



(See "CONTINUING DISCLOSURE OF INFORMATION" herein)

PRELIMINARY OFFICIAL STATEMENT

Dated: August 12, 2025

Ratings:

Fitch: "AA"

S&P: "AA-"

(See "OTHER INFORMATION – Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel to the County, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

THE BONDS **WILL NOT BE** DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

\$40,000,000*

KAUFMAN COUNTY, TEXAS LIMITED TAX BONDS, SERIES 2025

Dated Date: September 15, 2025,

Due: February 15, as shown on page 2

(Interest accrues from Date of Delivery)

PAYMENT TERMS... Interest on the \$40,000,000* Kaufman County, Texas Limited Tax Bonds, Series 2025 (the "Bonds"), will accrue from the date of initial delivery to the underwriters shown below (the "Underwriters"), will be payable initially on February 15, 2026 and each August 15 and February 15 thereafter, until stated their maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued as fully registered obligations in denominations of \$5,000 of principal amount or any integral multiple thereof for any one stated maturity. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in authorized denominations thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. The principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is U.S. Bank Trust Company, National Association, Irving, Texas (see "THE BONDS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE... The Bonds are direct obligations of Kaufman County, Texas (the "County") issued pursuant to an order of the Commissioners Court of Kaufman County, Texas, (the "Bond Order") to be adopted by the Commissioners Court of the County (the "Commissioners Court") on August 12, 2025, pursuant to which the Commissioners Court will delegate the pricing of the Bonds and certain other matters to an "Authorized Representative," who will approve a "Pricing Certificate" on the date of sale of the Bonds (the Bond Order and Pricing Certificate, referred to herein as the "Order"). The Bonds are payable from a direct and continuing annual ad valorem tax levied on all taxable property within the County, withing the limits prescribed by law, as provided in the Order. The Bonds are being issued pursuant to the laws of the State of Texas, including Chapters 1301, 1371, and 1473 of the Texas Government Code, as amended, Article VIII of the Texas Constitution, as amended, and a County-wide election held on May 3, 2025 and passed by a majority of the participating voters.

PURPOSE... Proceeds from the sale of the Bonds will be used for (1) the construction and equipping of a new Kaufman County Juvenile Detention Center and (2) the payment of costs of issuance related to the Bonds (see "THE BONDS – Purpose" and "THE BONDS – Sources and Uses of Proceeds").

MATURITY SCHEDULE - SEE SCHEDULE ON PAGE 2

CUSIP PREFIX: 486188

LEGALITY... The Bonds are offered for delivery when, as and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of Bickerstaff Heath Delgado Acosta LLP, Austin, Texas, Bond Counsel for the County (see Appendix C, "Form of Bond Counsel's Opinion"). Certain matters will be passed upon for the Underwriters by their counsel Norton Rose Fulbright US LLP, Dallas, Texas.

DELIVERY... It is expected that the Bonds will be available for delivery through DTC on September 15, 2025 (the "Date of Delivery").

RBC CAPITAL MARKETS

RAYMOND JAMES

BOK FINANCIAL SECURITIES, INC.

* Preliminary, subject to change.

MATURITY SCHEDULE*

Principal Amount	Maturity (2/15)	Interest Rate	Initial Yield	CUSIP ⁽¹⁾	Principal Amount	Maturity (2/15)	Interest Rate	Initial Yield	CUSIP ⁽¹⁾
\$125,000	2028				\$3,070,000	2037			
130,000	2029				3,195,000	2038			
140,000	2030				3,355,000	2039			
145,000	2031				3,510,000	2040			
150,000	2032				3,665,000	2041			
160,000	2033				3,845,000	2042			
165,000	2034				4,015,000	2043			
2,785,000	2035				4,215,000	2044			
2,920,000	2036				4,410,000	2045			

(Interest to accrue from the Date of Delivery)

OPTIONAL REDEMPTION...The County reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 20__, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption (see “THE BONDS - Optional Redemption”). If two or more serial bonds of consecutive maturities are combined into one or more “term” Bonds (the “Term Bonds”) by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with provisions of the Order.

* Preliminary, subject to change.

- (1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by FactSet Research Systems Inc., on behalf of the American Bankers Association. CUSIP numbers are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the County, the Financial Advisor or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

USE OF INFORMATION IN THE OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended ("Rule 15c2-12"), this document constitutes an "Official Statement" of the County with respect to the Bonds that has been "deemed final" by the County as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy the Bonds in any jurisdiction in which, or to any person to whom, it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized by the County to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the County and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor or the Underwriters. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the County's undertaking to provide certain information on a continuing basis.

The cover page contains certain information for general reference only and is not intended as a summary of this offering. Investors should read the entire Official Statement, including all appendices attached hereto, to obtain information essential to making an informed investment decision.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

NEITHER THE COUNTY NOR THE UNDERWRITERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION WAS PROVIDED BY THE DEPOSITORY TRUST COMPANY.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

The agreements of the County and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the purchasers of the Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

TABLE OF CONTENTS

OFFICIAL STATEMENT SUMMARY	5
SELECTED FINANCIAL INFORMATION	6
COUNTY OFFICIALS, STAFF AND CONSULTANTS	7
ELECTED AND APPOINTED OFFICIALS	7
CONSULTANTS AND ADVISORS	7
INTRODUCTION	9
THE BONDS	9
AD VALOREM PROPERTY TAXATION	15
TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT	20
TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY	21
TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY	22
TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY	22
TABLE 5 - TAX RATE DISTRIBUTION ANALYSIS	22
TABLE 6 - TEN LARGEST TAXPAYERS	22
TABLE 7 - TAX ADEQUACY	22
TABLE 8 - ESTIMATED CONSOLIDATED OVERLAPPING DEBT	23
DEBT INFORMATION	24
TABLE 9 - PRO FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS	24
TABLE 10 - AUTHORIZED BUT UNISSUED BONDS	25
TABLE 11 - OTHER OBLIGATIONS	26
FINANCIAL INFORMATION	29
TABLE 12 - CHANGES IN NET ASSETS	29
TABLE 12A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY	30
TABLE 13 - SPECIAL REVENUE FUNDS – STATEMENT OF REVENUES AND EXPENDITURES AND CHANGE IN FUND BALANCE (ROAD AND BRIDGE AND OTHER)	31
TABLE 14 - CURRENT INVESTMENTS	34
TAX MATTERS	35
CONTINUING DISCLOSURE OF INFORMATION	37
OTHER INFORMATION	38
RATINGS	38
LITIGATION	39
REGISTRATION AND QUALIFICATION OF BONDS FOR SALE	39
LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS	39
LEGAL OPINIONS	39
AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION	40
FINANCIAL ADVISOR	40
UNDERWRITERS	40
FORWARD-LOOKING STATEMENTS DISCLAIMER	41
MISCELLANEOUS	41
APPENDICES	
GENERAL INFORMATION REGARDING THE COUNTY	A
EXCERPTS FROM THE ANNUAL FINANCIAL REPORT	B
FORM OF BOND COUNSEL'S OPINION	C

The cover page hereof, this page, and the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE COUNTY	Kaufman County, Texas (the “County”) is a political subdivision of the State of Texas located in north central Texas. The County covers approximately 786 square miles and has an estimated 2025 population of approximately 214,434. The City of Kaufman is the County Seat (see “INTRODUCTION - Description of the County”).
THE BONDS	The \$40,000,000* Limited Tax Bonds, Series 2025 (the “Bonds”) are issued as serial bonds maturing on February 15 in the years 2028 through 2045, inclusive (see “THE BONDS - Description of the Bonds”).
PAYMENT OF INTEREST	Interest on the Bonds accrues from the date of their delivery to the Underwriters and is payable on February 15, 2026, and each August 15 and February 15 thereafter until maturity or prior redemption (see “THE BONDS - Description of the Bonds”).
AUTHORITY FOR ISSUANCE	The Bonds are direct obligations of Kaufman County, Texas (the “County”) issued pursuant to an order of the Commissioners Court of Kaufman County, Texas, (the “Bond Order”) to be adopted by the Commissioners Court of the County (the “Commissioners Court”) on August 12, 2025, pursuant to which the Commissioners Court will delegate the pricing of the Bonds and certain other matters to an "Authorized Representative," who will approve a "Pricing Certificate" on the date of sale of the Bonds (the Bond Order and Pricing Certificate, referred to herein as the “Order”). The Bonds are being issued pursuant to the laws of the State of Texas, including Chapters 1301, 1371, and 1473 of the Texas Government Code, as amended, Article VIII of the Texas Constitution, as amended, and a County-wide election held on May 3, 2025 and passed by a majority of the participating voters.
BONDS	The Bonds constitute direct obligations of the County, payable from a direct and continuing annual ad valorem tax levied on all taxable property within the County, within the limits prescribed by law, as provided in the Order (see “THE BONDS - Security and Source of Payment”).
OPTIONAL REDEMPTION	The County reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 20__, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption (see “THE BONDS – Optional Redemption”). If two or more serial Bonds of consecutive maturities are combined into one or more “term” Bonds (the “Term Bonds”) by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with provisions of the Order.
TAX EXEMPTION	In the opinion of Bond Counsel, the interest on the Bonds is excludable from gross income for federal income tax purposes under existing law. See “TAX MATTERS” for a discussion of the opinion of Bond Counsel.
USE OF PROCEEDS	Proceeds from the sale of the Bonds will be used for (1) the construction and equipping of a new Kaufman County Juvenile Detention Center (2) the payment of costs of issuance related to the Bonds (see “THE BONDS – Purpose” and “THE BONDS – Sources and Uses of Proceeds”).
RATINGS	The Bonds and the presently outstanding tax supported debt of the County are rated “AA” by Fitch Ratings Inc. (“Fitch”) and “AA-” by S&P Global Ratings, a division of S&P Global Inc. (“S&P”) without regard to credit enhancement (see “OTHER INFORMATION - Ratings”).
BOOK-ENTRY-ONLY SYSTEM	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see “THE BONDS - Book-Entry-Only System”).
PAYMENT RECORD	The County has never defaulted in payment of its general obligation tax debt.

* Preliminary, subject to change.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated County Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Per Capita Taxable Assessed Valuation	Funded Tax Debt At End of Year ⁽³⁾	Per Capita Funded Tax Debt	Ratio Funded Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections
2021	145,310	\$ 12,667,434,919	\$ 87,175	\$ 149,738,850	\$ 1,030	1.18%	98.44%
2022	153,702	14,755,983,120	96,004	183,103,850	1,191	1.24%	101.81%
2023	185,690	19,143,037,171	103,091	180,050,000	970	0.94%	98.02%
2024	199,545	23,352,021,218	117,026	175,490,000	879	0.75%	102.77% ⁽⁵⁾
2025	214,434	25,910,196,496	120,831	209,615,000 ⁽⁴⁾	978 ⁽⁴⁾	0.81% ⁽⁴⁾	78.60% ⁽⁶⁾

(1) Source: The County.

(2) As reported by the Kaufman Central Appraisal District on County's annual State Property Tax Board Reports, subject to change during the ensuing year.

(3) Includes both limited and unlimited tax debt. Preliminary, subject to change.

(4) Includes the Bonds, in the approximate principal amount of \$40,000,000, which are in the process of issuance. Preliminary, subject to change.

(5) Unaudited.

(6) Partial year collections as of May 31, 2025.

GENERAL FUND REVENUE AND EXPENDITURE SUMMARY

	Fiscal Year Ended September 30,				
	2024 ⁽¹⁾	2023	2022	2021	2020
Beginning Balance	\$ 13,551,988	\$ 18,353,914	\$ 15,090,531	\$ 11,459,622	\$ 8,582,207
Total Revenue	77,924,285	64,647,035	56,633,922	58,183,105	52,414,509
Total Expenditures	81,054,564	72,083,018	57,673,511	54,632,381	51,162,088
Net Transfers	5,450,508	2,634,057	4,302,972	80,185	1,624,994
Ending Balance	\$ 15,872,217	\$ 13,551,988	\$ 18,353,914	\$ 15,090,531	\$ 11,459,622

(1) Unaudited.

COUNTY OFFICIALS, STAFF AND CONSULTANTS

ELECTED AND APPOINTED OFFICIALS

County Officials	Title	Length of Service to County	Term Expires
Jakie Allen	County Judge	3 Years	2026
Terry Crow	County Commissioner, Precinct No. 1	1 Year	2028
Skeet Phillips	County Commissioner, Precinct No. 2	11 Years	2026
Kelly Lane	County Commissioner, Precinct No. 3	1 Year	2028
Tommy Moore	County Commissioner, Precinct No. 4	3 Years	2026
Brandi Van Huss	County Auditor	6 Years	2026
Chuck Mohnkern	County Treasurer	10 Years	2026
Rhonda Hughey	County Clerk	30 Years	2026

CONSULTANTS AND ADVISORS

Auditors Pattillo, Brown & Hill, L.L.P.
Waco, Texas

Bond Counsel Bickerstaff Heath Delgado Acosta LLP
Austin, Texas

Financial Advisor.....Hilltop Securities Inc.
Dallas, Texas

For additional information regarding the County, please contact:

Brandi Van Huss	George H. Williford
County Auditor	Managing Director
Kaufman County	Hilltop Securities Inc.
100 North Washington Street	1201 Elm Street, Suite 3500
Kaufman, Texas 75142	Dallas, Texas 75270
(469) 376-4571	(214) 953-8705

(This Page Intentionally Blank)

PRELIMINARY OFFICIAL STATEMENT

RELATING TO \$40,000,000* KAUFMAN COUNTY, TEXAS LIMITED TAX BONDS, SERIES 2025

INTRODUCTION

This Official Statement, which includes the preceding pages and Appendices hereto, provides certain information regarding the issuance of \$40,000,000* Kaufman County, Texas, Limited Tax Bonds, Series 2025 (the “Bonds”). The Bonds are direct obligations of Kaufman County, Texas (the “County”) issued pursuant to an order of the Commissioners Court of Kaufman County, Texas, (the “Bond Order”) to be adopted by the Commissioners Court of the County (the “Commissioners Court”) on August 12, 2025, pursuant to which the Commissioners Court will delegate the pricing of the Bonds and certain other matters to an "Authorized Representative," who will approve a "Pricing Certificate" on the date of sale of the Bonds (the Bond Order and Pricing Certificate, referred to herein as the “Order”). The Bonds are being issued pursuant to the laws of the State of Texas, including Chapters 1301, 1371, and 1473 of the Texas Government Code, as amended, Article VIII of the Texas Constitution, as amended, and a County-wide election held on May 3, 2025 and passed by a majority of the participating voters. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Order.

