance claims.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual general fund revenues exceeded final budgeted revenues by $2,670,364 during the year. This positive variance is due to the district not budgeting revenues for investment income, other revenue, and rendition penalty fees. General fund expenditures were less than the final budget by $1,669,055 as a result of the district's effort to keep expenditures at or below budget.

(Continued)

GENERAL FUND BUDGETARY HIGHLIGHTS (Continued**)**

Total budgeted expenditures were the same between original and final, however, there were decreases of $714,500 in appraisal review board, $1,067,300 in appraisal support, and $2,453,350 for administration services due to less personnel costs than anticipated. These funds were then allocated to other divisions based on anticipated needs. There were increases of $1,311,000 in appraisal due to more personnel costs than anticipated. Additionally, there were increases of $1,233,500 in legal due to more professional services than anticipated.

CAPITAL ASSETS

At the end of the year, the district's governmental activities funds had invested $26,901,086 (net of accumulated depreciation) in a variety of capital assets. During the year, the district added capital assets in computers and peripherals and subscription assets.

Additional information on the district's capital assets can be found in Note 3 to the financial statements.

LONG-TERM LIABILITIES

At the end of the current year, the district had total long-term liabilities of $37,407,000, including accrued compensated absences of $10,468,185, lease liability of $389,306, subscription liability of $1,679,475, and a total combined OPEB liability of $24,870,034.

More detailed information about the district's long-term debt can be found in Note 3 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The district's Board of Directors approved a $118.8 million budget for the 2026 fiscal year. This was an increase of $7.5 million or 7 percent from the 2025 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the district's finances. Questions concerning this report or requests for additional financial information should be directed to Theresa Paul, Chief Financial Officer, Harris Central Appraisal District, 13013 Northwest Freeway, Houston, Texas, 77040-6305. For information about services, property values, the appraisal process, exemptions, and other appraisal information, visit the district's website at www.hcad.org.

BASIC FINANCIAL STATEMENTS

HARRIS CENTRAL APPRAISAL DISTRICT
STATEMENT OF NET POSITION
December 31, 2025

	Primary Government Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	$ 76,050,425
Investments	963,056
Receivables, net	1,980,352
Prepaid items	1,326,198
Total current assets	80,320,031
Noncurrent assets	
Capital assets - nondepreciable/amortizable	10,105,075
Capital assets - depreciable, net of accumulated depreciation/amortization	16,796,011
Net pension asset	1,221,995
Total noncurrent assets	28,123,081
Total assets	108,443,112
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pensions	12,686,485
Deferred outflows - OPEB GTLF	242,724
Deferred outflows - OPEB retiree health	4,930,706
Total deferred outflows of resources	17,859,915
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	4,608,870
Unearned revenue	32,788
Due within one year	10,122,795
Total current liabilities	14,764,453
Noncurrent liabilities	
Due in more than one year	27,284,205
Total liabilities	42,048,658
DEFERRED INFLOWS OF RESOURCES	
Deferred revenue - assessments	28,931,819
Deferred inflows - pensions	3,584,533
Deferred inflows - OPEB GTLF	445,992
Deferred inflows - OPEB retiree health	5,577,410
Total deferred inflows of resources	38,539,754
NET POSITION	
Net investment in capital assets	24,832,305
Restricted for:	
Pension	1,221,995
Unrestricted	19,660,315
Total net position	$ 45,714,615

See notes to financial statements.

HARRIS CENTRAL APPRAISAL DISTRICT
STATEMENT OF ACTIVITIES
For the year ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Net (Expense) Revenue and Change in Net Position: Primary Government: Governmental Activities
Governmental activities			
Appraisal services	$ 125,522,098	$ 1,405,040	$ (124,117,058)
Interest on long-term debt	97,905	-	(97,905)
Total governmental activities	125,620,003	1,405,040	(124,214,963)
Total primary government	$ 125,620,003	$ 1,405,040	(124,214,963)
General revenues			
Assessments			110,371,194
Investment income			2,296,623
Total general revenues			112,667,817
Change in net position			(11,547,146)
Beginning net position			57,261,761
Ending net position			$ 45,714,615

See notes to financial statements.

HARRIS CENTRAL APPRAISAL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2025

		General
ASSETS		
Cash and cash equivalents	$	71,129,143
Investments		963,056
Receivables, net		1,750,021
Prepaid items		1,326,198
Total assets	$	75,168,418
LIABILITIES		
Accounts payable and accrued liabilities	$	3,845,072
Unearned revenue		32,788
Due to other funds		3,193,380
Total liabilities		7,071,240
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - assessments		28,931,819
Unavailable revenue - rendition penalty		1,082,969
Total deferred inflows of resources		30,014,788
FUND BALANCES		
Nonspendable		
Prepaid items		1,326,198
Assigned for		
Special projects		1,343,565
Election Services		1,000,000
Major repairs and rehabilitations		6,559,669
Operating reserve		17,819,560
Unassigned		10,033,398
Total fund balances		38,082,390
Total liabilities, deferred inflows, and fund balances	$	75,168,418

See notes to financial statements.

HARRIS CENTRAL APPRAISAL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2025

Total fund balance for the governmental fund	$	38,082,390
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Other assets are not available to pay for current period expenditures and, therefore are deferred in the fund.		
Rendition penalty		1,082,969
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund.		
Capital assets - nondepreciable/amortizable		10,105,075
Capital assets - depreciable, net of accumulated depreciation/amortization		16,796,011
Long-term assets, deferred outflows and deferred inflows related to pension and other postemployment benefits (OPEB) activity are not current financial resources and, therefore, not reported in the governmental fund.		
Net pension asset		1,221,995
Deferred outflows - pensions		12,686,485
Deferred inflows - pensions		(3,584,533)
Deferred outflows - OPEB GTLF		242,724
Deferred inflows - OPEB GTLF		(445,992)
Deferred outflows - OPEB retiree health		4,930,706
Deferred inflows - OPEB retiree health		(5,577,410)
An internal service fund is used by management to charge the costs of certain activities such as insurance. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.		7,581,195
Some liabilities are not reported as liabilities in the governmental funds		
Noncurrent liabilities due with in one year		(10,122,795)
Noncurrent liabilities due in more than one year		(27,284,205)
Net position of governmental activities	$	45,714,615

See notes to financial statements.

HARRIS CENTRAL APPRAISAL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the year ended December 31, 2025

	General
Revenues	
Assessments	$ 110,371,194
Investment income, net	2,055,794
Other revenue	837,635
Rendition penalty fee	514,165
Total revenues	113,778,788
Expenditures	
Current	
Board of Directors	24,845
Office of Chief Appraiser	1,834,746
Appraisal review board	2,661,068
Appraisal support	15,550,887
Appraisal	42,599,183
Information technology	16,470,507
Administration	11,031,729
Administration/building services	3,102,569
Legal	12,937,373
Security	1,145,283
Nondepartmental	718,959
Capital outlay	775,547
Debt service	
Principal	1,489,799
Interest and fiscal charges	97,905
Total expenditures	110,440,400
Excess of revenues over expenditures	3,338,388
Other financing sources (uses)	
Subscriptions	255,854
Total other financing sources (uses)	255,854
Net change in fund balance	3,594,242
Beginning fund balance	34,488,148
Ending fund balance	$ 38,082,390

See notes to financial statements.

HARRIS CENTRAL APPRAISAL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2025

Net change in fund balance - governmental fund	$ 3,594,242
Amounts reported for governmental activities in the Statement of Activities are different because:	
The governmental fund reports capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	775,547
Depreciation/amortization expense	(2,393,026)
Disposals, net	(5,771)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.	
Change in rendition penalty receivable	53,240
Changes in pension and other postemployment benefits (OPEB) activity do not affect the fund balance on the statement of revenues, expenditures, and changes in fund balance for the governmental fund. These changes in pension and OPEB activity that affect the district's net position are as follows:	
Change in net pension asset/liability	(2,283,198)
Change in total OPEB liability	(425,593)
Change in deferred outflows - pensions	(3,690,310)
Change in deferred inflows - pensions	(3,528,356)
Change in deferred outflows - OPEB GTLF	(95,814)
Change in deferred inflows - OPEB GTLF	(65,606)
Change in deferred outflows - OPEB retiree health	(823,403)
Change in deferred inflows - OPEB retiree health	55,279
The issuance of long-term debt (e.g., notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental fund. Neither transaction, however, has any effect on net position. Also, the governmental fund reports the effect of premiums, discounts, and similar items when they are first issued, whereas, these amounts are deferred and amortized in the Statement of Activities.	
Principal paid	1,489,799
Subscriptions	(255,854)
Change in accrued compensated absences	(1,984,924)
The internal service fund is used by management to charge the costs of certain activities, such as employee health and dental benefits, to individual funds. The net revenue of the internal service fund is reported with governmental activities.	(1,963,398)
Change in net position of governmental activities	$ (11,547,146)

See notes to financial statements.

HARRIS CENTRAL APPRAISAL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2025

	Governmental Activities Internal Service
ASSETS	
Current assets	
Cash and cash equivalents	$ 4,921,282
Accounts receivable	230,331
Due from other funds	3,193,380
Total assets	8,344,993
LIABILITIES	
Current liabilities	
Estimated claims payable	763,798
Total liabilities	763,798
NET POSITION	
Unrestricted	7,581,195
Total net position	$ 7,581,195

See notes to financial statements.

HARRIS CENTRAL APPRAISAL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Year Ended December 31, 2025

	Governmental Activities Internal Service
Operating revenues	
Charges for services	$ 9,192,275
Claim refunds and other	3,255,247
Total operating revenues	12,447,522
Operating expenses	
Insurance claims	10,135,332
Prescription claims	3,927,993
Dental claims	588,424
Total operating expenses	14,651,749
Operating (loss)	(2,204,227)
Nonoperating revenues	
Investment income	240,829
Change in net position	(1,963,398)
Beginning net position	9,544,593
Ending net position	$ 7,581,195

See notes to financial statements.

HARRIS CENTRAL APPRAISAL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended December 31, 2025

	Governmental Activities Internal Service
Cash flows from operating activities	
Proceeds from charges for services	$ 12,688,816
Claims paid	(14,893,514)
Net cash (used) by operating activities	(2,204,698)
Cash flows from investing activities	
Interest income	240,829
Net cash provided by investing activities	240,829
Net (decrease) in cash and cash equivalents	(1,963,869)
Beginning cash and cash equivalents	6,885,151
Ending cash and cash equivalents	$ 4,921,282
Reconciliation of operating income (loss) to net cash (used) by operating activities	
Operating (loss)	$ (2,204,227)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
(Increase)/Decrease in accounts receivable	135,930
(Increase)/Decrease in due from other funds	105,364
Increase/(Decrease) in estimated claims payable	(241,765)
Net cash (used) by operating activities	$ (2,204,698)

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

District Formation and Reporting Entity: The Harris Central Appraisal District (the “district”) was created upon the enactment of the Texas Property Tax Code by the 66th Texas State Legislature in 1979. The district’s first year of full operations was 1984. The district was created to provide various taxing jurisdictions with appraisals of property subject to *ad valorem* taxation in Harris County, Texas. The district’s Board of Directors (the “Board”) is comprised of five members appointed by the taxing jurisdictions within its boundaries, three members publicly elected in accordance with the Texas State Legislature, and the county assessor-collector.

The district is an independent political subdivision of the State of Texas (the “State”). As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the district’s financial reporting entity. No other entities have been included in the district’s reporting entity. Additionally, as the district is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the district’s financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the district is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the district’s financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

In August 2022, the Board approved changing the district’s name from Harris County Appraisal District to Harris Central Appraisal District.

Government-Wide Financial Statements: The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information about the district as a whole. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. The district only has governmental activities.

Basis of Presentation – Government-Wide Financial Statements: While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental fund and internal service fund. Separate financial statements are provided for the governmental fund and proprietary fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation – Fund Financial Statements: The fund financial statements provide information about the district’s fund. Separate statements for each fund category – governmental and proprietary– are presented. The emphasis of fund financial statements is on the major governmental fund.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The district reports the following governmental fund:

> The *general fund* is used to account for and report all financial resources not accounted for and reported in other funds. The principal source of revenue is assessment fees from the taxing entities located in Harris County and expenditures include related appraisal activities and support. The general fund is always considered a major fund for reporting purposes.

Additionally, the district reports the following fund type:

> *Internal service funds* account for services provided to other departments or agencies of the primary government, or to other governments, on a cost reimbursement basis. Goods and services provided by the district's internal service fund include employee health and dental benefits. The internal service fund is included in governmental activities for government-wide reporting purposes.

During the course of operations, the district has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

<u>Measurement Focus and Basis of Accounting</u>: 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 government-wide and proprietary fund 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and *the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the district considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under notes payable are reported as other financing sources.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the district.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance:

Cash and Cash Equivalents: The district's cash and cash equivalents are considered to be cash on hand, demand deposits, balances in a statewide investment pool, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

Investments: Investments, except for certain investment pools, are reported at fair value. The investment pool operates in accordance with appropriate state laws and regulations and is reported at amortized cost.

For district investments, both the statutes of the State and policies mandated by the district's Board, where more restrictive, authorize the district to invest only in (1) certificates of deposit issued by federally insured banks or savings and loan associations in Harris County, Texas; (2) obligations of the United States or its agencies and instrumentalities; (3) repurchase agreements; and (4) TexPool, which is a public funds investment pool.

Receivables and Payables: The district's primary revenue source is from assessments to taxing jurisdictions for services provided by the district. Assessments are imposed annually based on the amount approved by the Board in the annual budget. As required by law, the assessment is allocated in four equal payments due on the last day of each quarter, with the first quarterly payment due before January 1 of the year in which the budget takes effect. Such assessments become delinquent if unpaid on the due date. Assessments that are applicable to the district's subsequent fiscal year are recorded as deferred inflows of resources.

Inventories and Prepaid Items: Supplies inventories are recognized as an expenditure as soon as the corresponding liability is incurred, i.e., the purchase method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items, except for photo imaging, which would result in inconsistencies in amounts reported. The district obtains photographic images county-wide using a combination of direct overhead aerials, oblique aerials (from an overhead angle), as well as street-level imagery. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. In certain instances, the district is licensed to use the images for a period greater than one year, but the district does not recognize these licenses as a prepaid item to keep the recording of these expenditures consistent with other photographic services hired directly by the district.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: Capital assets, which include land, buildings and improvements, equipment, and vehicles, are reported in the governmental activities column in the government-wide financial statements. The district defines capital assets as assets with an initial, individual cost of more than $10,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the district are depreciated using the straight-line method over the following estimated useful years.

Assets Depreciation	Estimated Useful Life
Computers and peripherals	5 years
Vehicles	5 years
Furniture and equipment	5 years
Buildings and improvements	50 years
Right-to-Use Assets	Shorter of the leased/subscription asset's useful life or the lease/subscription term

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

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the district's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- Deferred inflows of resources are recognized for the portion of assessments that was collected for use in the subsequent period.

At the fund level, the district has one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue,* is reported only in the governmental fund balance sheet. The governmental fund reports unavailable revenues from assessments and rendition penalties. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Employee Absences: All full-time employees are granted vacation and sick leave benefits in varying amounts. Exempt employees earn compensatory time for overtime worked. In the event of voluntary termination, an employee is entitled to receive accumulated vacation pay and 50 percent of compensatory benefits up to 80 hours in a lump sum cash payment. In the event of discharge, an employee receives no compensatory time payment. A liability for sick leave is recognized only for amounts expected to be used for paid time off. In the event of an employee's termination, these benefits are lost. The district uses a first-in, first-out flow assumption for estimating its compensated absences liability. Management estimates the probability of use based on historical usage patterns and eligibility criteria. All vested or accumulated vacation and compensatory time is accrued when incurred in the government-wide financial statements. Vested or accumulated compensatory time that is expected to be liquidated with expendable, available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it when it has matured. Amounts of vested or accumulated leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

Long-Term Obligations: In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, if material. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Assets acquired under the terms of a note payable are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum note payable payments at inception of the note. In the year of acquisition, note payable transactions are recorded as other financing sources and as capital outlay expenditures in the applicable fund. Note payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

Leases: The district is a lessee for noncancellable leases of a building. The district recognizes a lease liability and an intangible, right-to-use lease asset (the "lease asset") in the government-wide financial statements. The district recognizes lease liabilities and lease assets with an initial, individual value of at least $10,000 or more.

At the commencement of a lease, the district initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the term of the lease.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- The district uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the district generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the renewal option that the district is reasonably certain to exercise.

The district monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Subscription-Based Information Technology Arrangements: The district has noncancellable subscription-based information technology arrangements (SBITAs) to finance the use of information technology software. The district recognizes a liability (the “subscription liability”) and an intangible, right-to-use subscription asset (the “subscription asset”) in the government-wide financial statements. The district recognizes a subscription liability with an initial, individual value of at least $50,000 or more. At the commencement of the SBITAs, the district initially measures the subscription liability at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using either the implicit rate or the district’s incremental borrowing rate if the interest rate is not readily determinable. The subscription liability is reduced by the principal portion of the subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, plus payments made before the commencement of the subscription term and capitalizable implementation costs. The subscription asset is reduced for any vendor incentives received. The subscription asset is amortized on a straight-line basis over the subscription term. Key estimates and judgments related to the SBITAs include how the district determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) term of the SBITAs, and (3) subscription payments. The district uses the interest rate charged on the SBITAs as the discount rate. When the interest rate charged on the SBITAs is not provided, the district uses its estimated incremental borrowing rate as the discount rate. The term includes the noncancellable period of the SBITAs plus option periods, in which one party may exercise, that the district is reasonably certain will be exercised. The subscription payments included in the measurement of the subscription liability are composed of fixed or fixed in substance payments and other payments associated with the SBITAs that the district is reasonably certain to make 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 liability and asset if certain changes occur that are expected to significantly affect the amount of the subscription liability. The subscription liabilities are reported with long-term debt and the subscription assets are reported with other capital assets on the Statement of Net Position.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Fund Balance Policies: Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The district itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors or laws or regulations of other governments, or imposed by law through constitutional provisions are classified as restricted.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the district's highest level of decision-making authority. The Board is the highest level of decision-making authority for the district that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the district for specific purposes but do not meet the criteria to be classified as committed. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Estimates: The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions: For the purposes of measuring the net pension asset, 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's 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.

Other Postemployment Benefits: The district participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by TCDRS known as the Group Term Life Fund (GTLF). This is a voluntary program in which participating member counties may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The funding policy for the GTLF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Benefit payments and refunds are due and payable in accordance with the benefit terms. Information about the district's total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by TCDRS from reports prepared by their consulting actuary.

The district administers an additional single-employer defined benefit OPEB plan, known as the Harris Central Appraisal District Retiree Health Care Plan (the "Plan"), that pays a portion of the premium for continuation of the medical and dental insurance coverage of certain retirees. The district's Board has the authority to establish and amend benefits. The Plan provides medical benefits to eligible retired district employees and their beneficiaries. Coverage is offered to those employees who are under 64 years of age. A portion of the retiree cost for health insurance will be covered until the retiree reaches the age of 65 or has participated for five years, whichever is earliest. At age 65, the retiree would then be eligible for the Medicare Part B coverage at their own expense. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. Information about the district's total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by the district's consulting actuary.

Revenues and Expenditures/Expenses:

Program Revenues: Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment.

Proprietary Funds Operating and Nonoperating Revenues and Expenses: 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 internal service fund are charges to customers for services and insurance claim refunds. Operating expenses for the internal service fund include insurance, prescription, and dental claims. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(Continued)

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information: The district uses the following procedures in establishing the budget reflected in the financial statements:

Prior to June 15, the Board and taxing units are presented with a proposed budget for the fiscal year beginning on the following January 1. The budget includes proposed expenditures and the means of financing them. The budget also serves as a basis for determining the annual assessments due from the taxing jurisdictions.

Public hearings are conducted to obtain citizens' comments.

The budget must be approved before September 15. The budget for the fiscal year ended December 31, 2025 was legally enacted through passage of Board resolution 2024-07 on August 21, 2024.

The budget is considered a management control and planning tool and, as such, is incorporated into the accounting system of the district. Appropriations lapse at fiscal year end, except that portion related to encumbered amounts. An annual budget is legally adopted for the general fund only.

The budget is appropriated and adopted at the sub-object level (legal level of budgetary control). A supplementary budgetary comparison schedule is presented under supplementary information to demonstrate compliance at the legal level of budgetary control. The chief appraiser is authorized to transfer budgeted amounts between budget accounts. However, the Board must approve transfers of more than $25,000. Supplemental appropriations in excess of the total budget require budget amendments in the manner provided by law. No supplemental appropriations were made during 2025.

Encumbrance accounting is employed in the general fund. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in the accounting system in order to reserve the applicable portion of appropriations. Open encumbrances are reported as an assignment of fund balance since the related appropriations do not lapse at year end. Encumbrances do not constitute expenditures or liabilities.

Budget/Generally Accepted Accounting Principles Reconciliation: The district prepares its annual budget on a basis which differs from generally accepted accounting principles (GAAP). Therefore, the actual column presented in the budget to actual comparison has been adjusted to the district's budget basis of accounting to provide a meaningful comparison of actual results with the budget. The district's budget basis of accounting differs from GAAP basis because of timing and perspective differences. Timing differences result from the recognition of encumbrances (i.e., purchase orders outstanding at year end) as expenditures that have not been recognized as expenditures for GAAP purposes. Perspective differences result from the district's use of sub-funds that are combined for GAAP reporting purposes with the district's general fund, but budgets are not adopted for these sub-funds. Sub-funds are used by the district to account for expenditures paid from the capital reserve, which are not budgeted but are approved by the Board. Adjustments necessary to convert results of operations for the general fund for the year ended December 31, 2025 from the budget basis to GAAP basis are presented in the notes to RSI and the notes to supplementary information.