This Official Statement contains descriptions of the Bonds and certain information regarding the County, and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the County's Financial Advisor, Hilltop Securities Inc., Dallas, Texas.

DESCRIPTION OF THE COUNTY... The County was organized in 1848 and operates as specified under the Constitution of the State of Texas (the “State”) and statutes which provide for a Commissioners Court consisting of the County Judge and four Commissioners, one from each of four geographical Commissioners Precincts. The County Judge is elected for a term of four years and the Commissioners for four-year staggered terms. Other major County elective officers include the County Clerk and County Treasurer. The County Auditor is appointed for a term of two years by and serves at the will of the District Judges whose courts are located in Kaufman County. The 2010 Census population for the County was 103,350, while the estimated 2025 population is 214,434. The County covers approximately 786 square miles. The City of Kaufman is the County Seat.

THE BONDS

DESCRIPTION OF THE BONDS ... The Bonds are dated September 15, 2025. Interest on the Bonds will accrue from the date of their delivery to the Underwriters, and such interest is payable on February 15 and August 15 in each year, commencing on February 15, 2026, until maturity or prior redemption. The Bonds will mature on the dates, in the principal amounts, and will bear interest at the rates set forth on page 2 of this Official Statement, and such interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Interest on the Bonds is payable to the registered owner appearing on the bond registration books of the Paying Agent/Registrar on the last business day of the month preceding each such payment (the “Record Date”) and such interest shall be paid by the Paying Agent/Registrar (i) by check sent by United States mail, first class postage prepaid, to the address of the registered owner recorded in the bond register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The principal of the Bonds is payable at maturity or upon prior redemption, upon their presentation and surrender to the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under “THE BONDS - Book-Entry-Only System” herein. If the date for any payment on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated corporate office of the Paying Agent/Registrar is located is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

The Bonds will be issued only in fully registered form and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”), pursuant to the Book-Entry-Only System described herein. The Bonds will be issued in denominations of \$5,000 of principal amount or any integral thereof within a maturity. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** The principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See “THE BONDS - Book-Entry-Only System” herein.

*Preliminary; subject to change.

PURPOSE... Proceeds from the sale of the Bonds will be used for ((1) the construction and equipping of a new Kaufman County Juvenile Detention Center and (2) the payment of costs of issuance related to the Bonds. (see “THE BONDS – Sources and Uses of Proceeds”).

SECURITY AND SOURCE OF PAYMENT. . . The Bonds constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property in the County as provided in the Bond order.

TAX RATE LIMITATIONS . . . The Texas Constitution provides various taxing authority for counties, as described below. For information relating to the constitutionally authorized taxes that the County currently levies, see “AD VALOREM PROPERTY TAXATION - Table 5 - Tax Rate Distribution Analysis.”

Limited Tax Bonds Payable From the \$0.80 Constitutional Tax Rate . . . Limited tax obligations of counties issued pursuant to authority granted under V.T.C.A., Government Code, Section 1301.003, as amended, limits the amount of such debt issued for certain purposes as follows:

Courthouse	2% of Assessed Valuation
Jail	1½% of Assessed Valuation
Courthouse and Jail	3½% of Assessed Valuation
Road and Bridge	1½% of Assessed Valuation

However, the County may issue courthouse, jail and certain other types of bonds under the authority of Texas Government Code Section 1473.101 and Chapter 292, Texas Local Government Code, without the above limitations.

The Texas Constitution (Article VIII, Section 9) imposes a limit of \$0.80 per \$100 of assessed valuation for general fund, permanent improvement fund, road and bridge fund, and jury fund purposes, including debt service of bonds, time warrants, tax notes and certificates of obligation issued against such funds. By administrative policy, the Attorney General of Texas will permit allocation of \$0.40 of the constitutional \$0.80 tax rate for the payment of the debt service requirements on the County's limited tax general obligation indebtedness, as calculated at the time of issuance and based on a 90% collection rate.

The voters of the County approved the issuance of limited tax bonds at an election held on May 3, 2025. **The Bonds are payable from the levy and collection of this limited tax.**

Unlimited Tax Road Bonds . . . Article III, Section 52, Texas Constitution, authorizes the County to levy a separate tax, without legal limit as to rate, to pay debt service on County Road bonds issued pursuant to such authority upon approval by a majority of participating voters in an election held to approve the issuance of such bonds. Article III, Section 52 of the Texas Constitution also provides that unlimited tax road bond debt may not exceed 25% of the County’s assessed valuation of real estate.

Road Maintenance (Special Road and Bridge Tax) . . . Under Section 256.052, Texas Transportation Code, a county may adopt an additional ad valorem tax not to exceed \$0.15 (the “Road and Bridge Maintenance Tax”) on the \$100 assessed valuation of property provided by Article VIII, Section 9, Texas Constitution, for the further maintenance of county roads. This additional tax may be established by the Commissioners Court only upon approval by a majority of participating voters in an election held to approve such additional tax. The additional tax may not be used for debt service. The voters of the County have approved the adoption of the Road and Bridge Maintenance Tax.

Farm-to-Market Roads or Flood Control . . . Under Section 256.054, Texas Transportation Code, a county may adopt an additional ad valorem tax not to exceed \$0.30 (the “Farm-to-Market Road and Flood Control Tax”) on the \$100 assessed valuation, after exemption of homesteads up to \$3,000, provided by Article VIII, Section 9 of the Texas Constitution, for the construction and maintenance of farm-to-market and lateral roads or for flood control. This additional tax may be established by the Commissioners Court only upon approval by a majority of participating voters in an election held to approve such additional tax. No allocation is prescribed by statute between debt service and maintenance. Therefore, all or part may be used for either purpose. The voters of the County have not approved the adoption of any Farm-to-Market Road and Flood Control Tax.

See “AD VALOREM PROPERTY TAXATION” - Table 1 - Valuations, Exemptions and General Obligation Debt” herein for a description of the amount of the County's debt that is secured by the unlimited tax authorized by Article III, Section 52 of the Texas Constitution, and amount of debt secured by the limited tax authorized by Article VIII, Section 9 of the Texas Constitution.

OPTIONAL REDEMPTION...The County reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 20__, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

If less than all of the Bonds are to be redeemed, the County may select the maturities of the Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed.

NOTICE OF REDEMPTION... Not less than 30 days prior to a redemption date for the Bonds, the County shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Order have been met and moneys sufficient to pay the redemption price of the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the County shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

ANY NOTICE SO MAILED WILL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, AND ANY CONDITIONS STATED IN THE NOTICE HAVING BEEN MET, THE BONDS CALLED FOR REDEMPTION WILL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF WILL CEASE TO ACCRUE.

The Paying Agent/Registrar and the County, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Order or other notices only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the County will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Bonds from the beneficial owners. Any such selection of Bonds to be redeemed will not be governed by the Order and will not be conducted by the County or the Paying Agent/Registrar. Neither the County nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Bonds for redemption (see "THE BONDS - Book-Entry-Only System").

DEFEASANCE... The Order provides for the defeasance of the Bonds when the payment of the principal amount plus interest accrued on the Bonds, (whether such due date be by reason of maturity, redemption or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar, or other authorized escrow agent, in trust (1) money sufficient to make such payment and/or (2) Government Securities to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. The Bond Order provides that "Government Securities" means (a) direct, noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations unconditionally guaranteed or insured by the agency or instrumentality and, on the date of their acquisition or purchase by the County, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the County, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent and (d) any other then authorized securities or obligations under applicable State law that may be used to defease obligations such as the Bonds. The County has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the County moneys in excess of the amount required for such defeasance.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State

law. There is no assurance that the ratings for U.S. Treasury securities used as Government Securities or that for any other Government Security will be maintained at any particular rating category.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid and will cease to be outstanding obligations secured by the Bond Order or treated as debt of the County for purposes of taxation or applying any limitation on the County's ability to issue debt or for any other purpose. After firm banking and financial arrangements for the discharge and final payment of the Bonds or redemption of the Bonds have been made as described above, all rights of the County to take any action amending the terms of the Bonds are extinguished.

BOOK-ENTRY-ONLY SYSTEM...*This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The County and the Underwriters believe the source of such information to be reliable but take no responsibility for the accuracy or completeness thereof.*

The County and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each stated maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or its nominee, the Paying Agent/Registrar, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the County or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT...In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Order will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by the County or the Underwriters.

EFFECT OF TERMINATION OF BOOK-ENTRY-ONLY SYSTEM ...In the event that the Book-Entry-Only System is discontinued, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Bond Order and summarized under "THE BONDS - Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR...The initial Paying Agent/Registrar is U.S. Bank Trust Company, National Association, Irving, Texas. In the Order, the County retains the right to replace the Paying Agent/Registrar. The County covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the County agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of the Bonds is payable to the registered holder appearing on the registration books of the Paying Agent/Registrar (the "Registered Owner") at the designated corporate trust office of the Paying Agent/Registrar upon surrender of the Bonds for payment; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "THE BONDS - Book-Entry-Only System" herein. Interest on the Bonds is payable to the Register Owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date and such interest shall be paid by the Paying Agent/Registrar by check mailed, first class postage prepaid, to the Register Owner or by such other arrangement, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the

Registered Owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated corporate office of the Paying Agent/Registrar is located is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event the Book-Entry-Only System should be discontinued, interest on the Bonds will be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date, and such interest will be paid (i) by check sent United States mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. The principal of the Bonds is payable at maturity or upon prior redemption, upon their presentation and surrender to the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, payments of principal of the Bonds and interest on the Bonds will be made as described in "THE BONDS - Book-Entry-Only System," above.

TRANSFER, EXCHANGE AND REGISTRATION...In the event the Book-Entry-Only System should be discontinued, printed Bond certificates will be delivered to the registered owners and the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 of principal for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "THE BONDS - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the County nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

MUTILATED, DESTROYED, LOST OR STOLEN BONDS... In the Bond Order, provision is made for the replacement of mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or the receipt of satisfactory evidence of destruction, loss, or theft, and the receipt by the County and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The County may require payment of taxes, governmental charges, and other expenses in connection with any such replacement.

RECORD DATE FOR INTEREST PAYMENT...The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the last business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the County. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

BONDHOLDERS' REMEDIES... The Bond Order provides that if the County defaults in the payments to be made to the Interest and Sinking Fund or defaults in the observation or performance of any other of the covenants, conditions, or obligations set forth in the Order Holders of any of the Bonds shall be entitled to a writ of mandamus compelling and requiring the Commissioners' Court and other officers of the County to observe and perform any covenant, conditions or obligation prescribed in the Bond Order. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Bond Order does not provide for the appointment of a trustee to represent the interest of the Bondholders upon any failure of the County to perform in accordance with the terms of the Bond Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear

and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the County's sovereign immunity from a suit for money damages, bondholders may not be able to bring such a suit against the County for breach of the Bonds or Order covenants. Even if a judgment against the County could be obtained, it could not be enforced by direct levy and execution against the County's property. Further, the registered owners cannot themselves foreclose on property within the County or sell property within the County to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the County is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the County avail itself of Chapter 9 protection from creditors, the ability to enforce creditors' rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Order and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, by general principles of equity which permit the exercise of judicial discretion and by governmental immunity.

AMENDMENT... The County may, without the consent of or notice to any holders, from time to time and at any time, amend the Bond Order in any manner not detrimental to the interests of the holders, including the curing of any ambiguity, inconsistency, or formal defect of omission herein. In addition, the County may, with the consent of holders holding a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Order; provided that, without the consent of all holders of outstanding Bonds, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required to be held by holders for consent to any such amendment, addition, or rescission.

SOURCES AND USES OF PROCEEDS... The proceeds from the sale of the Bonds are expected to be applied as follows:

Sources of Funds	
Par Amount of Bonds	
Reoffering Premium	
Total Uses of Funds	<u>\$ -</u>
Uses of Funds	
Deposit to Project/Construction Fund	
Deposit to Debt Service Fund	
Cost of Issuance and Underwriters' Discount	
Total Uses of Funds	<u>\$ -</u>

AD VALOREM PROPERTY TAXATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

VALUATION OF TAXABLE PROPERTY . . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the County is the responsibility of the Kaufman Central Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code

requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the County, in establishing their tax rolls and tax rates (see "AD VALOREM PROPERTY TAXATION - County and Taxpayer Remedies").

STATE MANDATED HOMESTEAD EXEMPTIONS . . . State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

LOCAL OPTION HOMESTEAD EXEMPTIONS . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than \$5,000) and (2) an additional exemption of at least \$3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED . . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

PERSONAL PROPERTY . . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS . . . Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

OTHER EXEMPT PROPERTY . . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER... The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code. Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

TAX INCREMENT REINVESTMENT ZONES . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. For a discussion of how the various exemptions described above are applied by the County, see "AD VALOREM PROPERTY TAXATION - County Application of Property Tax Code" herein.

COUNTY AND TAXPAYER REMEDIES . . . Under certain circumstances, taxpayers and taxing units, including the County, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the County may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$61,349,201 for the 2025 calendar year and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the County and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "AD VALOREM PROPERTY TAXATION - Public Hearing and Maintenance and Operations Tax Rate Limitations"). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

LEVY AND COLLECTION OF TAXES . . . The County is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the County. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of

taxes for certain taxpayers. Furthermore, the County may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

PUBLIC HEARING AND MAINTENANCE AND OPERATIONS TAX RATE LIMITATIONS . . . The following terms as used in this section have the meanings provided below:

“adjusted” means lost values are not included in the calculation of the prior year’s taxes and new values are not included in the current year’s taxable values.

“de minimis rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted), plus the rate that produces an additional \$500,000 in tax revenue when applied to the current year’s taxable value, plus the debt service tax rate.

“foregone revenue amount” means the greater of zero or the amount expressed in dollars calculated according to the following formula: the voter-approval tax rate less the actual tax rate, then multiplied by the taxing unit’s current total value in the applicable preceding tax year.

“no-new-revenue tax rate” means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year’s total tax levy (adjusted) from the current year’s total taxable values (adjusted). Certain counties for which certain expenditures for indigent legal defense or certain hospital expenditures exceed the amount for such expenditures for the preceding tax year, may increase their no-new-revenue tax rate proportionately with such expenditures in the manner provided by the Property Tax Code.