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NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Deposits and Investments: The district's bank balances include bank deposits held at the district's depository bank. The bank balance was $17,420,819 at year end. The district's bank balances were collateralized by pledged securities of the depository bank for amounts in excess of the federal deposit insurance corporation (FDIC) insurance limits. As of December 31, 2025, the carrying amount of the district's bank deposits was $16,010,720. The district's bank deposits were reported with cash and cash equivalents.

As of December 31, 2025, the district had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
U.S. Government agency bonds/notes	$ 963,056	0.06
Statewide investment pool (TexPool)	$ 60,039,705	0.11
Total value	$ 61,002,761	
Portfolio weighted average maturity		0.11

Fair Value Measurements: The district categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72*, Fair Value Measurement and Application*, provides a framework for measuring fair value establishing a three-level fair value hierarchy that describes the inputs used to measure assets and liabilities:

Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 inputs are inputs other than quoted prices within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Fair value is measured in a manner consistent with one of the three approaches: market approach, cost approach, and the income approach. The valuation methodology used is based upon whichever technique is the most appropriate and provides the best representation of fair value for that particular asset or liability. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or groups of assets and liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts, such as cash flows, to a single current (discounted) amount.

(Continued)

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

As of December 31, 2025, the district had the following fair value measurements:

	December 31, 2025	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level		
U.S. Government agency bonds/notes	$ 963,056	$ 963,056

Credit risk. The district's investment policy limits investments in local government investment pools rated no lower than "AAA" or "AAAm" or at an equivalent rating by at least one nationally recognized rating service. Investments under section 2256.009 of the local government code must be rated by a nationally recognized investment rating firm not less than "A" or its equivalent. As of December 31, 2025, the district's investment in TexPool was rated "AAAm" by Standard & Poor's.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the district's deposits may not be returned to it. The district's investment policy requires funds on deposit at the depository bank to be collateralized by securities with a collective fair value of at least 100 percent. As of December 31, 2025, fair values of pledged securities and FDIC insurance exceeded bank balances.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district's investment policy requires that all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the district's safekeeping account prior to the release of funds.

TexPool - TexPool was established as a trust company with the Treasurer of the State as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool "AAAm". As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of $1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

(Continued)

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Receivables: Amounts are aggregated into a single accounts receivable line (net of allowance for uncollectibles) for the governmental and proprietary fund. Below is the detail of receivables:

	General Fund	Internal Service Fund
Jurisdiction assessments	$ 657,418	$ -
Rendition penalty	3,503,620	-
Other accounts receivable	9,634	230,331
Less: allowance	(2,420,651)	-
	$ 1,750,021	$ 230,331

(Continued)

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Capital Assets: A summary of changes in capital assets for the year end is as follows:

	Primary Government			
	Beginning Balance	Additions	Deletions/ Reclassifications	Ending Balance
Governmental activities				
Capital assets, not being depreciated/ amortized				
Land	$ 2,335,000	$ -	$ -	$ 2,335,000
Intangibles	7,770,075	-	-	7,770,075
Construction in progress	1,258,591	-	(1,258,591)	-
Total capital assets, not being depreciated/amortized	11,363,666	-	(1,258,591)	10,105,075
Capital assets being depreciated/ amortized				
Building	20,121,135	1,252,820	-	21,373,955
Furniture and equipment	444,284	-	(2,995)	441,289
Computers and peripherals	6,557,244	499,028	(297,280)	6,758,992
Vehicles and other	172,514	20,665	(43,608)	149,571
Right-to-use lease asset - building	508,266	-	-	508,266
Right-to-use subscription asset	5,758,471	255,854	(1,522,332)	4,491,993
Total capital assets being depreciated/amortized	33,561,914	2,028,367	(1,866,215)	33,724,066
Less accumulated depreciation/ amortization				
Building	(7,340,212)	(440,267)	-	(7,780,479)
Furniture and equipment	(394,816)	-	2,995	(391,821)
Computers and peripherals	(5,862,067)	(375,449)	297,280	(5,940,236)
Vehicles and other	(160,062)	(11,613)	43,608	(128,067)
Right-to-use lease asset - building	(90,005)	(63,533)	-	(153,538)
Right-to-use subscription asset	(2,554,082)	(1,502,164)	1,522,332	(2,533,914)
Total accumulated depreciation/ amortization	(16,401,244)	(2,393,026)	1,866,215	(16,928,055)
Total capital assets being depreciated/amortized, net	17,160,670	(364,659)	-	16,796,011
Governmental activities capital assets, net	$ 28,524,336	$ (364,659)	$ (1,258,591)	26,901,086
		Less: associated debt		(2,068,781)
		Net investment in capital assets		$ 24,832,305

(Continued)

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Depreciation/amortization expense was charged to functions/programs of the district as follows:

Governmental activities		
Office of Chief Appraiser	$	5,523
Appraisal support		17,995
Appraisal		31,447
Information systems		1,992,138
Administration		178,975
Administration/ building services		166,948
Governmental activities depreciation/amortization expense	$	2,393,026

There were no remaining commitments under related construction contracts for general government construction projects at December 31, 2025.

Long-Term Debt: The following is a summary of changes in the district's total long-term liabilities for the year end. In general, the district uses the general fund to liquidate governmental long-term liabilities.

Long-term liabilities applicable to the district's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental fund. The governmental activities compensated absences are generally liquidated by the general fund. Interest on long-term debt is not accrued in the governmental fund, but rather is recognized as an expenditure when due.

	Beginning Balance, as Restated	Additions	Reductions	Ending Balance		Amounts Due within One Year
Governmental activities						
Other liabilities						
Total OPEB liability - GTLF	$ 1,537,359	$ -	$ (143,370)	$ 1,393,989		$ 31,885
Total OPEB liability - Retiree health	22,907,082	568,963	-	23,476,045		527,322
Lease liability	443,436	-	(54,130)	389,306	*	60,135
Subscription liability	2,859,290	255,854	(1,435,669)	1,679,475	*	1,128,905
Compensated absences and accrued employee benefits	8,483,261	5,161,189	(3,176,265)	10,468,185		8,374,548
Total governmental activities	$ 36,230,428	$ 5,986,006	$ (4,809,434)	$ 37,407,000		$ 10,122,795
	Long-term debt due in more than one year			$ 27,284,205		
	*Debt associated with capital assets			$ 2,068,781		

(Continued)

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Leases: The district has entered into a lease agreement as lessee for the use of a building. As of December 31, 2025, the value of the lease liability was $389,306. The district is required to make monthly fixed payments of $6,210 the first year, $6,555 the second year, and $6,900 thereafter. The lease interest rate is based on the district's incremental borrowing rate of 6%. In addition, the district's right-to-use lease asset will be amortized using a straight-line basis over the term of the lease. The value of the right-to-use assets as of the end of the current fiscal year was $508,266 with accumulated amortization of $153,538.

The future principal and interest payments as of December 31, 2025 for governmental activities were as follows:

	Governmental Activities	
Year Ending December 31	Principal	Interest
2026	$ 60,135	$ 22,665
2027	64,010	18,790
2028	68,134	14,666
2029	72,523	10,277
2030	77,196	5,604
2031	47,308	992
Total	$ 389,306	$ 72,994

Subscription Based Information Technology Arrangements: As of December 31, 2025, the district had six active subscriptions. The subscriptions have terms that range from 16 to 60 months, payments that range from $16,684 to $503,373, and interest rates that range from 2.45% to 3.32%. As of December 31, 2025, the total combined value of the subscription liability is $1,679,475. The combined value of the right to use asset, as of December 31, 2025 is $4,491,993 with accumulated amortization of $2,533,914. The subscriptions did not have variable payments or other payments, not included in the subscription liability, within the fiscal year.

Future combined minimum subscription liability payments as of December 31, 2025 are as follows:

	Governmental Activities	
Year Ending December 31	Principal	Interest
2026	$ 1,128,905	$ 45,757
2027	535,583	13,497
2028	14,987	369
Total	$ 1,679,475	$ 59,623

(Continued)

NOTE 4 – OTHER INFORMATION

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; natural disasters; and workers' compensation claims for which the district participates in the Texas Municipal League's General Liability and Workers' Compensation Funds (the "Funds"). Insurance provided by the Funds is similar to commercial insurance and the district has no additional responsibilities as a result of its participation.

The Texas Municipal League – Intergovernmental Risk Pool Workers' Compensation Self-Insurance Fund (the "Fund") provides medical and indemnity payments as required by law for on-the-job related injuries. Premiums are paid to the Fund based on a percentage of payroll, which are determined by considering such items as employee job descriptions, employer's experience, and the Fund's performance.

The district established a limited risk management program for health benefits claims in 1993. During 1994, a separate fund was established to account for the district's self-insurance activities and the accumulation of resources to satisfy potential claims of subsequent periods. The district's exposure is limited due to stop-loss protection and re-insurance. The maximum medical claims for each participant applying to the aggregate stop-loss is $175,000. The district is limited to the total aggregate stop-loss coverage of approximately $10,285,119.

Changes in the balance of claim liabilities during the past two years are as follows:

	2025	2024
Beginning claims payable	$ 1,005,563	$ 966,532
Claims incurred	14,651,749	14,105,901
Claims paid	(14,893,514)	(14,066,870)
Ending claims payable	$ 763,798	$ 1,005,563

Claims payable for year end are estimated based upon prior year actual claims and claims activity at year end. A detailed analysis is not performed.

Contingent Liabilities: The district and the appraisal review board are defendants in numerous property owner appeals taken to the District Court pursuant to Chapter 42 of the Texas State Tax Code. Such legal proceedings allege that the appraised values placed on taxpayers' properties are excessive. The potential liability to the district in each of these appeals is for recovery of attorneys' fees, provided such fees may not exceed the greater of $15,000 or 20 percent of the total amount of taxes in dispute, provided that such fees may not exceed the amount of taxes saved as a result of the appeal, and further provided that the fees may not exceed $100,000 for each tax year appealed. Neither the district's management nor legal counsel is able to predict the outcome of these legal proceedings. Accordingly, no provision for any liability that might result therefrom has been recorded in the financial statements.

As a result of a legislative change, the number of cases in which the district will be a defendant is expected to increase.

(Continued)

NOTE 4 – OTHER INFORMATION (Continued)

Section 6.06 of the Texas Property Tax Code provides certain restrictions concerning an appraisal district's assessment to taxing jurisdictions within its district. Generally, this amendment requires any charges assessed to a taxing jurisdiction during a fiscal year over the expenditures made or obligated to be made by the appraisal district during such year be credited against the taxing jurisdiction assessments in the following year or refunded to the taxing jurisdiction in certain circumstances. No refund or credit is due to the taxing jurisdictions in 2025.