“special taxing unit” means a county for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per \$100 of taxable value.

“unused increment rate” means the greater of (i) zero or (ii) the sum of the 2022 foregone revenue amount, the 2023 foregone revenue amount and the 2024 foregone revenue amount divided by the current total value.

“voter-approval tax rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the unused increment rate.

The County’s tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year, which may additionally include the Road and Bridge Maintenance Tax and the Farm-to-Market Road and Flood Control Tax, if levied (collectively, the “maintenance and operations tax rate”), and (2) a rate for funding debt service in the current year (the “debt service tax rate”). Under State law, the assessor for the County must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the County to the Commissioners Court by August 1 or as soon as practicable thereafter.

A county must annually calculate its voter-approval tax rate and no-new-revenue tax rate (as such terms are defined above) in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the county and the county tax assessor collector. A county must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a county fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the county for the preceding tax year.

As described below, the Property Tax Code provides that if a county adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its de minimis rate, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A county may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until the county appraisal district has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the county has held a public hearing on the proposed tax increase.

If a county’s adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the county must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a county does not qualify as a special taxing unit, if a county’s adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue

tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the county's voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the county would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any county located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its voter-approval tax rate using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such county's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the County's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the County's tax-supported debt obligations, including the Bonds.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

THE COUNTY'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the County are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the County, having power to tax the property. The County's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the County is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the County may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the County must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

COUNTY APPLICATION OF PROPERTY TAX CODE . . . The County grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$15,000; disabled persons are also granted an exemption of \$15,000. The County has not granted a local option additional exemption of 20% of the market value of residence homesteads; minimum exemption of \$5,000.

See Table 1 for a listing of the amounts of the exemptions described above.

The County does not tax nonbusiness personal property. Kaufman County Tax Assessor/Collector collects taxes for the County.

The County does not permit split payments, and discounts are not allowed.

The County does not tax Freeport Property.

The County does tax "Goods-in-Transit".

The County does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The County has established a freeze on the taxes on residence homesteads of persons 65 years of age or older, or who are disabled.

TAX ABATEMENT POLICY . . . The County has established a tax abatement program to encourage economic development. In order to be considered for tax abatement, a project must meet several criteria pertaining to job creation and property value enhancement. Maximum term of any abatement agreement is ten years.

TAX INCREMENT FINANCING REINVESTMENT ZONE . . . In December 2007, the County entered into an interlocal agreement with the City of Terrell, Texas, to participate in a Tax Increment Financing Reinvestment Zone ("TIF"). In order to encourage accelerated development and redevelopment of the TIF properties, the County agreed to dedicate 50% of the general funds tax revenues attributable to the future increases in taxable value of such properties for a period not to exceed 30 years. The TIF funds will be used to provide funds for public infrastructure.

During the 2009 year, the County entered into a separate agreement with the City of Forney to participate in a second TIF, utilizing the same funding structure as the City of Terrell TIF noted above.

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2024/2025 Market Valuation Established by the Kaufman County Appraisal District		\$ 34,280,314,060
(Excludes totally exempt property)		
Less Exemptions/Reductions at 100% Market Value:		
Residence Homestead (Over 65)	\$ 155,178,369	
Disabled Exemptions	15,435,981	
Charitable Housing	8,897,491	
Veterans Exemptions	540,428,263	
Freeport Loss	225,828,646	
Pollution Control Loss	134,729,945	
Solar Exemptions	662,129	
Productivity Loss	3,586,227,439	
Abatement Loss	2,171,064	
Other	2,024,976,347	
Circuit Breaker Limitation	197,889,345	
Value Lost to 10% Cap	1,477,692,545	
		<u>\$ 8,370,117,564</u>
2024/25 Taxable Assessed Valuation		\$ 25,910,196,496
County Funded Debt Payable from Ad Valorem Taxes as of June 30, 2025 ⁽¹⁾		
Unlimited Tax Debt Outstanding	\$ 129,420,000	
Total of Unlimited Tax Debt	<u>\$ 129,420,000</u>	
Limited Tax Debt Outstanding	\$ 40,195,000	
Limited Tax Bonds, Series 2025 ⁽²⁾	<u>40,000,000</u>	
Total of Limited Tax Debt	<u>\$ 80,195,000</u>	
Funded Debt Payable from Ad Valorem Taxes		\$ 209,615,000
Ratio General Obligation Debt to 2024/25 Taxable Assessed Valuation		0.81%

2025 Estimated Population - 214,434
Per Capita 2024/25 Taxable Assessed Valuation - \$120,831
Per Capita Funded Debt Payable from Ad Valorem Taxes - \$978

(1) Does not include lease/purchase obligations.

(2) Preliminary, subject to change.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Fiscal Year Ended September 30,					
	2025		2024		2023	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	\$ 18,409,581,865	53.70%	\$ 17,736,979,420	54.99%	\$ 14,562,244,701	57.60%
Real, Residential, Multi Family	571,263,605	1.67%	447,970,065	1.39%	381,031,493	1.51%
Real, Vacant Lots/Tracts	556,532,805	1.62%	513,004,402	1.59%	422,441,799	1.67%
Real, Acreage (Land Only)	3,699,939,779	10.79%	3,716,395,805	11.52%	3,299,746,596	13.05%
Farm and Ranch Improvements	2,558,395,143	7.46%	2,374,243,903	7.36%	1,924,235,032	7.61%
Real, Commercial and Industrial	3,459,184,062	10.09%	3,003,108,280	9.31%	2,459,353,771	9.73%
Real, Oil, Gas/Other Mineral Resrvs	2,871,863	0.01%	2,838,628	0.01%	3,138,531	0.01%
Vehicles and Utilities	426,756,800	1.24%	397,926,484	1.23%	382,358,677	1.51%
Personal Commercial and Industrial	1,635,513,424	4.77%	1,547,619,821	4.80%	1,313,649,923	5.20%
Mobile Homes	205,971,099	0.60%	164,858,202	0.51%	147,449,015	0.58%
Real/Special Property, Inventory	715,996,570	2.09%	430,100,142	1.33%	369,842,215	1.46%
Totally Exempt Property	2,038,307,045	5.95%	1,920,565,378	5.95%	15,287,752	0.06%
Total Before Exemptions	\$ 34,280,314,060	100.00%	\$ 32,255,610,530	100.00%	\$ 25,280,779,505	100.00%
Less: Total Exemptions/Reductions	(8,370,117,564)		(8,903,589,312)		(6,137,742,334)	
Taxable Assessed Value	<u>\$ 25,910,196,496</u>		<u>\$ 23,352,021,218</u>		<u>\$ 19,143,037,171</u>	

Category	Fiscal Year Ended September 30,			
	2022		2021	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	\$ 10,256,337,289	55.77%	\$ 8,623,736,074	54.55%
Real, Residential, Multi Family	307,163,343	1.67%	280,835,790	1.78%
Real, Vacant Lots/Tracts	409,146,407	2.22%	289,685,408	1.83%
Real, Acreage (Land Only)	2,335,436,766	12.70%	1,895,155,701	11.99%
Farm and Ranch Improvements	1,221,091,939	6.64%	1,008,729,878	6.38%
Real, Commercial and Industrial	2,123,757,056	11.55%	1,947,909,949	12.32%
Real, Oil, Gas/Other Mineral Resrvs	1,647,338	0.01%	2,478,301	0.02%
Vehicles and Utilities	378,285,280	2.06%	363,351,480	2.30%
Personal Commercial and Industrial	980,260,313	5.33%	984,398,266	6.23%
Mobile Homes	123,193,719	0.67%	142,260,103	0.90%
Real/Special Property, Inventory	253,609,747	1.38%	251,234,400	1.59%
Totally Exempt Property	-	0.00%	19,097,970	0.12%
Total Before Exemptions	\$ 18,389,929,197	100.00%	\$ 15,808,873,320	100.00%
Less: Total Exemptions/Reductions	(3,633,946,077)		(3,141,438,401)	
Taxable Assessed Value	<u>\$ 14,755,983,120</u>		<u>\$ 12,667,434,919</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Kaufman Central Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

(Remainder of page intentionally left blank)

TABLE 6 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2024/25 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
La Frontera Holdings LLC	Energy	\$ 613,796,445	2.37%
Lily Solar, LLC	Energy	144,218,419	0.56%
Oncor Electric Delivery Co LLC	Utility	143,401,440	0.55%
Amazon.com Services LLC	E-Commerce Services	115,148,106	0.44%
Seaway Crude Pipeline Company	Oil & Gas	111,934,247	0.43%
SRPF C/Trinity Pointe Phase I LP	Distribution Warehouse	108,734,944	0.42%
NLP Goodyear BTS LLC	Manufacturing	93,000,000	0.36%
MPLD II Forney LLC	Distribution Warehouse	83,650,000	0.32%
Gateway Distribution Center LLC	Distribution Warehouse	80,605,138	0.31%
ASVRF Lovett Logistics Owner LLC	Industrial	71,480,421	0.28%
		<u>\$ 1,565,969,160</u>	<u>6.04%</u>

TABLE 7 - TAX ADEQUACY⁽¹⁾

2025 Principal and Interest Requirements	\$ 13,102,455
\$0.0517 Tax Rate at 98% Collection Produces	\$ 13,127,660
Average Annual Principal and Interest Requirements, 2025 - 2047	\$ 14,031,344
\$0.0553 Tax Rate at 98% Collection Produces	\$ 14,041,772
Maximum Annual Principal and Interest Requirements, 2027	\$ 16,007,505
\$0.0631 Tax Rate at 98% Collection Produces	\$ 16,022,347

(1) Includes the Bonds, in the approximate principal amount of \$40,000,000, which are in the process of issuance. Preliminary, subject to change.

(Remainder of page intentionally left blank)

TABLE 8 - ESTIMATED CONSOLIDATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the County are paid out of ad valorem taxes levied by such entities on properties within the County. Such entities are independent of the County and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the County, the County has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the County.

Taxing Jurisdiction	2024/25 Net Taxable Assessed Value	2024/25 Tax Rate	Total Tax Debt 6/30/2025	Estimated % Applicable	County's Overlapping Tax Debt 6/30/2025
Kaufman County	\$ 25,910,196,496	\$ 0.41146	\$ 209,615,000 ⁽¹⁾	100.00%	\$ 209,615,000
<u>Special Districts:</u>					
Kaufman Co. FWSD #1-B	195,702,909	0.45500	4,160,000	100.00%	4,160,000
Kaufman Co. FWSD #1-C	554,578,918	0.76900	33,630,000	100.00%	33,630,000
Kaufman Co. MUD #2	430,381,658	0.75800	31,750,000	100.00%	31,750,000
Kaufman Co. MUD #4	447,982,437	1.00000	48,070,000	100.00%	48,070,000
Kaufman Co. MUD #5	758,500,296	0.93000	81,435,095	100.00%	81,435,095
Kaufman Co. MUD #6	721,211,796	0.73300	60,146,243	100.00%	60,146,243
Kaufman Co. MUD #7	560,348,603	0.66500	36,068,674	100.00%	36,068,674
Kaufman Co. MUD #11	364,260,251	0.96300	24,110,562.87	100.00%	24,110,563
Kaufman Co. MUD #14	654,656,455	0.93000	57,371,410.20	100.00%	57,371,410
<u>Cities:</u>					
Combine	238,766,576	0.35000	488,000	90.08%	439,590
Crandall	523,567,846	0.65000	9,035,000	100.00%	9,035,000
Forney	5,579,259,363	0.40500	16,285,000	100.00%	16,285,000
Kaufman	840,989,228	0.76000	41,270,000	100.00%	41,270,000
Kemp	145,503,622	0.72600	2,619,000	100.00%	2,619,000
Talty	374,850,601	0.21000	7,090,000	100.00%	7,090,000
Terrell	2,621,466,181	0.76400	114,720,000.00	100.00%	114,720,000
Mabank	905,306,121	0.42500	33,453,000	78.65%	26,310,785
Seagoville	1,445,419,016	0.71100	17,620,000.00	0.60%	105,720
Mesquite	15,315,595,549	0.69000	263,685,000	0.90%	2,373,165
<u>School Districts</u>					
Crandall ISD	2,717,827,846	1.28700	238,300,000	100.00%	238,300,000
Forney ISD	10,029,436,898	1.28700	1,155,417,272	100.00%	1,155,417,272
Kaufman ISD	1,613,843,684	1.25500	159,650,000	100.00%	159,650,000
Scurry-Rosser ISD	563,251,664	0.91500	7,695,000	100.00%	7,695,000
Kemp ISD	935,797,013	0.97400	11,802,990	75.85%	8,952,568
Mabank ISD	2,712,216,509	0.94700	135,363,437	24.59%	33,285,869
Quinlan ISD	1,724,056,129	0.92500	30,380,000	2.30%	698,740
Rockwall ISD	17,404,222,351	1.14700	920,554,455	100.00%	920,554,455
Terrell ISD	3,411,983,646	1.05500	33,992,793	86.75%	29,488,747
Wills Point ISD	1,281,154,811	0.73400	-	25.10%	-
Total Direct and Overlapping Total Funded Debt.....					\$ 3,360,647,896
Ratio of Direct and Overlapping Total Funded Debt to Taxable Assessed Valuation.....					12.97%
Per Capita Overlapping Total Funded Debt.....					\$ 15,672.17

(1) Includes the Bonds, in the approximate principal amount of \$40,000,000, which are in the process of issuance.

DEBT INFORMATION

TABLE 9 – PRO FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS⁽¹⁾

Fiscal Year Ended	Unlimited Tax Debt Outstanding		Limited Tax Debt Outstanding		The Bonds ⁽²⁾		Total Unlimited Tax		Total Limited Tax		Total Debt		Total Debt Service Requirements		% of Principal Retired
	Principal	Interest	Principal	Interest	Principal	Interest	Debt	Total	Debt	Total	Principal	Interest	Debt Service	Requirements	
2025	\$ 5,110,000	\$ 5,522,230	\$ 765,000	\$ 1,705,225	\$ -	\$ -	\$ 10,632,230	\$ 1,686,667	\$ 2,470,225	\$ 5,875,000	\$ 7,227,455	\$ 13,102,455	\$ 13,102,455	\$ 13,102,455	2.73%
2026	5,685,000	5,263,380	930,000	1,662,350	-	1,686,667	10,948,380	1,686,667	4,299,017	6,635,000	8,612,397	15,247,397	15,247,397	15,247,397	
2027	6,290,000	4,976,280	1,295,000	1,606,225	-	1,840,000	11,266,280	1,840,000	4,741,225	7,585,000	8,422,505	16,007,505	16,007,505	16,007,505	
2028	6,330,000	4,672,580	1,360,000	1,539,850	125,000	1,831,125	11,002,580	1,962,125	4,861,975	8,049,555	8,049,555	15,864,555	15,864,555	15,864,555	
2029	6,715,000	4,357,755	1,430,000	1,470,100	130,000	1,831,260	11,072,755	1,961,260	4,861,360	8,275,000	7,659,115	15,934,115	15,934,115	15,934,115	
2030	7,050,000	4,025,755	1,505,000	1,396,725	140,000	1,825,050	11,075,755	1,965,050	4,866,775	8,695,000	7,247,530	15,942,530	15,942,530	15,942,530	20.83%
2031	7,340,000	3,724,405	1,575,000	1,324,450	145,000	1,818,495	11,064,405	1,963,495	4,862,945	9,060,000	6,867,350	15,927,350	15,927,350	15,927,350	
2032	7,625,000	3,454,711	1,645,000	1,253,600	150,000	1,811,710	11,079,711	1,961,710	4,860,310	9,420,000	6,520,021	15,940,021	15,940,021	15,940,021	
2033	7,895,000	3,178,017	1,715,000	1,183,100	160,000	1,804,580	11,073,017	1,964,580	4,862,680	9,770,000	6,165,697	15,935,697	15,935,697	15,935,697	
2034	8,170,000	2,901,721	1,790,000	1,113,000	165,000	1,797,105	11,071,721	1,962,105	4,865,105	10,125,000	5,811,826	15,936,826	15,936,826	15,936,826	
2035	5,585,000	2,652,000	1,860,000	1,040,000	2,785,000	1,729,255	8,237,000	4,514,255	7,414,255	10,230,000	5,421,255	15,651,255	15,651,255	15,651,255	43.38%
2036	5,820,000	2,429,900	1,935,000	964,100	2,920,000	1,598,040	8,243,900	4,518,040	7,417,140	10,675,000	4,986,040	15,661,040	15,661,040	15,661,040	
2037	6,050,000	2,186,500	2,015,000	885,100	3,070,000	1,460,270	8,236,500	4,530,270	7,430,370	11,135,000	4,531,870	15,666,870	15,666,870	15,666,870	
2038	6,300,000	1,939,500	2,100,000	802,800	3,195,000	1,316,175	8,239,500	4,511,175	7,413,975	11,595,000	4,058,475	15,653,475	15,653,475	15,653,475	
2039	4,580,000	1,721,900	2,185,000	717,100	3,355,000	1,165,525	6,301,900	4,520,525	7,422,625	10,120,000	3,604,525	13,724,525	13,724,525	13,724,525	
2040	4,765,000	1,535,000	2,270,000	628,000	3,510,000	1,007,630	6,300,000	4,517,630	7,415,630	10,545,000	3,170,630	13,715,630	13,715,630	13,715,630	68.47%
2041	4,960,000	1,340,500	2,370,000	535,200	3,665,000	842,605	6,300,500	4,507,605	7,412,805	10,995,000	2,718,305	13,713,305	13,713,305	13,713,305	
2042	5,165,000	1,138,000	2,460,000	438,600	3,845,000	669,875	6,303,000	4,514,875	7,413,475	11,470,000	2,246,475	13,716,475	13,716,475	13,716,475	
2043	5,380,000	917,100	2,560,000	338,200	4,015,000	489,095	6,297,100	4,504,095	7,402,295	11,955,000	1,744,395	13,699,395	13,699,395	13,699,395	
2044	5,630,000	676,375	2,670,000	233,600	4,215,000	299,805	6,306,375	4,514,805	7,418,405	12,515,000	1,209,780	13,724,780	13,724,780	13,724,780	
2045	5,870,000	424,775	2,780,000	124,600	4,410,000	101,430	6,294,775	4,511,430	7,416,030	13,060,000	650,805	13,710,805	13,710,805	13,710,805	96.32%
2046	3,770,000	209,275	1,725,000	34,500	-	-	3,979,275	-	1,759,500	5,495,000	243,775	5,738,775	5,738,775	5,738,775	100.00%
2047	2,445,000	61,125	-	-	-	-	2,506,125	-	-	2,445,000	61,125	2,506,125	2,506,125	2,506,125	
	\$ 134,530,000	\$ 59,302,784	\$ 40,960,000	\$ 20,996,425	\$ 40,000,000	\$ 26,931,697	\$ 193,832,784	\$ 66,931,697	\$ 128,888,122	\$ 215,490,000	\$ 107,230,906	\$ 322,720,906	\$ 322,720,906	\$ 322,720,906	

(1) Does not include lease/purchase obligations.

(2) Average life of the issue is 14.636 years. Interest on the Limited Tax Bonds, Series 2025, has been calculated at the true interest cost of 4.600% for purposes of illustration only. Preliminary, subject to change.

TABLE 10 - AUTHORIZED BUT UNISSUED BONDS

<u>Purpose</u>	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Amount Issued to Date</u>	<u>Amount Being Issued</u>	<u>Unissued Balance</u>
Juvenile Dention Center	5/3/2025	\$ 40,000,000	\$ -	\$ 40,000,000 ⁽¹⁾	\$ -
		\$ 40,000,000	\$ -	\$ 40,000,000	\$ -

(1) As of May 3, 2025, the amount of voted authorization for the Bonds represents the principal amount plus any premium that may be deposited to the construction fund. Preliminary, subject to change.

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT... Other than the Limited Tax Bonds, Series 2025, which are in the process of issuance, the County does not anticipate issuance of general obligation bonds within the next 12 months. In addition to the Bonds, the County may issue or incur other financial obligations payable from its levy and collection of ad valorem taxes for certain other purposes. See “THE BONDS –Tax Rate Limitations.”

TABLE 11 - OTHER OBLIGATIONS**Operating Leases**

The County is obligated under several leases (direct borrowing) for vehicles, equipment, buildings, and land. The vehicle leases are secured by the financed assets and carry interest rates ranging from 0.25% to 2.28%. The equipment leases are secured by the financed assets and carry interest rates ranging from 0.25% to 3.24%. The building leases are secured by the financed assets and carry interest rates ranging from 0.08% to 1.66%. The land lease is secured by the financed asset and carries an interest rate of 0.0%.

Principal and interest requirements on the leases to maturity are as follows:

Years Ending September 30,	Principal	Interest	Total Requirements
2025	\$ 1,754,603	\$ 105,110	\$ 1,859,713
2026	1,288,225	71,173	1,359,398
2027	1,099,049	40,652	1,139,701
2028	929,571	11,509	941,080
Total	<u>\$ 5,071,448</u>	<u>\$ 228,444</u>	<u>\$ 5,299,892</u>

SBITA Payments

The County is obligated under several subscription-based IT arrangements for various software packages, with interest rates ranging from 0.804% to 3.305%.

Principal and interest requirements on the subscription – based IT arrangements to maturity are as follows:

Years Ending September 30,	Principal	Interest	Total Requirements
2025	\$ 572,523	\$ 70,269	\$ 642,792
2026	471,905	52,262	524,167
2027	451,201	37,861	489,062
2028	361,563	24,064	385,627
2029	313,680	12,406	326,086
2030-2033	78,580	6,018	84,598
Total	<u>\$ 2,249,452</u>	<u>\$ 202,880</u>	<u>\$ 2,452,332</u>

PENSION FUND . . . The County provides retirement, disability and death benefits for eligible employees through a nontraditional, joint contributory, defined pension benefit plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of approximately 618 nontraditional defined benefit pension plans.

The plan provisions are adopted by the Commissioners Court of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 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 8 years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefits. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

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

Funding Policy

The County has elected the annually determined contribution rate (variable-rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The contribution rates for the County were 9.63% and 9.64% in calendar years 2023 and 2024, respectively. The County's contributions to the TCDRS for the year ended September 30, 2024, were \$4,145,151 and were equal to the required contributions.

Net Pension Liability

The County's Net Pension Liability (NPL) measured as of September 30, 2024 was \$2,070,497 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.1%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at 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 period of projected benefit payments to determine the Total Pension Liability.

Pension Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2024, the County recognized pension expense of \$2,070,497. On September 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,532,817	\$ 99,267
Changes in actuarial assumptions	-	33,144
Net difference between projected and actual investment earnings	624,583	-
Contributions subsequent to the measurement date	3,213,477	-
Total	<u>\$ 5,370,877</u>	<u>\$ 132,411</u>

\$3,213,477 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended September 30,	
2025	(\$367,888)
2026	\$173,907
2027	\$3,014,901
2028	(\$795,931)

OTHER POST-EMPLOYMENT BENEFITS . . . In addition to the pension benefits described above, as required by state law and defined by the County Policy, the County makes available healthcare benefits through the Texas Association of Counties Health and Employee Benefits Pool to all employees who retire from the County and who are receiving benefits from a County sponsored retirement program (TCDRS). The healthcare plan provides insurance to eligible retirees through the County's group health insurance plan, which covers both active and retired members, until age 65 when retirees become eligible and are required to enroll in Medicare Part B, at which time coverage supplements Medicare.

Current retirees in the health plan and at retirement, active employees that meet the conditions for retirement from TCDRS (age 60 and above with 8 years or more of service, 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more) are eligible to remain in the health plan at the age graded and gender distinct contribution rate for active and retiree participants. The County will cease to pay or provide this benefit should the retiree go to work for another employer that offers health insurance benefits.

Funding Policy

The County contributions to the Retiree Health Program consists of a pay-as-you-go monthly contribution rate of one-half (1/2) of the cost of health insurance per participant for those that retire with 8 to 19 years of service and 100% of the cost per participant for those that retire with 20 or more years of service. The County contributions to the plan for fiscal year 2024 were \$333,623. Current retirees with less than 20 years of service contribute to the Retiree Health Program with adjustments for age and gender. Monthly retiree contribution rate for fiscal year 2018 ranges from \$775 to \$1,520 for health insurance depending on gender and age. Retirees and current employees with 8 to 19 years of service are financially responsible for one-half of the monthly premiums.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other post-employment benefit (OPEB) cost (expense) for the Retiree Health Program is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years. The County had its first OPEB actuarial valuation performed for the fiscal year beginning October 1, 2009 as required by GASB.

FINANCIAL INFORMATION

TABLE 12 - CHANGES IN NET ASSETS

	Fiscal Year Ending September 30,				
Revenues	2024	2023	2022	2021	2020
General Revenues:					
Property Taxes	\$ 94,297,921	\$ 79,127,512	\$ 67,296,395	\$ 63,621,153	\$ 57,046,733
Fees, Fines and Charges for Services	14,310,308	14,452,668	13,877,721	12,763,292	11,219,582
Grants and Contributions	6,628,614	10,849,883	8,396,725	3,404,752	10,377,963
Investment Income	3,605,444	4,987,914	985,654	222,532	558,012
Miscellaneous	326,103	350,937	564,965	598,476	581,984
Gain on Disposal of Capital Assets	1,116,938	385,290	3,685,505	204,561	312,463
Total Revenues	<u>\$ 120,285,328</u>	<u>\$ 110,154,204</u>	<u>\$ 94,806,965</u>	<u>\$ 80,814,766</u>	<u>\$ 80,096,737</u>
Expenses					
General Government	\$ 21,646,407	\$ 20,285,865	\$ 17,592,713	\$ 14,044,640	\$ 12,822,385
Public Safety and Corrections	40,950,699	42,165,951	27,542,390	28,283,340	27,072,773
Judicial	13,316,891	10,580,257	8,808,697	8,934,690	8,729,167
Community Service	1,674,667	1,575,945	818,495	769,795	644,388
Environmental Services	27,686,467	16,229,616	11,375,026	18,684,364	27,610,363
Health and Human Services	703,238	642,296	615,901	3,246,605	1,746,611
Interest and Fiscal Charges	6,674,655	7,325,325	5,866,394	5,292,604	4,566,161
Total Expenses	<u>\$ 112,653,024</u>	<u>\$ 98,805,255</u>	<u>\$ 72,619,616</u>	<u>\$ 79,256,038</u>	<u>\$ 83,191,848</u>
Change in Net Position	7,632,304	11,348,949	22,187,349	1,558,728	(3,095,111)
Net Position, Beginning of Year	<u>18,554,374</u>	<u>7,205,425</u>	<u>(14,981,924)</u>	<u>(16,358,459)</u>	<u>(13,263,348)</u>
Net Position, End of Year	<u>\$ 26,186,678</u>	<u>\$ 18,554,374</u>	<u>\$ 7,205,425</u>	<u>\$ (14,799,731)</u>	<u>\$ (16,358,459)</u>

TABLE 12A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

Revenues	Fiscal Year Ending September 30,				
	2024	2023	2022	2021	2020
Property Taxes	\$ 63,658,685	\$ 52,657,327	\$ 45,089,425	\$ 43,977,034	\$ 39,947,283
Mixed Beverage Taxes	289,275	300,725	234,728	162,876	132,272
License and Permits	159,521	129,568	142,693	135,665	123,851
Fees of Office	4,680,062	4,386,326	4,804,912	4,668,224	3,810,832
Charges for Services	968,120	983,284	967,164	914,874	865,778
Intergovernmental	6,508,221	4,765,242	4,906,382	7,765,195	6,986,879
Investment Income	1,386,156	1,118,472	205,113	82,941	188,025
Miscellaneous	274,245	306,091	283,505	476,296	359,589
Total Revenues	\$ 77,924,285	\$ 64,647,035	\$ 56,633,922	\$ 58,183,105	\$ 52,414,509
Expenditures					
General Administration	\$ 19,395,269	\$ 17,675,894	\$ 14,792,370	\$ 12,954,711	\$ 11,831,959
Public Safety and Corrections	35,787,298	31,244,455	26,490,421	24,659,455	23,764,360
Judicial	12,320,029	9,925,905	8,964,735	8,447,241	8,086,575
Community Service	1,268,320	1,274,588	833,127	762,526	634,043
Infrastructure & Environmental	2,474,716	2,134,388	2,046,650	1,835,689	2,015,193
Health and Human Service	709,214	642,921	618,784	3,235,858	1,731,343
Capital Outlay	6,879,758	7,340,534	2,796,628	1,574,858	2,580,157
Debt Service	2,219,960	1,844,333	1,130,796	1,162,043	518,458
Total Expenditures	\$ 81,054,564	\$ 72,083,018	\$ 57,673,511	\$ 54,632,381	\$ 51,162,088
Excess (Deficiency) Revenues					
Over Expenditures	\$ (3,130,279)	\$ (7,435,983)	\$ (1,039,589)	\$ 3,550,724	\$ 1,252,421
Other Financing Sources (Uses):					
Proceeds from Insurance	\$ -	\$ -	\$ -	\$ -	\$ 136,496
Insurance recoveries	206,760	157,014	101,038	186,176	135,254
Issuance of long term debt	4,681,680	2,499,053	1,331,197	1,119,021	1,980,849
Transfers In (Out)	(134,562)	(61,928)	(1,326,910)	(1,423,842)	(627,605)
Proceeds from Sale of Capital Assets	696,630	39,918	4,197,647	198,830	-
Excess (Deficiency) of Revenue and					
Other Sources Over Expenses	2,320,229	(4,801,926)	3,263,383	3,630,909	2,877,415
Fund Balance Beginning of Year	13,551,988	18,353,914	15,090,531	11,459,622	8,582,207
Fund Balance End of Year	\$ 15,872,217	\$ 13,551,988	\$ 18,353,914	\$ 15,090,531	\$ 11,459,622