Pension Plan:

Texas County and District Retirement System

Plan Description: TCDRS is a statewide, agent multiple-employer, public employee retirement system. TCDRS serves over 890 actively participating counties and districts throughout Texas. Each employer maintains its own customized plan of benefits. Plan provisions are adopted by the Board of each employer, within the options available in the TCDRS Act. Because of that, the district has the flexibility and local control to select benefits and pay for those benefits based on its needs and budgets.

Each employer has a defined benefit plan that functions similarly to a cash balance plan. The assets of the plans are pooled for investment purposes, but each employer's plan assets may be used only for the payment of benefits to the members of that employer's plan. In accordance with Texas law, it is intended that the pension plan be construed and administered in a manner that the retirement system will be considered qualified under Section 401(a) of the Internal Revenue Code. All employees (except temporary staff) of a participating employer must be enrolled in TCDRS.

Benefits Provided: TCDRS provides retirement, disability, and death benefits. The benefit provisions are adopted by the Board within the options available in Texas state statutes governing TCDRS. Members can retire at age 60 and above with eight or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service, but must leave their accumulated contributions in the plan to receive any district financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the district.

Benefit amounts are determined by the sum of the employee's contribution to TCDRS, with interest, and district-financed monetary credits. The level of these monetary credits adopted by the Board 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.

(Continued)

NOTE 4 – OTHER INFORMATION (Continued)

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	375
Inactive employees entitled to but not yet receiving benefits	403
Active employees	631
Total	1,409

Contributions: A combination of three elements funds each employer's plan: employee deposits, employer contributions, and investment income.

- The deposit rate for employees is four percent, five percent, six percent, or seven percent of compensation, as adopted by the employer's governing body.
- Participating employers are required, by law, to contribute at actuarially determined rates, which are determined annually by the actuary using the Entry Age Normal (EAN) actuarial cost method.
- Investment income funds a large part of the benefits employees earn.

Employers have the option of paying more than the required contribution rate each year. Extra contributions can help employers "prefund" benefit increases, such as cost-of-living adjustments to retirees, and they can be used to help offset or mitigate future increases in the required rate due to negative plan experience.

There are two approaches for making extra contributions:

a. paying an elected contribution rate higher than the required rate and
b. making an extra lump-sum contribution to the employer account.

Employees for the district were required to contribute seven percent of their annual gross earnings during the year. The required contribution rate for the district was 16.80 percent. The district's contributions to TCDRS for the fiscal year ended December 31, 2025 were $8,927,115, which were less than the required contributions by $642.

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

Actuarial Assumptions: The actuarial assumptions that determined the TPL 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 Standard No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

NOTE 4 – OTHER INFORMATION (Continued)

Key assumptions used in the December 31, 2024 actuarial valuation are as follows:

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in the which the contributions are reported.
Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Straight Line over expected working life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career, including inflation.
Investment Rate of Return	7.6% net of administrative and investment expenses, including inflation.
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.
Cost-of-Living Adjustments	Cost-of-living adjustments for the district are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.

The long-term expected rate of return of TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The target allocation and best estimate of geometric real rate of return for each major asset class are summarized in the following table:

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

(Continued)

NOTE 4 – OTHER INFORMATION (Continued)

Discount Rate: The discount rate used to measure the TPL was 7.6 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Changes in the NPL/(A)

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability/(Asset) (A)-(B)
Changes in the NPL/(A)			
Changes for the year			
Service cost	$ 7,448,165	$ -	$ 7,448,165
Interest	25,496,773	-	25,496,773
Change of benefit terms	13,930,538	-	13,930,538
Difference between expected and actual experience	2,854,214	-	2,854,214
Changes in assumptions	-	-	-
Contributions - employer	-	9,748,877	(9,748,877)
Contributions - employee	-	3,422,239	(3,422,239)
Net investment income	-	34,538,831	(34,538,831)
Refund of contributions	(397,856)	(397,856)	-
Benefit payments, including refunds of employee contributions	(15,718,895)	(15,718,895)	-
Administrative expense	-	(201,838)	201,838
Other changes	-	(61,617)	61,617
Net changes	33,612,939	31,329,741	2,283,198
Balance at December 31, 2023	335,946,521	339,451,714	(3,505,193)
Balance at December 31, 2024	$ 369,559,460	$ 370,781,455	$ (1,221,995)

Sensitivity of the NPL/(A) to Changes in the Discount Rate: The following presents the NPL/(A) of the district, calculated using the discount rate of 7.6 percent, as well as what the district's NPL/(A) would be if it were calculated using a discount rate that is one percentage point lower (6.6%) or one percentage point higher (8.6%) than the current rate:

	1% Decrease in Discount Rate (6.6%)	Current Discount Rate (7.6%)	1% Increase in Discount Rate (8.6%)
District's net pension liability/(asset)	$ 46,446,356	$ (1,221,995)	$ (41,436,382)

(Continued)

NOTE 4 – OTHER INFORMATION (Continued)

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in a separately-issued TCDRS financial report. That report may be obtained on the Internet at www.tcdrs.org.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions: For the year ended December 31, 2025, the district recognized pension expense of $18,428,979.

At December 31, 2025, the district reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 3,759,370	$ 10,030
Changes in actuarial assumptions	-	18,058
Net difference between projected and actual investment earnings	-	3,556,445
Contributions subsequent to the measurement date	8,927,115	-
Total	$ 12,686,485	$ 3,584,533

$8,927,115 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the NPL/(A) for the fiscal year ending December 31, 2026. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	Pension Expense
2026	$ (1,817,906)
2027	6,033,627
2028	(2,839,685)
2029	(1,201,199)
Total	$ 174,837

Other Postemployment Benefits:

Texas County and District Retirement System – Optional Group Term Life Fund

Plan Description: The district participates in a defined benefit OPEB plan administered by the TCDRS. TCDRS administers the defined benefit group-term life insurance plan known as the GTLF. This is a voluntary program in which participating member employers may elect, by ordinance, to provide group term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under, and discontinue participation in, the GTLF by adopting an ordinance at any point during the year to be effective the following January 1.

NOTE 4 – OTHER INFORMATION (Continued)

The member district contributes to the GTLF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The premium rate is expressed as a percentage of the covered payroll of members employed by the participating employer. There is a one-year delay between the actuarial valuation that serves as a basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy for the GTLF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. As such, the GTLF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The contributions to the GTLF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The TCDRS Act requires the PTF to allocate a portion of investment income to the GTLF on an annual basis each December 31 based on the fund value in the GTLF during the year.

Benefits: The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of $5,000. As the GTLF covers both active and retiree participants with no segregation of assets, the GTLF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the GTLF as of December 31, 2024 is summarized below:

Inactive employees currently receiving benefits	319
Inactive employees entitled to but not yet receiving benefits	118
Active employees	631
Total	1,068

Total OPEB Liability: The district's total OPEB liability of $1,393,989 was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

NOTE 4 – OTHER INFORMATION (Continued)

Actuarial Assumptions and Other Inputs: The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement period, unless otherwise specified:

Discount rate*	4.08%
Administrative expenses	N/A
Mortality - service retirees	135% of Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Mortality - disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

*The discount rate was based on 20 Year Bond GO Index published by bondbuyer.com as of December 26, 2024.

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period January 1, 2017 to December 31, 2020.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Changes in total OPEB liability	
Changes for the year:	
Service cost	$ 39,003
Interest	50,915
Difference between expected and actual experience	9,856
Changes in assumptions	(213,811)
Benefit payments	(29,333)
Net changes	(143,370)
Balance at December 31, 2023	1,537,359
Balance at December 31, 2024	$ 1,393,989

The discount rate was 3.26 percent as of December 31, 2023 and increased to 4.08 percent as of December 31, 2024 to reflect the 20-Year Bond GO Index as of the measurement date. There were no other changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

NOTE 4 – OTHER INFORMATION (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the district, as well as what the district's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (3.08%)	Current Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
Total OPEB liability	$ 1,660,890	$ 1,393,989	$ 1,184,820

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the year ended December 31, 2025, the district recognized OPEB expense of $49,954. The district reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 12,215	$ 14,164
Changes in actuarial assumptions	198,624	431,828
Contributions subsequent to the measurement date	31,885	-
Total	$ 242,724	$ 445,992

$31,885 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending December 31, 2026. Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31	OPEB Expense
2026	$ (22,576)
2027	(66,101)
2028	(97,853)
2029	(14,628)
2030	(33,995)
Total	$ (235,153)

(Continued)

NOTE 4 – OTHER INFORMATION (Continued)

Retiree Healthcare Plan

Plan Description: The district provides a defined benefit OPEB plan, the Harris Central Appraisal District Retiree Health Care Plan (the "Plan"), that pays a portion of the premium for continuation of the medical and dental insurance coverage of certain retirees. The district's Board has the authority to establish and amend benefits. The Plan provides medical benefits to eligible retired district employees and their beneficiaries.

The Plan offers the same coverage and options as the health plan for current employees. The Plan is available to retirees age 64 and under and retirees are eligible to participate until the retiree's sixty-fifth birthday or the fifth anniversary of retirement, whichever is earliest. At age 65, retirees are eligible to participate in the Medicare supplemental plan.

Beginning with retirement and ending when the person is eligible for Medicare coverage, the district shall pay a portion of the retiree medical and dental coverage premiums and claims. Rates paid by retirees are slightly higher than rates paid by active employees. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. As such, the Plan is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

Benefits: The retiree health insurance plan is available to retirees age 64 and under. Retirees will continue to have the same group medical coverage that applies to current employees while in the plan. Premiums for retiree health coverage in all categories are set annually by the Board. Qualified employees are eligible to participate in the retiree health insurance plan from date of retirement until the earlier of attainment of age 65 or the fifth anniversary of retirement. A Medicare advantage or supplement plan as determined by the Board is available to retirees who reach 65 and to employees who retire at age 65 or older. Qualified employees are eligible to participate in the Medicare advantage or supplement plan from age 65 on.

To qualify for the Plan, the employee must have had 20 total years of service at the district; been continuously employed by the district as a regular employee for at least four consecutive years prior to the date of retirement; retire under TCDRS on or after January 1, 2008 or be retired under TCDRS and participating in the Plan or Medicare advantage plan, as applicable, as of January 1, 2008; and begin participating in the Plan immediately upon retirement.

If an employee retires and participates in the Plan, the spouse may also participate if the spouse qualifies. To qualify for participation, the spouse must be 55 years of age or older, the employee must have covered the spouse as a dependent on the district's regular health plan for at least the 12 months immediately preceding the employee's retirement, and the spouse must not be eligible for coverage under any other insurance plan.

Participation in the Plan as of December 31, 2023 is summarized below:

Inactive employees currently receiving benefits	72
Active employees	591
Total	663

(Continued)

NOTE 4 – OTHER INFORMATION (Continued)

Total OPEB Liability: The district's total OPEB liability of $23,476,045 was measured as of December 31, 2024 and was determined by an actuarial valuation as of December 31, 2023.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the December 31, 2023 actuarial valuation, was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement period, unless otherwise specified:

Inflation	2.50%
Salary increases	0.40% to 5.25%, not including wage inflation of 3.00%
Discount rate*	4.08%
Actuarial cost method	Individual entry-age Normal
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2020 as conducted for TCDRS.
Mortality	For healthy retirees, the Pub-2010 General Retirees Tables are used with male rates multiplied by 135% and female rates multiplied by 120%. Those rates are projected on a fully generational basis based on 100% of the ultimate rates of Scale MP-2021.
Health care trend rates	Pre-65 initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years; Post-65 initial rate of 5.10% declining to an ultimate rate of 4.25% after 9 years
Participation rates	100% for non-Medicare eligible retirees; 70% for Medicare eligible retirees

*The discount rate is based on the Bond Buyer "20-Bond GO Index" rate closest to, but not later than December 31, 2024.

Changes in the Total OPEB Liability:

	Increase (Decrease) Total OPEB Liability
Changes in total OPEB liability	
Changes for the year:	
Service cost	$ 1,045,488
Interest	875,953
Difference between expected and actual experience	(97,396)
Changes in assumptions	(865,096)
Benefit payments	(389,986)
Net changes	568,963
Balance at December 31, 2023	22,907,082
Balance at December 31, 2024	$ 23,476,045

(Continued)

NOTE 4 – OTHER INFORMATION (Continued)

Change of assumptions reflects a change in the discount rate from 3.77% as of December 31, 2023 to 4.08% as of December 31, 2024.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate Assumptions: The following presents the total OPEB liability of the district, as well as what the district's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (3.08%)	Current Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
Total OPEB liability	$ 26,428,757	$ 23,476,045	$ 20,955,655

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Costs Trend Rate Assumptions: The following presents the total OPEB liability of the district, as well as what the district's total OPEB liability would be if it were calculated using the assumed healthcare costs trend rates if that rate was one percentage point lower or one percentage point higher than the current healthcare costs trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB liability	$ 20,146,564	$ 23,476,045	$ 27,598,163

OPEB Expense and Deferred Outflows/Inflows of Resources: For the year ended December 31, 2025, the district recognized OPEB expense of $1,864,409. The district reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 96,427	$ 1,835,207
Changes in actuarial assumptions	4,306,957	3,742,203
Contributions subsequent to the measurement date	527,322	-
Total	$ 4,930,706	$ 5,577,410

$527,322 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending December 31, 2026.

NOTE 4 – OTHER INFORMATION (Continued)

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31	OPEB Expense
2026	$ (57,032)
2027	(130,153)
2028	(115,459)
2029	(166,788)
2030	(354,236)
Thereafter	(350,358)
Total	$ (1,174,026)

Aggregate Total OPEB Expenses: The district recognized aggregate total OPEB liability of $24,870,034, deferred outflows of $5,173,430, deferred inflows of $6,023,402, and OPEB expense of $1,914,363 during the year ending December 31, 2025 related to the district's TCDRS and district-administered OPEB plans.

REQUIRED SUPPLEMENTARY INFORMATION

HARRIS CENTRAL APPRAISAL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)
For the year ended December 31, 2025

	Budgeted Amounts			Variance Final Budget
	Original Budget	Final Budget	Actual (Budget Basis)	Positive (Negative)
Revenues				
Assessments	$ 110,370,551	$ 110,370,551	$ 110,371,194	$ 643
Investment income, net	-	-	1,317,921	1,317,921
Other revenue	-	-	837,635	837,635
Rendition penalty fee	-	-	514,165	514,165
Total revenues	110,370,551	110,370,551	113,040,915	2,670,364
Expenditures				
Current				
Board of Directors (BOD)				
Personnel	3,000	13,000	7,926	5,074
Office supplies and printing	500	9,500	9,193	307
Other	15,000	11,000	7,726	3,274
Total BOD	18,500	33,500	24,845	8,655
Office of Chief Appraiser (OCA) and Security				
Personnel	2,434,882	2,918,482	2,888,671	29,811
Professional services	60,000	30,000	24,936	5,064
Office supplies and printing	16,150	19,250	17,677	1,573
Other	48,900	63,900	48,745	15,155
Total OCA	2,559,932	3,031,632	2,980,029	51,603
Appraisal Review Board (ARB)				
Personnel	3,367,997	2,650,497	2,645,744	4,753
Office supplies and printing	2,000	2,000	1,874	126
Other	10,500	13,500	13,450	50
Total ARB	3,380,497	2,665,997	2,661,068	4,929
Appraisal support				
Personnel	16,338,582	15,217,682	15,144,597	73,085
Professional services	256,000	337,000	335,812	1,188
Office supplies and printing	56,232	32,432	27,647	4,785
Other	88,255	84,655	76,049	8,606
Total appraisal support	16,739,069	15,671,769	15,584,105	87,664
Appraisal				
Personnel	39,106,841	40,181,741	40,106,342	75,399
Professional services	1,810,320	1,895,320	1,893,995	1,325
Office supplies and printing	47,500	21,700	19,186	2,514
Other	469,359	646,259	611,650	34,609
Total appraisal	41,434,020	42,745,020	42,631,173	113,847
Information technology				
Personnel	8,110,556	8,764,856	8,746,197	18,659
Professional services	2,229,000	2,104,000	2,093,554	10,446
Office supplies and printing	270,000	227,000	192,148	34,852
Data processing	5,769,751	5,424,751	5,393,640	31,111
Other	212,825	177,825	164,389	13,436
Total information technology	16,592,132	16,698,432	16,589,928	108,504

(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)
For the year ended December 31, 2025

	Budgeted Amounts Original Budget	Budgeted Amounts Final Budget	Actual (Budget Basis)	Variance Final Budget Positive (Negative)
Expenditures (continued)				
Administration				
Personnel	$ 7,052,766	$ 7,715,566	$ 7,671,548	$ 44,018
Professional services	133,805	366,805	378,650	(11,845)
Office supplies and printing	41,942	22,942	18,059	4,883
Other	3,364,365	3,139,215	2,977,589	161,626
Total administration	10,592,878	11,244,528	11,045,846	198,682
Administration services				
Personnel	2,648,759	120,759	118,981	1,778
Professional services	335,000	250,000	246,176	3,824
Office supplies and printing	103,350	-	-	-
Utilities	502,000	490,000	476,407	13,593
Other	2,050,858	2,325,858	2,298,168	27,690
Total administration services	5,639,967	3,186,617	3,139,732	46,885
Appraisal Services				
Personnel	96,885	288,885	279,910	8,975
Professional services	11,593,967	12,622,967	12,585,701	37,266
Other	1,060,000	1,072,500	71,762	1,000,738
Total appraisal services	12,750,852	13,984,352	12,937,373	1,046,979
Debt service				
Principal retirement and interest charges	1,587,704	1,587,704	1,587,704	-
Capital outlay	75,000	521,000	519,693	1,307
Total expenditures	111,370,551	111,370,551	109,701,496	1,669,055
Net change in fund balance	$ (1,000,000)	$ (1,000,000)	3,339,419	$ 4,339,419

Notes to required supplementary information:

1. Reconciliation to net change in fund balance (GAAP basis)

Timing differences	
Encumbrances at the end of the year	1,343,565
Encumbrances at the beginning of the year that w ere incurred	(1,107,656)
Perspective differences	
Maintenance payments from major repairs and rehabilitation fund	(718,959)
Subscriptions issued	255,854
Subscriptions capital outlay	(255,854)
Interest income (operating reserve fund)	737,873
Net change in fund balance	$ 3,594,242

HARRIS CENTRAL APPRAISAL DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
December 31, 2025

	Measurement Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	$ 7,448,165	$ 6,729,008	$ 6,458,548	$ 6,838,057	$ 5,704,788	$ 5,498,799	$ 5,467,300	$ 6,074,069	$ 5,477,128	$ 4,807,154
Interest (on the total pension liability)	25,496,773	24,115,485	22,982,738	21,479,853	20,373,486	19,382,502	18,311,619	17,052,600	15,741,528	13,860,474
Changes in benefit terms	13,930,538	-	-	5,624,948	-	-	-	1,904,183	1,069,294	443,216
Change of assumptions	-	-	-	(90,290)	16,330,667	-	-	1,091,615	-	2,201,240
Difference between expected and actual experience	2,854,214	2,374,244	128,631	(50,154)	22,784	(1,077,360)	185,499	(309,104)	(429,780)	9,737,885
Benefit payments, including refunds of employee contributions	(16,116,751)	(15,422,056)	(14,467,048)	(12,858,631)	(12,061,694)	(11,500,359)	(10,077,633)	(9,264,496)	(7,836,659)	(6,947,254)
Net change in total pension liability	33,612,939	17,796,681	15,102,869	20,943,783	30,370,031	12,303,582	13,886,785	16,548,867	14,021,511	24,102,715
Beginning total pension liability	335,946,521	318,149,840	303,046,971	282,103,188	251,733,157	239,429,575	225,542,790	208,993,923	194,972,412	170,869,697
Ending total pension liability	$369,559,460	$335,946,521	$318,149,840	$303,046,971	$282,103,188	$251,733,157	$239,429,575	$225,542,790	$208,993,923	$194,972,412
Plan fiduciary net position										
Contributions - employer	$ 9,748,877	$ 9,119,191	$ 8,441,951	$ 9,285,950	$ 12,845,325	$ 7,716,301	$ 7,601,849	$ 7,316,029	$ 6,193,489	$ 5,912,571
Contributions - employee	3,422,239	3,143,882	2,853,825	2,784,806	2,810,818	2,615,305	2,564,616	2,502,926	2,405,154	2,333,110
Net investment income	34,538,831	33,917,681	(19,168,126)	59,808,345	25,210,520	34,605,560	(4,000,233)	27,311,265	12,816,220	(2,102,745)
Benefit payments, including refunds of employee contributions	(16,116,751)	(15,422,056)	(14,467,048)	(12,858,631)	(12,061,694)	(11,500,359)	(10,077,633)	(9,264,496)	(7,836,659)	(6,947,254)
Administrative expense	(201,838)	(177,250)	(181,024)	(179,396)	(199,540)	(185,910)	(169,251)	(142,833)	(139,420)	(125,003)
Other	(61,617)	(34,311)	(169,379)	52,778	130,541	(6,029)	24,634	5,678	615,454	105,965
Net change in plan fiduciary net position	31,329,741	30,547,137	(22,689,801)	58,893,852	28,735,970	33,244,868	(4,056,018)	27,728,569	14,054,238	(823,356)
Beginning plan fiduciary net position	339,451,714	308,904,577	331,594,378	272,700,526	243,964,556	210,719,688	214,775,706	187,047,137	172,992,899	173,816,255
Ending plan fiduciary net position	$370,781,455	$339,451,714	$308,904,577	$331,594,378	$272,700,526	$243,964,556	$210,719,688	$214,775,706	$187,047,137	$172,992,899
Net pension liability	$ (1,221,995)	$ (3,505,193)	$ 9,245,263	$ (28,547,407)	$ 9,402,662	$ 7,768,601	$ 28,709,887	$ 10,767,084	$ 21,946,786	$ 21,979,513
Plan fiduciary net position as a percentage of total pension liability	100.33%	101.04%	97.09%	109.42%	96.67%	96.91%	88.01%	95.23%	89.50%	88.73%
Covered payroll	$ 48,889,126	$ 44,912,603	$ 40,768,927	$ 39,782,939	$ 40,154,542	$ 37,361,503	$ 36,637,339	$ 35,756,082	$ 34,359,355	$ 33,330,139
Net pension liability as a percentage of covered payroll	-2.50%	-7.80%	22.68%	-71.76%	23.42%	20.79%	78.36%	30.11%	63.87%	65.94%