(Remainder of page intentionally left blank)

**TABLE 13 - SPECIAL REVENUE FUNDS – STATEMENT OF REVENUES AND EXPENDITURES AND CHANGE IN FUND BALANCE
(ROAD AND BRIDGE AND OTHER)**

Revenues	Fiscal Year Ending September 30,				
	2024	2023	2022	2021	2020
Taxes	\$ 29,805,085	\$ 25,820,825	\$ 21,519,873	\$ 19,805,856	\$ 17,055,582
Fees, Fines and Forfeitures	4,941,271	4,824,182	5,911,716	4,953,604	4,487,087
Intergovernmental	4,169,539	8,541,175	5,877,622	1,000,489	1,198,293
Investment Income	1,425,146	530,681	72,731	47,877	43,196
Miscellaneous	580,575	1,792,217	281,570	122,180	222,395
Total Revenues	\$ 40,921,616	\$ 41,509,080	\$ 33,663,512	\$ 25,930,006	\$ 23,006,553
Expenditures					
General Administration	973,560	1,250,559	1,121,913	552,366	350,871
Judicial & Legal	588,514	486,024	266,487	284,378	410,514
Public Safety	3,015,486	8,334,310	6,533,348	1,824,913	1,751,065
Environmental Protection	16,030,093	12,719,214	13,404,654	10,339,862	13,268,555
Capital Outlay	2,358,504	2,352,329	1,178,983	1,259,730	2,393,626
Debt Service	13,341,137	12,086,040	10,922,051	8,416,330	7,145,937
Total Expenditures	\$ 36,307,294	\$ 37,228,476	\$ 33,427,436	\$ 22,677,579	\$ 25,320,568
Excess (Deficiency) Revenues					
Over Expenditures	\$ 4,614,322	\$ 4,280,604	\$ 236,076	\$ 3,252,427	\$ (2,314,015)
Other Financing Sources (Uses):	638,255	588,643	1,948,822	2,645,130	1,606,107
Excess (Deficiency) of Revenue and					
Other Sources Over Expenses	5,252,577	4,869,247	2,184,898	5,897,557	(707,908)
Fund Balance Beginning of Year	18,737,446	13,868,199	11,865,494	5,967,937	6,675,845
Fund Balance End of Year	\$ 23,990,023	\$ 18,737,446	\$ 14,050,392	\$ 11,865,494	\$ 5,967,937

FINANCIAL ADMINISTRATION . . . Under the Texas Constitution and other Texas law, financial administration is the responsibility of the Commissioners Court, both as to policy and execution. The County Auditor assists the Commissioners Court in budget preparation, financial recordkeeping, and auditing.

FINANCIAL POLICIES

Basis of Accounting . . . The accounting policies of the County conform to generally accepted accounting principles for governmental entities as promulgated by the Government Accounting Standards Board. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the combined balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the combined balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds, and agency funds. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recorded when the related fund liability is incurred. However, principal of and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Major revenue sources which have been treated as susceptible to accrual under the modified basis of accounting include property taxes, charges for services, intergovernmental revenues, and investment of idle funds.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred.

The County reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Budgetary Procedures . . . The budget is prepared by the County staff and approved by the Commissioners Court following departmental budget reviews and a public hearing. A copy of the budget must be filed with the County Clerk and the County Auditor and made available to the public. The Commissioners Court must provide for a public hearing on the budget on some date within seven calendar days after the filing of the budget and prior to October 31 of the current fiscal year.

INVESTMENTS

The County invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the Commissioners Court of the County. Both state law and the County’s investment policies are subject to change.

LEGAL INVESTMENTS... Under Texas law, the County is authorized to invest in obligations meeting the requirements of the Texas Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended (the “PFIA”), which may include: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the “FDIC”) or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the “NCUSIF”) or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the County in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the County’s account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United

States or an instrumentality of the United States, and (iv) the County appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for County deposits, or (ii) where (a) the funds are invested by the County through a broker or institution that has a main office or branch office in the State and selected by the County in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the County, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the County appoints, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the County with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clause (1) which are pledged to the County, held in the County's name, and deposited at the time the investment is made with the County or with a third party selected and approved by the County, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the County is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the County, held in the County's name, and deposited at the time the investment is made with the County or with a third party designated by the County, (v) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

The County may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days. The County may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the County retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the County must do so by order, ordinance, or resolution.

The County is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES...Under Texas law, the County is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for County funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All County funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2)

preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, the County's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." At least quarterly the County's investment officers must submit an investment report to the Commissioners Court detailing: (1) the investment position of the County, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest County funds without express written authority from the Commissioners Court.

ADDITIONAL PROVISIONS... Under State law, the County is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the County to disclose the relationship and file a statement with the Texas Ethics Commission and the Commissioners Court; (4) require the qualified representative of firms offering to engage in an investment transaction with the County to: (a) receive and review the County's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the County and the business organization that are not authorized by the County's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the County's entire portfolio, requires an interpretation of subjective investment standards, or relates to investment transactions of the County that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement in a form acceptable to the County and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the County's investment policy; (6) provide specific investment training for the County's designated Investment Officer; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the County's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the County.

TABLE 14 - CURRENT INVESTMENTS

As of January 31, 2025, the County's investable funds were invested in the following categories:

Description	Book Value	Market Value	Percentage
TexPool	\$ 8,028,044	\$ 8,028,044	11.21%
TexCLASS	63,580,805	63,580,805	88.79%
	<u>\$ 71,608,849</u>	<u>\$ 71,608,849</u>	<u>100.00%</u>

No funds of the County are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

TAX MATTERS

TAX EXEMPTION. . . In the opinion of Bickerstaff Heath Delgado Acosta, Bond Counsel to the County, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

In rendering its opinions, Bond Counsel has relied on the County’s covenants contained in the Order and the County’s covenants contained in the Arbitrage and Tax Certificate, that it will comply with the applicable requirements of the Code, relating to, inter alia, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the County to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue of the Bonds. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the Bonds that may affect the tax-exempt status of the interest.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Count, in executing the Arbitrage and Tax Certificate, will certify to the effect that the County will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bonds. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds. Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

ould be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

ations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

cluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Bonds. In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds. In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment. Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds. Information Reporting and Backup Withholding Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient. If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the County has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The County is required to observe the agreement for so long as it remains an “obligated person” with respect to the Bonds, within the meaning of the Securities and Exchange Commission’s Rule 15c2-12 (the “Rule”). Under the agreement, the County will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access (“EMMA”) system, where it will be available to the general public, free of charge, at www.emma.msrb.org.

ANNUAL REPORTS . . . The Issuer will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the County of the general type information in Appendix A in Tables 1- 9, and 11- 14, in Appendix B, and information included herein under “INVESTMENTS” “INVESTMENT AUTHORITY”, “INVESTMENT POLICIES” and “CURRENT INVESTMENTS”. (the “Operating Information”). The County shall provide (1) the Operating Information within six months after the end of each fiscal year ending in or after 2025 and, if then available, audited financial statements of the County and (2) if not submitted along with the Operating Information, audited financial statements of the County within 6 months after the end of each fiscal year ending in or after 2025. If the audit of such financial statements is not complete within 6 months after any such fiscal year end, then the County shall file unaudited financial statements within such 6-month period and audited financial statements for such fiscal year when and if the audit report on such financial statements becomes available. Any financial statements so provided shall be prepared in accordance with the accounting principles described in Appendix B hereto, or such other accounting principles as the County may be required to employ from time to time pursuant to state law or regulation. ‘

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB’s Internet Web site or filed with the United States Securities and Exchange Commission (the “SEC”), as permitted by SEC Rule 15c2-12 (the “Rule”).

The Issuer’s current fiscal year end is September 30. Accordingly, it must provide updated Operating Information by the last day in March in each year and audited financial statements (or unaudited financial statements if audited financial statements are not yet available) must be provided as described above, unless the Issuer changes its fiscal year. If the Issuer changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the County otherwise would be required to provide financial information and operating data.

NOTICE OF CERTAIN EVENTS ...The County will also provide timely notices of certain events to the MSRB. The County will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the County, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional Paying Agent/Registrar or the change of name of a Paying Agent/Registrar, if material; (15) incurrence of a financial obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the County, any of which reflect financial difficulties. In addition, the County will provide timely notice of any failure by the County to provide annual financial information in accordance with their agreement described above under “Annual Reports”.

For these purposes, (A) any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and order of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County, (B) as used in the above clauses (15) and (16), "financial obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule, and (C) the County intends the words used in the above clauses (15) and (16) and the definition of financial obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018 (the "2018 Release") and any further written guidance provided by the SEC or its staff with respect to the amendments to the Rule effected by the 2018 Release.

AVAILABILITY OF INFORMATION . . . The County has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The County has agreed to update information and to provide notices of certain specified events only as described above. The County has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The County makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The County disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the County to comply with its agreement.

The County may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the County, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the County (such as nationally recognized Bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The County may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the County so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS

During the last five years, the County has timely filed financial information and operating data with respect to the County in the form of tables as outlined in the above subcaption "Annual Reports" to the extent required by its prior undertakings made in accordance with the Rule (the "Undertakings"). The County's audited financial statements were not available by the filing deadline provided in the Undertakings, which is six months after the end of each fiscal year (the "Filing Deadline"). As provided in its Undertakings, the County is required to file "unaudited financial statements" to the extent the audited financial statements are not available by the Filing Deadline. The County filed unaudited financial statements in the above subcaption "Annual Reports" in each year by the Filing Deadline and subsequently filed its audited financial statements when they became available.

OTHER INFORMATION

RATINGS

The Bonds and the presently outstanding tax supported debt of the County are rated "AA" by Fitch Ratings Inc. ("Fitch") and "AA-" by S&P Global Ratings, a division of S&P Global Inc. ("S&P") without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the view of such organizations and the County makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that either or both of the ratings will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of the such company, circumstances so warrant. Any such

downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

LITIGATION

It is the opinion of the County Attorney and County Staff that there is no pending litigation against the County that would have a material adverse financial impact upon the County or its operations.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any other jurisdiction. The County assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions in such other jurisdictions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments and investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the County has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL OPINIONS

The County will furnish a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bond and to the effect that the Bonds are valid and legally binding obligations of the County, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. Though it represents the Financial Advisor and the Underwriters from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the County in connection with the issuance of the Bonds. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions "THE BONDS" (exclusive of the subcaptions "Book-Entry-Only System," "Bondholders' Remedies" and "Sources and Uses of Proceeds"), "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" (exclusive of the subcaption "Compliance with Prior Undertakings") and the subcaptions "Legal Opinions" (excluding the last two sentences of the first paragraph thereof), "Registration and Qualification of Bonds for Sale" and "Legal Investments and Eligibility to Secure Public Funds in Texas" under the caption "OTHER INFORMATION" in the Official Statement, and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Order.

The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Dallas, Texas. The legal fee of such firm is contingent upon the sale and delivery of the Bonds.

The legal opinions to be delivered concurrently with the delivery of the Bonds expresses the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from County records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and the Order contained in this Official Statement are made subject to all of the provisions of such statutes, documents and the Order. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

FINANCIAL ADVISOR

Hilltop Securities Inc. ("HilltopSecurities") is employed as Financial Advisor to the County in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. HilltopSecurities, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the County has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the County and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

UNDERWRITERS

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the County, at a price equal to the initial offering price to the public set forth on the inside front cover page of this Official Statement, less an underwriting discount of \$ _____. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the County for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the County.

RBC Capital Markets, LLC ("RBCCM") has provided the following information for inclusion in this Official Statement. RBCCM and its respective affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, RBCCM may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBCCM and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the County. RBCCM may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the County. RBCCM and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

RBCCM has entered into a distribution arrangement with its affiliate City National Securities, Inc. ("CNS"). As part of this arrangement, RBCCM may distribute municipal securities to investors through the financial advisor network of CNS. As part of this arrangement, RBCCM may compensate CNS for its selling efforts with respect to the Bonds. One of the underwriters is

BOK Financial Securities, Inc., which is not a bank and the Bonds are not deposits of any bank and are not insured by the Federal Deposit Insurance Corporation.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the County, that are not purely historical, are forward-looking statements, including statements regarding the County's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the County on the date hereof, and the County assumes no obligation to update any such forward-looking statements. The County's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the County. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

CYBER SECURITY

Computer networks and data transmission and collection are vital to the operations of the County. Information technology and infrastructure of the County may be subject to attacks by outside or internal hackers and may be subject to breach by employee error, negligence or malfeasance. An attack or breach could compromise systems and the information stored thereon, result in the loss of confidential or proprietary data and disrupt the operations of the County. To mitigate these risks, the County continuously endeavors to improve the range of control for digital information operations, enhancements to the authentication process, and additional measures toward improving system protection/security posture.

WEATHER EVENTS

The County is located in North Texas. Land located in this area is susceptible to high winds, tornados, fires and arid conditions. If a future weather event significantly damages all or part of the properties comprising the tax base within the County, the assessed value of property within the County could be substantially reduced, which could result in a decrease in tax revenue and/or necessitate an increase in the County's tax rate. Under certain conditions, Texas law allows the County to increase property tax rates without voter approval upon the occurrence of certain disasters such as a tornado, flooding or extreme drought and upon gubernatorial or presidential declaration of disaster. There can be no assurance that a casualty loss to taxable property within the County will be covered by insurance (or that property owners will carry flood or the appropriate, applicable other casualty insurance), that any insurance company will fulfill it.

MISCELLANEOUS

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, the Rule.

No person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the County.

The Pricing Certificate will approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and will also authorize its further use in the reoffering of the Bonds by the Underwriters.

ATTEST:

County Clerk
Kaufman County, Texas

County Judge
Kaufman County, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE COUNTY

(This Page Intentionally Blank)

THE COUNTY

Kaufman County is a northeast Texas county, traversed by I-20, U.S. Highways 80 and 175 and State Highways 34, 248, and 274. The 2010 Census population was 103,350, an increase of 44.9% over the 2000 Census. The 2025 population is estimated to be 214,434. The County is located adjacent to the eastern boundary of Dallas County. Incorporated cities within the County include Kaufman, Terrell, Forney, Crandall and Kemp.

The economy is based on manufacturing and agriculture. Many County residents commute to jobs in metropolitan Dallas, approximately 25 miles away. The Texas Almanac designates livestock, timber, wheat, cotton, hay, oats and sorghums as principal sources of agricultural income. Cedar Creek Lake offers camping and boating facilities.

POPULATION

Kaufman County

1970 Census	32,392
1980 Census	39,015
1990 Census	52,220
2000 Census	71,313
2020 Census	145,310
2025 Estimate	214,434

MINERAL PRODUCTION

Kaufman County

Statewide Onshore Oil/Gas Production Annual Totals, January 2020 - June 2025

Date	Oil (BBL)	Casinghead (MCF)
2020	43,120	18,889
2021	41,686	22,326
2022	43,707	27,860
2023	29,237	4,055
2024	25,709	-
2025	4,157	-

Source: Railroad Commission of Texas. MCF = thousand cubic feet.

LABOR FORCE ESTIMATES

	Annual Averages				
	2025 ⁽¹⁾	2024	2023	2022	2021
Kaufman County					
Civilian Labor Force	99,449	98,262	95,953	88,015	79,035
Total Employment	95,486	94,351	92,302	84,874	75,339
Unemployment	3,963	3,911	3,651	3,141	3,696
Percent Unemployment	4.0%	4.0%	3.8%	3.6%	4.7%
State of Texas					
Civilian Labor Force	15,790,644	15,608,932	15,217,552	14,741,150	14,319,776
Total Employment	15,146,256	14,971,373	14,608,665	14,159,995	13,512,599
Unemployment	644,388	637,559	608,887	581,155	807,177
Percent Unemployment	4.1%	4.1%	4.0%	3.9%	5.6%

Source: Texas Workforce Commission,

(1) Data through June 2025.

(This Page Intentionally Blank)

APPENDIX B

EXCERPTS FROM THE KAUFMAN COUNTY, TEXAS ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2024

The information contained in this Appendix consists of excerpts from the Kaufman County, Texas Annual Financial Report for the Fiscal Year Ended September 30, 2024, and is not intended to be a complete statement of the County's financial condition. Reference is made to the complete Report for further information.

THIS PAGE INTENTIONALLY LEFT BLANK



KAUFMAN
C O U N T Y

TEXAS

Annual Financial Report

For the Fiscal Year Ended
September 30, 2024

KAUFMAN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2024

THIS PAGE LEFT BLANK INTENTIONALLY

KAUFMAN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2024

**Page
Number**

Directory of Officials.....	i – ii
-----------------------------	--------

FINANCIAL SECTION

Independent Auditor’s Report.....	1 – 3
-----------------------------------	-------

Management’s Discussion and Analysis.....	4 – 9
---	-------

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position	10
---------------------------------	----

Statement of Activities	11
-------------------------------	----

Fund Financial Statements

Balance Sheet – Governmental Funds	12 – 13
--	---------

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....	14
---	----

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds.....	15 – 16
--	---------

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	17
--	----

Statement of Fiduciary Net Position.....	18
--	----

Statement of Changes in Fiduciary Net Position.....	19
---	----

Notes to Financial Statements	20 – 43
-------------------------------------	---------

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System.....	44 – 45
---	---------

Schedule of Employer Contributions – Texas County and District Retirement System.....	46
--	----

Notes to Schedule of Employer Contributions	47
---	----

Schedule of Changes in Total OPEB Liability And Related Ratios – Group Term Life	48 – 49
---	---------

Schedule of Changes in Total OPEB Liability And Related Ratios – Retiree Health Plan.....	50 – 51
--	---------

FINANCIAL SECTION

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	52 – 54
Schedule of Revenues, Expenditures and Changes in Fund Balance of General Road and Bridge Fund – Budget and Actual	55
Notes to Required Supplementary Information	56

Combining Statements and Schedules

Combining Balance Sheet	57 – 63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	64 – 70
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund	71
Combining Statement of Fiduciary Net Position	72 – 73
Combining Statement of Changes in Fiduciary Net Position.....	74 – 75

KAUFMAN COUNTY, TEXAS

DIRECTORY OF OFFICIALS

SEPTEMBER 30, 2024

Commissioners' Court:

County Judge	Mr. Jakie Allen
Commissioner of Precinct #1	Mr. Mike Hunt
Commissioner of Precinct #2	Mr. Williams Phillips
Commissioner of Precinct #3	Mr. Terry Barber
Commissioner of Precinct #4	Mr. Tommy Moore

Justices of the Peace:

Precinct #1	Ms. Mary Bardin
Precinct #2	Ms. Amy Tarno
Precinct #3	Mr. Rhitt Jackson
Precinct #4	Mr. Johnny Adams

Constables:

Precinct #1	Mr. Shawn Mayfield
Precinct #2	Mr. Jason Johnson
Precinct #3	Mr. Matthew Woodall
Precinct #4	Ms. Vanessa Brooks

86th Judicial District of the State of Texas:

District Judge	Mr. Casey Blair
----------------	-----------------

KAUFMAN COUNTY, TEXAS

DIRECTORY OF OFFICIALS

SEPTEMBER 30, 2024

422nd Judicial District of the State of Texas:

District Judge	Mr. Shelton Gibbs
Criminal District Attorney	Ms. Erleigh Norville-Wiley
District Clerk	Ms. Rhonda Hughey
County Auditor	Ms. Brandi Van Huss
Chief Adult Probation Officer	Mr. Lance Washburn
Chief Juvenile Probation Officer	Mr. Trenis Ramsey

489th Judicial District of the State of Texas:

District Judge	Ms. Tracy Gray
----------------	----------------

Officials of Kaufman County:

County Court-at-law Judge	Mr. Stephen Russell
County Court-at-law Judge #2	Mr. Bobby Rich
County Clerk	Ms. Laura Hughes
County Sheriff	Mr. Bryan Beavers
County Tax Assessor-Collector	Ms. Teressa Floyd
County Treasurer	Mr. Chuck Mohnkern
County Veterans Service Officer	Mr. Robert Hunter
County Health Officer	Dr. Ben Brashear
Indigent Health Care Officer	Ms. Desiree Pool
Public Works Coordinator	Ms. Monique Hunter
Emergency Management Coordinator	Mr. Steve Howie
Fire Marshall	Mr. Mike Taylor
Purchasing Agent	Ms. Lorena Diaz

FINANCIAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



INDEPENDENT AUDITOR'S REPORT

Honorable County Judge
and Commissioners' Court
Kaufman County, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kaufman County, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Kaufman County, Texas' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Kaufman County, Texas, as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kaufman County, Texas 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 Kaufman County, Texas' 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.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kaufman County, Texas' basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are 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 combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2025 on our consideration of Kaufman County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Kaufman County, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kaufman County, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
June 30, 2025

THIS PAGE LEFT BLANK INTENTIONALLY

MANAGEMENT'S DISCUSSION AND ANALYSIS

THIS PAGE LEFT BLANK INTENTIONALLY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a narrative overview and analysis of the financial activities of Kaufman County (the "County") for the fiscal year ended September 30, 2024. This analysis is designed to focus on current activities, resulting changes and currently known facts. Please consider the information presented here, in conjunction with the financial statements and related footnotes.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded the liabilities and deferred inflows of resources at the close of the year by \$26,186,678. The balance of unrestricted net position at year end was \$(64,597,843).
- Total net position increased by \$7,632,304 due to operations.
- As of the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$86,568,085, a decrease of \$4,694,590 from the previous year. The decrease was primarily due to infrastructure and environmental spending from bond proceeds.
- The unassigned fund balance in the General Fund of \$14,515,242 is available for spending at the County's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Kaufman County, Texas' basic financial statements. The financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information.

Government-wide financial statements. These statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private sector business.

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the County include general government, public safety and highways and streets.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific purposes or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the County's funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. 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 fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, General Road and Bridge Fund, the Construction Projects Fund, the American Rescue Plan Fund, and the Debt Service Fund all of which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The County adopts annual appropriated budgets for its General, General Road and Bridge, and Debt Service Funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with those budgets.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. These activities are excluded from the County's other financial statements since the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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

Required supplementary information. Required supplementary information is in addition to the basic financial statements and accompanying notes and presents budgetary comparison schedules, which includes the original and final amended budget and actual figures, schedule of changes in net pension liability and related ratios, schedule of employer contributions to the Texas County and District Retirement System, and a funding progress schedule for the County's retiree health plan and group term life plan through TCDRS.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. In the case of Kaufman County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26,186,678 as of September 30, 2024.

The County's investment in capital assets (e.g., land, infrastructure, machinery and equipment and furniture and fixtures), less its related debt is a large portion of net position. These assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Capital assets increased \$9,640,559 (net) while current and other assets decreased \$4,846,401. Cash and investment balances decreased \$68,444,660. Long-term liabilities decreased from the prior year by \$3,805,563. The predominant reason for the change in liabilities was the issuance of bonds in the prior year, the increase of the net pension liability of \$3,731,655, and the payment of current year debt service obligations.

Governmental activities. Governmental activities increased the County's net position by \$7,632,304. The increase from the prior year is primarily due to a decrease in expenditures in the infrastructure and environmental function.

Table – 1
Kaufman County, Texas' Net Position

	Governmental Activities	
	2024	2023
ASSETS		
Current and other assets	\$ 120,055,443	\$ 124,901,844
Capital assets	<u>151,410,697</u>	<u>141,770,138</u>
Total assets	<u>271,466,140</u>	<u>266,671,982</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding	1,358,765	1,494,642
Deferred outflow of resources related to pensions and OPEBs	<u>7,353,098</u>	<u>8,978,688</u>
Total deferred outflows of resources	<u>8,711,863</u>	<u>10,473,330</u>
LIABILITIES		
Long-term liabilities	228,707,645	232,513,208
Other liabilities	<u>21,631,682</u>	<u>21,380,980</u>
Total liabilities	<u>250,339,327</u>	<u>253,894,188</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions and OPEBs	<u>3,651,998</u>	<u>4,696,750</u>
Total deferred outflows of resources	<u>3,651,998</u>	<u>4,696,750</u>
NET POSITION		
Net investment in capital assets	67,774,348	64,002,119
Restricted	23,010,173	17,677,005
Unrestricted	<u>(64,597,843)</u>	<u>(63,124,750)</u>
Total net position	<u>\$ 26,186,678</u>	<u>\$ 18,554,374</u>

Table – 2
Kaufman County, Texas' Changes in Net Position

	Governmental Activities	
	2024	2023
REVENUES		
General revenues:		
Property taxes	\$ 94,297,921	\$ 79,127,512
Charges for services	14,310,308	14,452,668
Operating grants and contributions	6,628,614	10,849,883
Investment income	3,605,444	4,987,914
Miscellaneous	326,103	350,937
Gain on disposal of capital assets	<u>1,116,938</u>	<u>385,290</u>
Total revenues	<u>120,285,328</u>	<u>110,154,204</u>
EXPENSES		
General government	21,646,407	20,285,865
Public safety and corrections	40,950,699	42,165,951
Judicial	13,316,891	10,580,257
Community service	1,674,667	1,575,945
Infrastructure and environmental services	27,686,467	16,229,616
Health and human services	703,238	642,296
Interest and fiscal charges	<u>6,674,655</u>	<u>7,325,325</u>
Total expenses	<u>112,653,024</u>	<u>98,805,255</u>
CHANGE IN NET POSITION	<u>7,632,304</u>	<u>11,348,949</u>
NET POSITION, BEGINNING	<u>18,554,374</u>	<u>7,205,425</u>
NET POSITION, ENDING	<u>\$ 26,186,678</u>	<u>\$ 18,554,374</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, Kaufman County, Texas uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances in spendable resources. Such information is useful in assessing Kaufman County's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Kaufman County. At the end of the year, unassigned total fund balance of the General Fund was \$14,515,242. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned total fund balance represents 18% of total General Fund expenditures.

The fund balance of the General Fund increased by \$2,320,229 during the fiscal year. The main factor in the decrease was due to the increase in expenditures in the public safety and corrections and judicial functions.

The General Road and Bridge Fund had an ending fund balance of \$14,621,295. This fund includes the General Road and Bridge Fund as well as the four individual precinct road and bridge funds. Fund balance increased in this fund by \$4,961,514. This increase was due to revenues exceeding expenditures by \$4,457,821 offset, in part, by the sale of capital assets of \$160,141.

The Construction Projects Fund had an ending fund balance of \$46,705,845 which is an decrease of \$12,267,396. The County spent \$15,136,902 in this fund during the year. The decrease is primarily due to an increase in infrastructure and environmental expenditures.

The Debt Service Fund had an ending fund balance of \$4,074,528, a decrease of \$772,576 from prior year. The decrease was mostly attributed to the increase in debt service expenditures in the fund.

The American Rescue Plan Act Fund had an ending fund balance of \$826,075, an increase of \$675,263 from prior year. The increase was mostly attributed to the increase in investment income in the fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

County departments are actively involved in fee-producing activities and collecting outstanding account receivables. Continuous monitoring of departmental expenditures, implementation of a new purchasing policy and conversion to new financial software has aided in controlling expenditures.