HARRIS CENTRAL APPRAISAL DISTRICT
SCHEDULE OF CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
December 31, 2025

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 8,927,757	$ 6,776,506	$ 6,364,139	$ 6,310,227	$ 4,870,011	$ 6,065,771	$ 5,488,397	$ 5,601,849	$ 5,159,603	$ 4,693,488
Contributions in relation to the actuarially determined contribution	8,927,115	9,748,877	9,119,191	8,441,951	9,285,950	12,845,325	7,716,301	7,601,849	7,316,029	6,193,488
Contribution deficiency (excess)	$ 642	$ (2,972,371)	$ (2,755,052)	$ (2,131,724)	$ (4,415,939)	$ (6,779,554)	$ (2,227,904)	$ (2,000,000)	$ (2,156,426)	$ (1,500,000)
Covered payroll	$ 53,141,412	$ 48,857,286	$ 44,944,483	$ 40,895,834	$ 39,885,432	$ 40,170,666	$ 37,361,453	$ 36,637,339	$ 35,756,082	$ 34,359,355
Contributions as a percentage of covered payroll	16.80%	19.95%	20.29%	20.64%	23.28%	31.98%	20.65%	20.75%	20.46%	18.03%

Notes to Schedule of Contributions:

1. Valuation Date: Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age (level percentage of pay)
Amortization method	Level percentage of payroll, closed
Remaining amortization period	14.0 years
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 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 Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedules 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**	2016: Employer contributions reflect that the current service matching rate was increased to 245%. 2017: Employer contributions reflect that a 60% CPI COLA was adopted. Also, new Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: Employer contributions reflect that the current service matching rate was increased to 250%. 2022: Employer contributions reflect that a 60% CPI COLA was adopted.

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

HARRIS CENTRAL APPRAISAL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
December 31, 2025

	Measurement Year*							
	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability								
Service cost	$ 39,003	$ 33,067	$ 56,237	$ 54,124	$ 43,819	$ 28,408	$ 36,061	$ 33,764
Interest (on the total OPEB liability)	50,915	51,460	37,932	37,192	41,075	46,463	41,651	41,577
Change of assumptions	(213,811)	121,844	(507,302)	39,812	200,086	328,674	(141,208)	55,327
Difference between expected and actual experience	9,856	(5,685)	8,007	(14,001)	(7,999)	(23,976)	19,506	3,218
Benefit payments**	(29,333)	(26,948)	(32,615)	(31,826)	(32,124)	(26,153)	(25,646)	(25,029)
Net change in total OPEB liability	(143,370)	173,738	(437,741)	85,301	244,857	353,416	(69,636)	108,857
Beginning total OPEB liability	1,537,359	1,363,621	1,801,362	1,716,061	1,471,204	1,117,788	1,187,424	1,078,567
Ending total OPEB liability	$ 1,393,989	$ 1,537,359	$ 1,363,621	$ 1,801,362	$ 1,716,061	$ 1,471,204	$ 1,117,788	$ 1,187,424
Covered Payroll	$ 48,889,126	$ 44,912,603	$ 40,768,927	$ 39,782,939	$ 40,154,542	$ 37,361,503	$ 36,637,339	$ 35,756,082
Net OPEB liability as a percentage of covered payroll	2.85%	3.42%	3.34%	4.53%	4.27%	3.94%	3.05%	3.32%

* Only eight years of information are currently available. The district will build this schedule over the next two-year period.
** Due to the GTLF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Notes to Required Supplementary Information:

1. Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	N/A
Assets valuation method	N/A
Discount rate	4.08%
Administrative expenses	N/A
Mortality - depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Mortality - service retirees	135% of Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Mortality - disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

3. Other Information: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits. The discount rate was based on 20-Year Bond GO Index published by bondbuyer.com as of December 26, 2024. There were no benefit changes during the year.

HARRIS CENTRAL APPRAISAL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
RETIREE HEALTHCARE BENEFITS
December 31, 2025

	Measurement Year*							
	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability								
Service cost	$ 1,045,488	$ 900,928	$ 1,251,681	$ 1,447,372	$ 1,155,121	$ 1,005,740	$ 1,004,689	$ 874,556
Interest (on the total OPEB liability)	875,953	835,205	443,608	452,587	540,291	650,083	583,122	600,197
Difference betw een expected and actual experience	(97,396)	(1,032,756)	(307,192)	(858,475)	142,779	(718,051)	116,814	-
Change of assumptions	(865,096)	2,311,646	(4,222,369)	1,239,867	1,952,956	2,047,420	(896,719)	1,052,799
Benefit payments	(389,986)	(559,654)	(394,598)	(1,012,884)	(896,863)	(973,889)	(832,017)	(625,662)
Net change in total OPEB liability	568,963	2,455,369	(3,228,870)	1,268,467	2,894,284	2,011,303	(24,111)	1,901,890
Beginning total OPEB liability	22,907,082	20,451,713	23,680,583	22,412,116	19,517,832	17,506,529	17,530,640	15,628,750
Ending total OPEB liability	$ 23,476,045	$ 22,907,082	$ 20,451,713	$ 23,680,583	$ 22,412,116	$ 19,517,832	$ 17,506,529	$ 17,530,640
Covered Payroll	$ 48,379,851	$ 44,739,910	$ 38,739,995	$ 38,739,995	$ 39,728,141	$ 36,727,946	$ 36,637,373	$ 34,029,405
Net OPEB liability as a percentageof covered payroll	48.52%	51.20%	52.79%	61.13%	56.41%	53.14%	47.78%	51.52%

*Only eight years of information are currently available. The district will build this schedule over the next three-year period.

Notes to Required Supplementary Information:

1. Changes of Assumptions: Changes of assumptions reflect a change in the discount rate from 3.77% as of December 31, 2023 to 4.08% as of December 31, 2024
2. Changes in Benefits: There were no changes in benefit terms that affected measurement of the total OPEB liability during the measurement period.
3. Other Information: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

SUPPLEMENTARY INFORMATION

HARRIS CENTRAL APPRAISAL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)
For the year ended December 31, 2025

	Budgeted Amounts			Variance Final Budget
	Original Budget	Final Budget	Actual (Budget Basis)	Positive (Negative)
Revenues				
Assessments	$ 110,370,551	$ 110,370,551	$ 110,371,194	$ 643
Investment income, net	-	-	1,317,921	1,317,921
Other revenue	-	-	837,635	837,635
Rendition penalty fee	-	-	514,165	514,165
Total revenues	110,370,551	110,370,551	113,040,915	2,670,364
Expenditures				
Current				
Salaries, w ages and related				
Net salaries and w ages	53,023,049	52,893,049	52,840,891	52,158
ARB board members	3,081,000	2,433,000	2,432,264	736
Overtime	698,001	444,501	418,786	25,715
Part-time and seasonal w ages	485,880	561,880	529,320	32,560
Total salaries, w ages and related	57,287,930	56,332,430	56,221,261	111,169
Employee benefits and related				
Group health insurance	10,336,484	10,336,484	10,336,484	-
Workers' compensation insurance	100,925	112,925	111,473	1,452
Group life and LTD insurance	188,026	188,026	188,026	-
Group dental insurance	282,678	282,678	282,678	-
Group vision insurance	77,328	77,328	77,328	-
Unemployment insurance	244,618	76,618	71,241	5,377
Retirement	9,121,836	9,080,336	9,022,852	57,484
FICA Medicare	830,676	821,176	786,363	34,813
Social security	221,147	183,747	169,762	13,985
Total employee benefits and related	21,403,718	21,159,318	21,046,207	113,111
Computer operations				
Minor equipment - office and field op	542,000	292,000	287,109	4,891
Minor equipment - infrastructure	799,000	223,000	221,107	1,893
Hardw are maintenance and support	460,500	519,500	516,738	2,762
Softw are maintenance and support	1,615,200	1,575,200	1,567,219	7,981
Computer supplies	16,000	-	-	-
Softw are lease and maintenance	3,404,535	3,865,535	3,862,550	2,985
Softw are purchases	56,250	11,250	4,995	6,255
Total computer operations	6,893,485	6,486,485	6,459,718	26,767
Professional services				
Financial auditing	67,080	74,080	73,192	888
Appraisal services	10,983,967	12,256,967	12,220,226	36,741
Arbitration fees and services	600,000	366,000	365,475	525
State office of admin hearings	5,000	-	-	-
Appraisal services	1,718,320	1,655,320	1,654,695	625
Other professional services	3,648,725	3,973,725	2,971,129	1,002,596
Total professional services	17,023,092	18,326,092	17,284,717	1,041,375

(Continued)

HARRIS CENTRAL APPRAISAL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)
For the year ended December 31, 2025

	Budgeted Amounts			Variance Final Budget
	Original Budget	Final Budget	Actual (Budget Basis)	Positive (Negative)
Expenditures (continued)				
Office and field operations				
Office supplies	$ 166,574	$ 110,074	$ 97,961	$ 12,113
Office equipment maintenance	52,200	10,200	6,209	3,991
Telephone and communication service	399,585	445,585	441,239	4,346
Copier leases	143,200	54,200	49,529	4,671
Copier supplies and maintenance	114,350	89,000	82,921	6,079
Mapping reproduction and supplies	3,250	3,250	-	3,250
Public notice advertising	18,000	8,000	5,293	2,707
Security services	395,000	280,000	271,111	8,889
Field travel, vanpool, and other expense	468,620	379,720	342,447	37,273
Appraisal supplies	15,380	2,780	572	2,208
Vehicle gasoline and maintenance	34,000	21,000	16,325	4,675
Records storage and supplies	25,000	14,000	13,463	537
Employee recognition activities	60,000	66,500	66,261	239
Postage, mailing, and handling services	3,153,042	2,965,392	2,801,128	164,264
Professional registration and dues	90,000	130,000	124,188	5,812
Seminars and other tuition	422,331	345,631	329,865	15,766
Education travel and expenses	335,522	335,922	306,031	29,891
Books, manuals, and publications	349,829	536,529	516,477	20,052
Printing, forms, and stationery	28,400	32,400	14,579	17,821
Paper, copier, and printer	65,000	45,000	40,793	4,207
Total office and field operations	6,339,283	5,875,183	5,526,392	348,791
Office space, utilities and related				
Office space	120,000	127,000	125,062	1,938
Utilities	502,000	490,000	476,407	13,593
Building and fixture maintenance	1,520,043	1,750,043	1,739,288	10,755
Casualty and liability insurance	206,000	303,000	302,751	249
Total office space, utilities and related	2,348,043	2,670,043	2,643,508	26,535
Capital outlay	75,000	521,000	519,693	1,307
Total expenditures	111,370,551	111,370,551	109,701,496	1,669,055
Net change in fund balance	$ (1,000,000)	$ (1,000,000)	3,339,419	$ 4,339,419

Notes to supplementary information:

1. Reconciliation to net change in fund balance (GAAP basis)

Timing differences	
Encumbrances at the end of the year	1,343,565
Encumbrances at the beginning of the year that w ere incurred	(1,107,656)
Perspective differences	
Maintenance payments from major repairs and rehabilitation fund	(718,959)
Subscriptions	255,854
Subscriptions capital outlay	(255,854)
Interest income (operating reserve fund)	737,873
Net change in fund balance	$ 3,594,242

2. This supplementary budgetary comparison schedule is presented to demonstrate compliance at the legal level of budgetary control.