- Due to the County's lower than desired fund balance at the end of FY 2013, efforts to control funds were implemented. The County has remained under budgeted expenditures through close adherence to the adopted budget and to County-wide financial policies. Each year since 2014, Kaufman County has increased the General Fund Balance. The recommended amount of at least three to four months of operating expenditures in the event of an emergency situation.
- 96.0% of budgeted Revenues were collected, and 95.0% of budgeted Expenditures were spent.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Kaufman County's investment in capital assets for its governmental activities as of fiscal year-end was \$151,410,697 (net of accumulated depreciation), an increase of \$9,640,559 from the prior year. The increase primarily resulted from the funding of multiple construction projects and several large equipment purchases during the year. The investment in capital assets includes land, buildings, improvements, infrastructure, machinery and equipment, roads, bridges and office furniture and equipment.

Table 3
Kaufman County, Texas' Capital Assets

	Governmental Activities	
	2024	2023
Land	\$ 2,371,395	\$ 2,371,395
Construction in progress	97,068,558	86,152,773
Public monuments	712,736	712,736
Buildings and improvements	40,940,335	40,940,335
Infrastructure	28,336,363	28,336,363
Machinery and equipment	35,266,867	34,701,735
Right to use - software	3,594,936	1,653,414
Right to use - leased assets	10,328,561	7,278,960
	218,619,751	202,147,711
Less: accumulated depreciation	(67,209,054)	(60,377,573)
Total capital assets, net	<u>\$ 151,410,697</u>	<u>\$ 141,770,138</u>

Long-term Debt. At the end of the fiscal year, the County had total debt outstanding of \$209,661,473, which is a decrease of \$3,688,902 from the prior year.

Table 4
Kaufman County, Texas' Outstanding Debt

	Governmental Activities	
	2024	2023
Unlimited tax road bonds	\$ 108,745,000	\$ 111,105,000
Unlimited tax refunding bonds	25,785,000	27,620,000
Limited tax road bonds	40,960,000	41,325,000
Bond premiums	25,025,463	26,225,097
Leases	5,071,448	4,463,458
SBITAs	2,249,452	923,619
Financing Arrangements	83,811	295,314
Compensated absences	1,741,299	1,392,887
Total Outstanding Debt	<u>\$ 209,661,473</u>	<u>\$ 213,350,375</u>

State statutes limit the amount of general obligation debt that a county may issue to 5% of its total assessed valuation. The current debt limit for Kaufman County is \$491,143,732 which is significantly in excess of the County's outstanding debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following economic factors currently affect the County of Kaufman, Texas, and were considered in developing the 2024-2025 fiscal year budgets:

- As of September 2024, the unemployment rate for Kaufman County was 3.60%, which is the same as the rate of 3.60% in September 2023.
- The Kaufman County population is currently estimated to be 172,366, which is a 26.59% increase from the 2010 census. This information was compiled by the Texas Association of Counties. Kaufman County is on a growth pattern and new developments are happening in all areas of our County.
- In 2014, Kaufman County voters approved a \$56 million bond issue, all of which was fully issued by September 2017. These bonds continue to be used to improve the road infrastructure with interconnecting roads throughout the County and the metropolitan Dallas/Fort Worth areas.

- In 2020, Kaufman County issued a refunding bond of these 2014 bonds for the purpose of interest savings. The County will realize \$235K annual savings per year and an estimated total savings over the life of the bond in the amount of \$3.29 million.
- Beginning in 2018, Kaufman County began receiving Pass-Through Toll revenue as a result of partnering with entities such as Texas Department of Transportation on specific Road Bond projects. These additional revenues are being used on county roads.
- Property values continue to reflect increases, which is a recent trend in Kaufman County. Additionally, residential and industrial developments are on the rise county wide, further increasing taxable assessed values for the county.
- Interest rates have continued to increase and allowing Kaufman County to take advantage of additional investment revenues. The investment opportunities have opened the County's portfolio for safeguarding the County's assets regarding investments.
- Kaufman County's 2014 contract for the housing of Federal Inmates at the County's Law Enforcement Center continues to generate additional revenues and the original contract was extended with additional cost increase.
- In 2019, Kaufman County voters approved two bond issues, \$104 million for transportation purposes and \$50 million for facilities improvements. The transportation bond issue will continue to be used to improve the road infrastructure with interconnecting roads throughout the County and the metropolitan Dallas/Fort Worth areas. The facilities bond issue will be used to build a new Justice Center, Animal Shelter and improvements to other County facilities in the future.
- In 2023, Kaufman County opened the Kaufman County Pet Adoption Center and the new Justice Center, and the involved departments were relocated for Citizens' convenience. Both buildings are now located on US 175 in Kaufman, Texas near the Law Enforcement Center.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Kaufman County, Texas finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Auditor's office, 100 N. Washington, Kaufman, Texas 75142.

**BASIC
FINANCIAL STATEMENTS**

KAUFMAN COUNTY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 103,871,241
Taxes receivable, net of allowance for uncollectibles	2,756,407
Accounts receivable	2,576,981
Due from other governments	10,453,354
Prepaid expenses	397,460
Capital assets:	
Nondepreciable	100,152,689
Depreciable, net	<u>51,258,008</u>
Total assets	<u>271,466,140</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on bond refunding	1,358,765
Deferred outflow of resources related to pensions	5,370,877
Deferred outflow of resources related to OPEB - GTL	285,950
Deferred outflow of resources related to OPEB - retiree health plan	<u>1,696,271</u>
Total deferred outflows of resources	<u>8,711,863</u>
LIABILITIES	
Accounts payable	7,944,738
Accrued liabilities	1,139,119
Due to other governments	256,477
Unearned revenue	11,350,182
Accrued interest	941,166
Long-term liabilities:	
Due within one year	
Long-term debt	8,547,132
Total OPEB liability - GTL	34,540
Total OPEB liability - retiree health plan	490,595
Due in more than one year	
Long-term debt	201,114,341
Arbitrage liability	2,075,364
Net pension liability	1,306,616
Total OPEB liability - GTL	1,392,435
Total OPEB liability - retiree health plan	<u>13,746,622</u>
Total liabilities	<u>250,339,327</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	132,411
Deferred inflows of resources related to OPEB - GTL	310,028
Deferred inflow of resources related to OPEB - retiree health plan	<u>3,209,559</u>
Total deferred outflows of resources	<u>3,651,998</u>
NET POSITION	
Net investment in capital assets	67,774,348
Restricted:	
Road and bridge projects	14,581,910
Public safety	1,552,773
Judicial	454,852
Fire code enforcement	1,203,121
Historical preservation	39,574
Records management and preservation	1,466,566
Court technology and security	485,980
Debt service	3,132,862
Other purposes	92,535
Unrestricted	<u>(64,597,843)</u>
Total net position	<u>\$ 26,186,678</u>

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

KAUFMAN COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Functions/Programs	Expenses	Program Revenues		Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
General government	\$ 21,646,407	\$ 7,153,952	\$ 1,934,958	\$ (12,557,497)
Public safety and corrections	40,950,699	627,806	1,489,870	(38,833,023)
Judicial	13,316,891	5,930,985	289,289	(7,096,617)
Community services	1,674,667	95,198	225,985	(1,353,484)
Infrastructure and environmental	27,686,467	499,628	75,763	(27,111,076)
Health and human services	703,238	2,739	2,612,749	1,912,250
Interest and fiscal charges	6,674,655	-	-	(6,674,655)
Total governmental activities	<u>112,653,024</u>	<u>14,310,308</u>	<u>6,628,614</u>	<u>(91,714,102)</u>
 Total primary government	 <u>\$ 112,653,024</u>	 <u>\$ 14,310,308</u>	 <u>\$ 6,628,614</u>	 <u>\$ (91,714,102)</u>
General revenues:				
Property taxes				94,297,921
Investment income				3,605,444
Gain on disposal of capital assets				1,116,938
Miscellaneous				<u>326,103</u>
Total general revenues				<u>99,346,406</u>
Change in net position				7,632,304
Net position, beginning				<u>18,554,374</u>
Net position, ending				<u>\$ 26,186,678</u>

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

KAUFMAN COUNTY, TEXAS**BALANCE SHEET****GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2024

	General	General Road and Bridge	Construction Projects
ASSETS			
Cash and cash equivalents	\$ 17,695,955	\$ 15,298,608	\$ 49,984,176
Receivables:			
Taxes	1,926,128	483,983	-
Accounts	2,049,175	405,622	122,184
Due from other governments	1,922,698	8,530,656	-
Due from other funds	1,205	-	-
Prepaid items	356,975	39,385	-
Total assets	<u>23,952,136</u>	<u>24,758,254</u>	<u>50,106,360</u>
LIABILITIES			
Accounts payable	3,276,797	1,061,345	3,400,515
Accrued liabilities	1,013,410	119,757	-
Due to other governments	256,477	-	-
Due to other funds	-	-	-
Unearned revenue	2,134	-	-
Total liabilities	<u>4,548,818</u>	<u>1,181,102</u>	<u>3,400,515</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	3,531,101	8,955,857	-
Total deferred inflows of resources	<u>3,531,101</u>	<u>8,955,857</u>	<u>-</u>
FUND BALANCES			
Nonspendable			
Prepaid items	356,975	39,385	-
Restricted			
Road and bridge projects	-	14,581,910	46,705,845
Public safety	-	-	-
Judicial	-	-	-
Fire code enforcement	-	-	-
Historical preservation	-	-	-
Records management and preservation	-	-	-
Court technology and security	-	-	-
Debt service	-	-	-
Other purposes	-	-	-
Assigned			
Subsequent year's budget	1,000,000	-	-
Unassigned	14,515,242	-	-
Total fund balances	<u>15,872,217</u>	<u>14,621,295</u>	<u>46,705,845</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 23,952,136</u>	 <u>\$ 24,758,254</u>	 <u>\$ 50,106,360</u>

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

Debt Service	American Rescue Plan Act (ARPA) Fund	Other Nonmajor Governmental	Total Governmental Funds
\$ 4,038,617	\$ 11,897,926	\$ 4,955,959	\$ 103,871,241
346,296	-	-	2,756,407
-	-	-	2,576,981
-	-	-	10,453,354
-	-	-	1,205
500	-	600	397,460
<u>4,385,413</u>	<u>11,897,926</u>	<u>4,956,559</u>	<u>120,056,648</u>
1,001	163,175	41,905	7,944,738
-	-	5,952	1,139,119
-	-	-	256,477
-	-	1,205	1,205
-	10,908,676	439,372	11,350,182
<u>1,001</u>	<u>11,071,851</u>	<u>488,434</u>	<u>20,691,721</u>
309,884	-	-	12,796,842
<u>309,884</u>	<u>-</u>	<u>-</u>	<u>12,796,842</u>
500	-	600	397,460
-	-	-	61,287,755
-	826,075	726,698	1,552,773
-	-	454,852	454,852
-	-	1,203,121	1,203,121
-	-	39,574	39,574
-	-	1,466,566	1,466,566
-	-	485,980	485,980
4,074,028	-	-	4,074,028
-	-	92,535	92,535
-	-	-	1,000,000
-	-	(1,801)	14,513,441
<u>4,074,528</u>	<u>826,075</u>	<u>4,468,125</u>	<u>86,568,085</u>
<u>\$ 4,385,413</u>	<u>\$ 11,897,926</u>	<u>\$ 4,956,559</u>	<u>\$ 120,056,648</u>

THIS PAGE LEFT BLANK INTENTIONALLY

KAUFMAN COUNTY, TEXAS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2024

Fund balances - governmental funds \$ 86,568,085

Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds:

Governmental capital assets	218,619,751
Less: accumulated depreciation	(67,209,054)

Some of the County's revenues will be collected after year-end, but are not available soon enough to pay current year's expenditures and therefore are not reported in the governmental funds.

Property taxes	2,448,165
Court fines	1,822,960
Interlocal agreements	8,525,717

Certain long-term liabilities reported in governmental activities do not require current financial resources and therefore are not reported in the governmental funds balance sheet.

Net pension liability	(1,306,616)
Total OPEB obligation - GTL	(1,426,975)
Total OPEB obligation - retiree health plan	(14,237,217)
Compensated absences	(1,741,299)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

(209,995,538)

Certain deferred inflows and deferred outflows of resources are only reported in the government-wide financial statements:

Deferred outflows of resources:	
Related to pensions	5,370,877
Deferred loss on bond refunding	1,358,765
Related to OPEB - GTL	285,950
Related to OPEB - retiree health plan	1,696,271
Deferred inflows of resources:	
Related to pensions	(132,411)
Related to OPEB - GTL	(310,028)
Related to OPEB - retiree health plan	(3,209,559)

Interest payable used in the County's governmental activities are not payable from current resources and therefore are not reported in the governmental funds.