STATISTICAL SECTION

This part of the district's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and Required Supplementary Information says about the district's overall financial health.

CONTENTS

HARRIS CENTRAL APPRAISAL DISTRICT
NET POSITION BY COMPONENT
Last Ten Years
(accrual basis of accounting)

	Year									
	2025	2024	2023 [1]	2022	2021	2020	2019	2018 [2]	2017	2016
Governmental activities										
Net investment in capital assets	$ 24,832,305	$ 25,095,751	$ 25,758,200	$ 20,332,032	$ 18,661,694	$ 17,410,175	$ 15,714,000	$ 14,851,497	$ 14,298,164	$ 10,982,048
Restricted	1,221,995	3,505,193	-	-	-	-	-	-	-	-
Unrestricted	19,660,315	28,660,817	26,290,659	24,938,162	14,273,997	10,784,948	7,563,196	6,716,741	5,288,214	20,002,285
Total governmental activities net position	$ 45,714,615	$ 57,261,761	$ 52,048,859	$ 45,270,194	$ 32,935,691	$ 28,195,123	$ 23,277,196	$ 21,568,238	$ 19,586,378	$ 30,984,333

1. Restated with implementation of GASB 101.
2. Restated with implementation of GASB 75.

HARRIS CENTRAL APPRAISAL DISTRICT
CHANGES IN NET POSITION
Last Ten Years
(accrual basis of accounting)

	Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental activities										
Appraisal services	$ 125,522,098	$ 107,911,562	$ 94,291,645	$ 83,477,222	$ 88,274,738	$ 86,365,759	$ 87,282,857	$ 84,569,564	$ 81,226,501	$ 74,632,806
Interest and fiscal agent fees on long-term debt	97,905	81,491	337,531	485,796	606,447	720,530	828,399	919,867	897,927	977,425
Total governmental activities expenses	125,620,003	107,993,053	94,629,176	83,963,018	88,881,185	87,086,289	88,111,256	85,489,431	82,124,428	75,610,231
Program revenues										
Governmental activities										
Charges for services										
Appraisal services	1,405,040	1,086,194	976,453	1,048,119	1,078,218	1,019,735	716,939	1,215,652	797,994	891,183
Total governmental activities program revenues	1,405,040	1,086,194	976,453	1,048,119	1,078,218	1,019,735	716,939	1,215,652	797,994	891,183
Net (expense)										
Governmental activities	$(124,214,963)	$(106,906,859)	$ (93,652,723)	$ (82,914,899)	$ (87,802,967)	$ (86,066,554)	$ (87,394,317)	$ (84,273,779)	$ (81,326,434)	$ (74,719,048)
General revenues and other changes in net position										
Governmental activities										
Assessments	$ 110,371,194	$ 109,363,655	$ 99,006,329	$ 94,373,871	$ 92,518,567	$ 90,728,851	$ 88,094,554	$ 85,563,002	$ 81,496,875	$ 77,706,956
Investment income	2,296,623	2,756,106	2,553,653	775,531	24,968	255,630	1,008,721	712,637	273,054	79,979
Total governmental activities	$ 112,667,817	$ 112,119,761	$ 101,559,982	$ 95,149,402	$ 92,543,535	$ 90,984,481	$ 89,103,275	$ 86,275,639	$ 81,769,929	$ 77,786,935
Changes in net position										
Governmental activities	$ (11,547,146)	$ 5,212,902	$ 7,907,259	$ 12,234,503	$ 4,740,568	$ 4,917,927	$ 1,708,958	$ 2,001,860	$ 443,495	$ 3,067,887

HARRIS CENTRAL APPRAISAL DISTRICT
FUND BALANCES - GOVERNMENTAL FUND
Last Ten Years
(modified accrual basis of accounting)

	Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General fund										
Nonspendable	$ 1,326,198	$ 1,295,061	$ 1,743,681	$ 1,035,681	$ 1,616,519	$ 606,406	$ 640,926	$ 624,132	$ 487,968	$ 368,870
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	26,722,794	25,477,710	25,479,354	29,592,672	27,423,030	25,506,383	12,809,033	10,932,693	7,816,962	6,466,307
Unassigned	10,033,398	7,715,377	5,681,967	3,419,805	1,341,071	1,159,984	15,114,230	13,332,403	11,378,514	12,287,923
Total general fund	$ 38,082,390	$ 34,488,148	$ 32,905,002	$ 34,048,158	$ 30,380,620	$ 27,272,773	$ 28,564,189	$ 24,889,228	$ 19,683,444	$ 19,123,100

HARRIS CENTRAL APPRAISAL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Years
(modified accrual basis of accounting)

	Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Assessments	$ 110,371,194	$ 109,363,655	$ 99,006,329	$ 94,373,871	$ 92,518,567	$ 90,728,851	$ 88,094,554	$ 85,563,002	$ 81,496,875	$ 77,706,956
Investment income	2,055,794	2,432,577	2,282,183	732,135	23,537	233,225	961,925	673,462	256,406	74,272
Other revenues	837,635	536,096	461,823	441,611	668,500	298,799	535,070	910,371	422,498	481,123
Rendition penalty fee	514,165	479,167	464,001	583,744	399,303	390,471	281,578	453,674	324,366	391,930
Total revenues	113,778,788	112,811,495	102,214,336	96,131,361	93,609,907	91,651,346	89,873,127	87,600,509	82,500,145	78,654,281
Expenditures										
Board of Directors	24,845	18,594	13,438	24,443	4,712	-	-	-	-	-
Office of Chief Appraiser	1,834,746	1,464,179	2,484,168	2,242,821	12,076,129	12,968,365	13,181,522	14,002,216	12,310,648	11,587,428
Appraisal review board	2,661,068	2,074,836	2,381,044	2,854,510	3,132,252	-	-	-	-	-
Appraisal support	15,550,887	14,170,294	13,263,866	12,141,492	11,963,055	11,946,497	14,358,192	14,958,051	14,993,839	12,549,219
Appraisal	42,599,183	39,961,802	36,809,141	33,467,542	32,726,839	32,446,248	31,814,658	30,723,471	29,767,205	27,679,141
Information technology	16,470,507	15,318,084	14,290,705	13,303,614	12,621,450	12,795,374	8,677,941	7,397,376	6,858,842	7,874,275
Administration	11,031,729	10,323,031	9,988,495	9,631,280	8,848,000	9,110,006	8,100,378	7,406,834	7,389,849	6,704,181
Administration services/building services	3,102,569	4,904,612	4,820,678	15,287,762	5,667,958	9,857,211	6,193,911	4,993,486	5,250,513	4,424,778
Legal	12,937,373	19,318,104	10,694,447	-	-	-	-	-	-	-
Security	1,145,283	1,138,185	-	-	-	-	-	-	-	-
Nondepartmental	718,959	111,794	-	-	-	-	-	-	-	-
Capital outlay	775,547	3,059,651	3,425,625	1,081,089	1,017,238	860,235	899,061	438,329	2,000,000	121,231
Debt service										
Principal	1,489,799	2,317,545	7,629,864	1,943,474	1,837,980	1,738,296	1,644,104	1,555,095	1,470,978	1,391,480
Interest	97,905	81,491	337,531	485,796	606,447	720,530	828,399	919,867	897,927	977,425
Total expenditures	110,440,400	114,262,202	106,139,002	92,463,823	90,502,060	92,442,762	85,698,166	82,394,725	80,939,801	73,309,158
Excess (deficiency) of revenues over (under) expenditures	3,338,388	(1,450,707)	(3,924,666)	3,667,538	3,107,847	(791,416)	4,174,961	5,205,784	1,560,344	5,345,123
Other financing sources (uses)										
Leases issued	-	-	508,266	-	-	-	-	-	-	-
Subscriptions	255,854	3,033,853	2,273,244	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	(500,000)	(500,000)	-	(1,000,000)	-
Total other financing sources (uses)	255,854	3,033,853	2,781,510	-	-	(500,000)	(500,000)	-	(1,000,000)	-
Net change in fund balances	$ 3,594,242	$ 1,583,146	$ (1,143,156)	$ 3,667,538	$ 3,107,847	$ (1,291,416)	$ 3,674,961	$ 5,205,784	$ 560,344	$ 5,345,123
Debt service as a percentage of noncapital expenditures	1.45%	2.16%	7.76%	2.66%	2.72%	2.69%	2.90%	3.01%	3.04%	3.26%

1. Prior to fiscal year 2021, Board of Directors and appraisal review board were reported within Office of the Chief Appraiser.

HARRIS CENTRAL APPRAISAL DISTRICT
ADJUSTED LEVY FOR ASSESSMENTS AND ASSESSMENTS COLLECTED
Last Ten Years

	Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total adjusted levy for calculation of taxing unit assessments (1) (2)	$ 14,444,433,270	$ 13,527,149,290	$ 13,715,322,600	$ 12,972,489,919	$ 12,814,950,514	$ 12,295,974,520	$ 11,888,313,314	$ 11,564,280,439	$ 11,053,954,982	$ 10,270,428,310
Direct rate (4)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Assessments	$ 110,370,551	$ 115,913,324 (3)	$ 99,006,329	$ 94,373,871	$ 92,518,567	$ 90,728,851	$ 88,094,554	$ 85,563,002	$ 81,496,875	$ 77,706,956

1. According to Section 6.06 of the Texas Tax Code, each taxing unit participating in the district is allocated a portion of the amount of the budget equal to the proportion that the total dollar amount of property taxes imposed in the district by the unit for the tax year in which the budget proposal is prepared bears to the sum of the total dollar amount of property taxes imposed in the district by each participating unit for that year.
2. Adjusted levy reported is for the fourth quarter billing at year end.
3. The district owed a refund to the taxing jurisdictions for 2024 and 2015. The amounts shown here do not include the adjustment for the refunds.
4. 100% of the adjusted levy is used in the calculation allocating the assessment fees.

HARRIS CENTRAL APPRAISAL DISTRICT
PRINCIPAL TAXING JURISDICTIONS
Current Year and Nine Years Ago

	2025			2016		
Taxing Jurisdictions	Tax Levy	Rank	% of Taxable Assessed Value	Tax Levy	Rank	% of Taxable Assessed Value
Harris County 040	$ 2,522,879,894	1	17.47%	$ 1,637,862,603	2	15.95%
Houston ISD 001	1,944,745,935	2	13.46%	1,774,380,474	1	17.28%
City of Houston 061	1,650,829,791	3	11.43%	1,216,084,590	3	11.84%
Harris County Hospital Dist. 043	1,048,522,833	4	7.26%	643,904,499	4	6.27%
Cypress-Fairbanks ISD 004	783,335,781	5	5.42%	624,304,503	5	6.08%
Spring Branch ISD 025	424,899,871	6	2.94%	364,002,431	6	3.54%
Katy ISD 019	375,650,666	7	2.60%	279,370,319	7	2.72%
Harris County Flood Control 04	314,032,083	8	2.17%	-	-	0.00%
Aldine ISD 009	313,853,976	9	2.17%	240,453,775	9	2.34%
Klein ISD 017	293,145,325	10	2.03%	242,843,502	8	2.36%
Humble ISD 018	-	-	0.00%	204,848,866	10	1.99%
Subtotal	9,671,896,155		66.96%	7,228,055,562		70.38%
Other taxing jurisdictions	4,772,537,115		33.04%	3,042,372,748		29.62%
Total	$ 14,444,433,270		100.00%	$ 10,270,428,310		100.00%

Source: Harris Central Appraisal District's departmental records.

HARRIS CENTRAL APPRAISAL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Years

	Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities										
Notes payable	$ -	$ -	$ -	$ 6,526,870	$ 8,470,344	$ 10,308,324	$ 12,046,620	$ 13,690,724	$ 15,245,819	$ 16,716,797
Lease liability	389,306	443,436	490,287	-	-	-	-	-	-	-
Subscription liability	1,679,475	2,859,290	2,096,131	-	-	-	-	-	-	-
Total	$ 2,068,781	$ 3,302,726	$ 2,586,418	$ 6,526,870	$ 8,470,344	$ 10,308,324	$ 12,046,620	$ 13,690,724	$ 15,245,819	$ 16,716,797
Taxing jurisdictions in district	621	611	585	567	554	551	538	533	525	517
Debt per taxing unit (1)	$ 3,331	$ 5,405	$ 4,421	$ 11,511	$ 15,289	$ 18,708	$ 22,391	$ 25,686	$ 29,040	$ 32,334

1. This does not represent the applicable portion of debt per taxing jurisdiction as the district's budget is allocated among the taxing jurisdictions according to their property taxes levied for the corresponding budget year.

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

HARRIS CENTRAL APPRAISAL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Years

Year Ended December 31,	(a) Estimated Population (In Thousands)	(a) Personal Income (In Thousands)	(a) Per Capita Personal Income	(a) Unemployment Rate
2016	4,629	240,752,454	51,186	5.4%
2017	4,664	255,361,808	53,188	4.6%
2018	4,699	274,514,924	58,685	4.0%
2019	4,713	284,905,380	59,207	3.6%
2020	4,746	291,723,832	60,183	8.0%
2021	4,736	311,430,719	65,869	4.8%
2022	4,781	330,617,356	69,154	4.0%
2023	4,835	357,130,669	73,862	3.8%
2024	5,009	400,697,273	79,991	4.1%
2025	5,045	not available	not available	4.3%

Data sources:
(a) Source: http://www.txcip.org (Texas Association of Counties)
Source: http://www.bls.gov (Bureau of Labor Statistics)
Source: https://www.dshs.texas.gov (Texas Department of State Health Services)
Source: https://www.homefacts.com
Source: https://www.bea.gov
Source: https://worldpopulationreview.com/us-counties
Source: https://fred.stlouisfed.org/series/PI48201

HARRIS CENTRAL APPRAISAL DISTRICT
PRINCIPAL CORPORATE EMPLOYERS
Current Year and Nine Years Ago
(amounts in thousands)

	2025			2016		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Schlumberger NV	110,000	1	3.1688%	12,069	9	0.4032%
Sysco Corp	76,000	2	2.1894%	-	-	-
Waste Management Inc	61,700	3	1.7774%	-	-	-
Quanta Services Inc	58,400	4	1.6824%	-	-	-
Baker Hughes Co	57,000	5	1.6420%	-	-	-
Halliburton Co	48,000	6	1.3828%	-	-	-
Chevron Corp	45,298	7	1.3049%	-	-	-
KBR Inc	38,000	8	1.0947%	-	-	-
Nov Inc	34,010	9	0.9797%	-	-	-
Group 1 Automotive Inc	20,413	10	0.5881%	-	-	-
Schlumberger	-	-	-	-	-	-
Wal-Mart Stores	-	-	-	37,000	1	1.2360%
Memorial Hermann Health System	-	-	-	24,108	2	0.8053%
H-E-B	-	-	-	23,732	3	0.7928%
UT Medical at Galveston	-	-	-	21,086	4	0.7044%
McDonald's Corp.	-	-	-	20,918	5	0.6988%
The Methodist Hospital System	-	-	-	20,000	6	0.6681%
Kroger Co.	-	-	-	16,000	7	0.5345%
United Airlines	-	-	-	14,941	8	0.4991%
Shell Oil Co.	-	-	-	11,507	10	0.3844%
Total	548,821			201,361		

Source: Employment numbers were obtained from Houston ISD.

Percentage of total employment was calculated using total non-agricultural employment for the Houston-Woodlands-Pasadena MSA and was obtained directly from the U.S. Bureau of Labor Statistics.

HARRIS CENTRAL APPRAISAL DISTRICT
EMPLOYED POSITIONS BY FUNCTION
Last Ten Years

	Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Function										
Office of the Chief Appraiser	18	15	19	17	16	6	6	7	5	3
Support services	158	151	172	166	143	148	166	166	168	172
Appraisal	347	353	371	371	316	338	336	332	345	340
Information systems	61	60	62	63	60	57	40	39	40	34
Administration	57	54	57	55	47	62	52	50	49	52
Regular positions	641	633	681	672	582	611	600	594	607	601

Notes: Data represents employed positions at year end.

HARRIS CENTRAL APPRAISAL DISTRICT
STATE COMPTROLLER'S STUDY BY MEDIAN LEVEL OF APPRAISAL (1)
Last Ten Years

	Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Property Category										
Single family residential	1.00	N/A	1.00	N/A	0.98	N/A	0.98	N/A	0.99	N/A
Multi-family residential	0.99	N/A	0.97	N/A	0.96	N/A	0.94	N/A	0.93	N/A
Vacant lots	0.96	N/A	0.95	N/A	0.88	N/A	0.93	N/A	N/A	N/A
Acreage	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Commercial real property	0.96	N/A	0.95	N/A	0.95	N/A	0.92	N/A	0.95	N/A
Utilities	0.94	N/A	0.94	N/A	0.90	N/A	0.89	N/A	0.90	N/A
Commercial personal property	1.00	N/A	1.02	N/A	0.95	N/A	0.98	N/A	0.97	N/A
Overall median level	0.99	N/A (2)	1.00	N/A (2)	0.98	N/A (2)	0.98	N/A (2)	0.98	N/A (2)

1. The statistical median reflects the mid-point of a sample. It is generally desirable to maintain median appraisal levels at or slightly below 1.00 to avoid over-appraisal of properties. The International Association of Assessing Officers (IAAO) guidelines state that the overall level of appraisal for all parcels in the jurisdiction should be within ten percent of the legal level. Based on these criteria, the district's appraisal level for the current year is considered to reflect very good appraisal performance.

2. Prior to 2010, the Texas Comptroller of Public Accounts was required by statute to study appraisal districts in Texas each year to determine the degree of uniformity of property tax appraisals to fair value (Property Value Study or PVS). Study results are used by the State of Texas in a complex formula for allocating state funds for education. For 2010, legislation was enacted requiring the annual study to be conducted every two years and established the requirement for a review of appraisal districts.

Data from the district's appraisal department.

HARRIS CENTRAL APPRAISAL DISTRICT
PROTEST ACTIVITY AND LITIGATION VOLUME
Last Ten Years

	Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Property Category										
Reappraisal year	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Accounts protested	567,154	516,674	528,812	494,918	453,543	447,316	421,819	372,579	389,644	380,550
Value of accounts	$ 555,081,121,995	$ 517,773,837,843	$ 523,460,082,129	$ 455,480,253,884	$ 394,603,530,534	$ 388,762,937,820	$ 363,741,465,807	$ 319,597,069,098	$ 318,521,587,121	$ 311,654,617,880
Average percentage reduction	7.04%	9.88%	11.95%	10.24%	9.99%	11.08%	10.70%	10.02%	10.36%	10.79%
Total law suits	9,807	9,873	9,646	8,000	6,949	6,584	6,374	7,183	4,661	4,212
Number of accounts	25,636	25,552	23,197	18,395	15,759	16,175	15,054	16,024	11,918	12,018
Value of accounts	$ 161,917,368,198	$ 161,385,066,259	$ 168,679,835,891	$ 151,920,440,240	$ 115,084,993,520	$ 129,866,823,187	$ 106,544,983,826	$ 87,914,852,919	$ 81,113,534,434	$ 90,788,838,462
Number of accounts resolved	2,218	19,447	21,194	18,096	14,955	15,303	14,978	15,951	11,910	11,999
Average percentage reduction	9.42%	10.87%	13.42%	12.47%	10.48%	11.31%	11.71%	10.23%	11.27%	11.88%

Data from district's appraisal department.

HARRIS CENTRAL APPRAISAL DISTRICT
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Years

	Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Function / Program										
Appraisal										
Appraised value	$ 906,747,512	$ 879,346,209	$ 851,002,565	$ 759,598,910	$ 666,018,188	$ 646,519,386	$ 615,347,614	$ 571,596,277	$ 562,968,171	$ 532,811,166
Number of accounts	1,777,541	1,763,133	1,741,000	1,718,008	1,700,000	1,678,222	1,661,283	1,642,501	1,640,520	1,624,760

Source: Various district departments.

HARRIS CENTRAL APPRAISAL DISTRICT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Years

	Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Function / Program										
General Fund										
Office of the Chief Appraiser	44	45	45	45	47	48	48	56	57	57
Support services	158	158	161	161	168	169	171	186	189	191
Appraisal	353	363	365	365	371	371	371	455	461	470
Information systems	747	753	752	746	996	994	1,009	1,031	1,059	1,141
Administration	109	108	114	114	118	118	118	161	168	168

Source: Various district departments.

Figures represent total capital assets by function.