(941,166)

Net position of governmental activities \$ 26,186,678

KAUFMAN COUNTY, TEXAS**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES****GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General	General Road and Bridge	Construction Projects
REVENUES			
Property taxes	\$ 63,658,685	\$ 18,459,818	\$ -
Mixed beverage taxes	289,275	-	-
License and permits	159,521	-	-
Fees of office	4,680,062	3,619,718	-
Charges for services	968,120	79,741	-
Forfeitures	-	-	-
Intergovernmental	6,508,221	1,074,698	-
Investment income	1,386,156	625,485	2,869,506
Miscellaneous	274,245	19,144	-
Total revenues	<u>77,924,285</u>	<u>23,878,604</u>	<u>2,869,506</u>
EXPENDITURES			
General government	19,395,269	-	-
Public safety and corrections	35,787,298	-	-
Judicial	12,320,029	-	-
Community services	1,268,320	-	-
Infrastructure and environmental	2,474,716	15,979,811	15,136,902
Health and human service	709,214	-	-
Capital outlay	6,879,758	2,342,383	-
Debt service:			
Principal	2,060,954	993,839	-
Interest and fiscal charges	159,006	104,750	-
Total expenditures	<u>81,054,564</u>	<u>19,420,783</u>	<u>15,136,902</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,130,279)</u>	<u>4,457,821</u>	<u>(12,267,396)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	696,630	160,141	-
Insurance recoveries	206,760	109,367	-
Transfers in	21,514	-	-
Transfers out	(156,076)	-	-
Issuance of leases/SBITAs	4,681,680	234,185	-
Total other financing sources (uses)	<u>5,450,508</u>	<u>503,693</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	2,320,229	4,961,514	(12,267,396)
FUND BALANCES, BEGINNING	<u>13,551,988</u>	<u>9,659,781</u>	<u>58,973,241</u>
FUND BALANCES, ENDING	<u>\$ 15,872,217</u>	<u>\$ 14,621,295</u>	<u>\$ 46,705,845</u>

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

Debt Service	American Rescue Plan Act (ARPA) Fund	Other Nonmajor Governmental	Total Governmental Funds
\$ 11,345,267	\$ -	\$ -	\$ 93,463,770
-	-	-	289,275
-	-	252,059	411,580
-	-	1,321,553	9,621,333
-	-	32,915	1,080,776
-	-	164,002	164,002
-	2,612,749	482,092	10,677,760
98,565	675,263	25,833	5,680,808
-	-	32,714	326,103
<u>11,443,832</u>	<u>3,288,012</u>	<u>2,311,168</u>	<u>121,715,407</u>
-	-	973,560	20,368,829
-	2,612,749	402,737	38,802,784
-	-	588,514	12,908,543
-	-	-	1,268,320
-	-	50,282	33,641,711
-	-	-	709,214
-	-	16,121	9,238,262
4,710,475	-	24,599	7,789,867
7,505,933	-	1,541	7,771,230
<u>12,216,408</u>	<u>2,612,749</u>	<u>2,057,354</u>	<u>132,498,760</u>
<u>(772,576)</u>	<u>675,263</u>	<u>253,814</u>	<u>(10,783,353)</u>
-	-	-	856,771
-	-	-	316,127
-	-	189,247	210,761
-	-	(54,685)	(210,761)
-	-	-	4,915,865
<u>-</u>	<u>-</u>	<u>134,562</u>	<u>6,088,763</u>
(772,576)	675,263	388,376	(4,694,590)
<u>4,847,104</u>	<u>150,812</u>	<u>4,079,749</u>	<u>91,262,675</u>
\$ <u>4,074,528</u>	\$ <u>826,075</u>	\$ <u>4,468,125</u>	\$ <u>86,568,085</u>

THIS PAGE LEFT BLANK INTENTIONALLY

KAUFMAN COUNTY, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net change in fund balances - total governmental funds: \$ (4,694,590)

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

Governmental funds report capital outlays as expenditures. However, in the governmental activities statement of activities, the cost and accumulated depreciation of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	18,587,431
Less: current year depreciation	(8,890,912)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.

(55,960)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	544,876
Court fines	(116,514)
Interlocal agreements	(900,015)

The issuance of long-term debt (e.g., certificates of obligation, leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt is an expenditure in the governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of leases/SBITAs	(4,915,865)
Repayment of long-term liabilities	7,753,545
Amortization of:	
Deferred loss on bond refunding	(135,877)
Premium on bond issuance	1,199,634
Arbitrage liability	(2,075,364)

Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(348,412)
Total OPEB liability - GTL	(58,458)
Total OPEB liability - retiree health plan	(427,115)
Net pension liability	2,096,760

Interest expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.

69,140

Change in net position of governmental activities \$ 7,632,304

KAUFMAN COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2024

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 13,132,196
Accounts receivable	<u>1,004,646</u>
Total assets	<u>14,136,842</u>
LIABILITIES	
Accounts payable	<u>2,524,236</u>
Total liabilities	<u>2,524,236</u>
NET POSITION	
Restricted for:	
Pool participants	6,199,028
Individuals and organizations	<u>5,413,578</u>
Total net position	<u>\$ 11,612,606</u>

KAUFMAN COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Custodial Funds
INCREASES	
Contributions from judgements	\$ 7,461,666
Bonds received	1,170
Court fees	1,832,883
Deposits held	3,787,986
Operational revenues	2,347,524
Taxes collected on behalf of taxing entities	544,230,008
Interest income	71,627
Probation revenues	3,363,862
Total increases	<u>563,096,726</u>
DECREASES	
Collections distributed	2,909,096
Deposits returned	2,862,770
Disbursements to beneficiaries	10,233,925
Taxes disbursed to taxing entities	544,337,637
Operational expenses	<u>5,264,259</u>
Total decreases	<u>565,607,687</u>
Net increase (decrease) in fiduciary net position	(2,510,961)
Net position - beginning	<u>14,123,567</u>
Net position - ending	<u>\$ 11,612,606</u>

THIS PAGE LEFT BLANK INTENTIONALLY

KAUFMAN COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Kaufman County, Texas was incorporated in 1849 as a public corporation and political subdivision of the State of Texas. The Commissioners' Court is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services, among others, as authorized by the statutes of the State of Texas: general administration (Commissioners' Court, County Judge and County Clerk); judicial (Courts, District Clerk and Juries); legal (prosecutors, investigators and outside counsel); financial administration (County Auditor, Treasurer and Tax Assessor-Collector); public safety (Sheriff and other law enforcement officials); roads and bridges; assistance to indigent residents; and County libraries. The financial statements of Kaufman County have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units.

A. Reporting Entity

In determining the financial reporting entity, Kaufman County, Texas complies with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, "*The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34.*" Under this standard, the County has no component units which are required to be reported, discretely or blended, in combination with the primary government.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements and fiduciary 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Major governmental funds reported by the County are:

General Fund – The General Fund is the operating fund of the County and is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, fees, fines and forfeitures, intergovernmental revenue, and income derived from investment of available funds. Primary expenditures are for administrative, judicial and legal services and public safety.

General Road and Bridge Fund – The General Road and Bridge Fund accounts for resources used in the construction and maintenance of County roads and bridges. This fund also finances the activities of the County's four road and bridge precinct funds.

Construction Projects Fund – The Construction Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities and for road construction projects belonging to other entities within the County.

Debt Service Fund – The Debt Service Fund accounts for property tax revenues levied for the purpose of covering annual principal and interest expenditures for the County's bonds.

American Rescue Plan Act (ARPA) Fund – The ARPA fund accounts for stimulus funds received under the Coronavirus State and Local Fiscal Recovery Fund, funding which was made available by the American Recovery Plan Act.

Nonmajor funds include Special Revenue Funds and Capital Projects Funds.

Fiduciary fund level financial statements include fiduciary funds which are classified into private purpose trust and custodial funds.

D. Assets, Liabilities, and Net Position or Equity

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Under Texas law, appropriations lapse September 30, and encumbrances at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

Cash and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments. From time to time, the County invests its available funds in time deposits and other short-term, interest-bearing securities. Time deposits and securities having a maturity date of three months or less from the date of issuance are classified as cash equivalents, while those with a maturity of more than three months are classified as investments. Investments for the County are reported at fair value, except for the position in investment pools.

Prepaid Items

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid expenses on the government-wide financial statements and fund financial statements. The fund financial statements are offset by nonspendable fund balance which indicates they do not represent "available spendable resources."

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than an adopted threshold and an estimated useful life in excess of one year. The thresholds adopted by the Commissioners' Court are as follows:

Land and land improvements	Capitalize all
Infrastructure	\$ 100,000
Buildings and building improvements	50,000
Furniture and equipment	5,000
Right-to-use equipment	5,000
Right-to-use SBITAs	5,000
Monuments	Capitalize all

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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

Property, plant and equipment of the County are depreciated using the straight-line method over the following estimated useful lives:

Buildings and building improvements	10 - 30 years
Furniture and equipment	3 - 15 years
Right-to-use furniture and equipment	3 - 15 years
Vehicles	5 - 10 years
Right-to-use vehicles	5 - 10 years
Right-to-use SBITAs	5 - 10 years
Infrastructure	20 - 50 years

Items Capitalized but not Depreciated

The County possesses certain capital assets that have been capitalized and not depreciated. These items are held for public exhibition and education rather than financial gain. They are also protected, kept unencumbered, cared for and preserved. Therefore, these items meet the criteria to be capitalized. These monuments and historical structures are deemed inexhaustible and are therefore not depreciated.

Compensated Absences

The County's permanent, fulltime employees with less than 8 years of service accrue 6.67 hours of vacation per month; those with 8 - 19 years of service accrue 10 hours per month; and those with service of 20 years or greater accrue 13.33 hours per month.

The County's permanent, fulltime employees accrue sick leave at the rate of 8 hours per month to a maximum 120 hours (90 days). Sick leave is paid to current employees if the employees are absent from work due to illness, injury or other situations requiring medical attention. An employee who leaves the County's employment for any reason other than retirement receives no compensation for accrued sick leave. Retiring employees who have at least 20 years of service are entitled to payment for up to 30 days of accrued sick leave, and the accrual is included in the government-wide financial statements.

Leases

The County is a lessee for noncancellable leases of equipment, buildings and land. The County recognizes a lease liability and an intangible right - to - use lease asset (lease asset) in the government - wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the County 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 its useful life.

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

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

The County 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 County is a lessee for subscription-based IT arrangements (SBITAs). The County recognizes liability and an intangible right-to-use asset in the government-wide financial statements.

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

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

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate.
- The agreement term includes the noncancellable period of the SBITA.

- The agreed upon payments included in the measurement of the liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the liability. These right to use assets are reported with other capital assets and liabilities are reported with long- term debt on the statement of net position.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, 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 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 Post-Employment Benefits

TCDRS Group Term Life Fund. The County participates in the Texas County & District Group Term Life Fund (TCDRS GTLF), which is an optional single-employer defined benefit life insurance plan that is administered by TCDRS. It provides death benefits to active and, if elected, retired employees of participating employers. Contribution rates are determined annually for each participating entity as a percentage of that County's covered payroll. The death benefit for retirees is considered an other postemployment benefit (OPEB). The OPEB program is an unfunded trust because the GTLF trust covers both actives and retirees and is not segregated. The Total OPEB Liability of the plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the Total OPEB Liability, deferred inflows and outflows of resources, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Retiree Health Insurance. For purposes of measuring the total OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Contributions are not required but are measured as payments by the County for benefits due and payable that are not reimbursed by plan assets. Information regarding the County's total OPEB liability is obtained from a report prepared by a consulting actuary.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. The County levies taxes on or before the following September 30. They are due on October 1 and are delinquent after January 31.

Collections of property taxes and subsequent remittances to the proper entities are accounted for in the Tax Assessor-Collector's Agency Fund. Tax collections made for the County are distributed to the General, Road and Bridge General Funds, and Debt Service Fund on a periodic basis throughout each month. This distribution is based upon the tax rate established for each fund by order of the Commissioners' Court for the tax year for which the collections are made.

The combined tax rate for the year ended September 30, 2024, was \$.4115 per \$100 and was allocated as follows:

General Fund	\$ 0.2796
Debt Service Fund	0.0494
General Road and Bridge Fund	<u>0.0825</u>
Total	<u>\$ 0.4115</u>

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. The County has the following items that qualify for reporting in this category:

- Deferred losses on debt refunding in the government-wide Statement of Net Position results when the reacquisition price of the refunded debt exceeds the carrying value. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after the measurement date are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions are deferred and recognized over the average remaining service lives of all members determined as of the measurement date.
- In the statement of net position, the difference in expected and actual pension and OPEB experience is deferred and recognized over the average remaining service lives of all members determined as of the measurement date.

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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has the following items that qualify for reporting in this category:

- Under the modified accrual basis of accounting, unavailable revenue is reported in the governmental funds balance sheet as a deferred inflow of resources.
- In the statement of net position, the difference in expected and actual pension and OPEB experience is deferred and recognized over the average remaining service lives of all members determined as of the measurement date.
- In the statement of net position, the difference in projected and actual earnings on pension assets is deferred and amortized over a closed five-year period.

Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	General	General Road and Bridge	Debt Service	Total
Property taxes	\$ 1,708,141	\$ 430,140	\$ 309,884	\$ 2,448,165
Court fines and fees receivable	1,822,960	-	-	1,822,960
Interlocal agreements	-	8,525,717	-	8,525,717
Total	<u>\$ 3,531,101</u>	<u>\$ 8,955,857</u>	<u>\$ 309,884</u>	<u>\$ 12,796,842</u>

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the Commissioners' Court, the County's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent is determined by the County Judge, with the assistance of the County Auditor and County Attorney, as needed.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.

Restricted net position, as presented in the government-wide statement of net position, are reported when constraints placed on the use of net position are either 1) externally imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments), or 2) imposed by law through constitutional provisions or enabling legislation.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The cash and investment policies of the County are governed by state statutes, Section 116.112 of the Local Government Code and Government Code Chapter 2256, Subchapters A and B. The County's policies governing bank deposits require depositories to be FDIC insured institutions and to fully collateralize all deposits in excess of FDIC insured limits.

Cash

All demand and time deposits were entirely covered by FDIC insurance or by collateral held by the County's agent in the County's name. The fair market value for cash is not materially different from reported amounts.

Investments

Legal provisions generally permit the County to invest in certificates of deposit, fully collateralized repurchase agreements, public funds, investment pools, obligations of the United States of America or its agencies, direct obligations of the State of Texas or its agencies, commercial paper, and other obligations which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, and obligations of states, agencies, countries, cities and other political subdivisions having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the government or its agent in the government's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the government's name.

During the year ended September 30, 2024, all of the County's investments were invested with Texas Class and TexPool, which are public funds investment pools created by the Treasurer of the State of Texas. Texas Class and TexPool act as custodians of investments purchased with local investment funds. Texas Class and TexPool investments are stated at amortized cost, which in most cases approximates the market value of the shares.

Texas Class and TexPool Prime have a redemption notice period of one day and may redeem daily. The investment pool'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 the pool's liquidity.

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Credit Rating</u>
Texas CLASS	\$ 80,525,893	36	AAAm
TexPool Prime	<u>15,914,425</u>	40	AAAm
Portfolio weighted average maturity	<u>\$ 96,440,318</u>	38	

Credit Risk – Credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The County has limited credit risk in conformance to state statutes and County ordinance, by investing in only the safest types of securities as permitted by the Public Funds Investment Act, using approved brokers and with different investment pools.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment.

Concentration of Credit Risk – Custodial of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer.

Custodial Credit Risk – Custodial credit risk is the risk for deposits that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The County requires all bank deposits to be collateralized at a level not less than 100% of the total uninsured deposits. At September 30, 2024, the County is fully collateralized.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The County’s investment policy does not permit securities listed in foreign denominations. Consequently, the County is not exposed to foreign currency risk.

B. Receivables

Receivables as of year-end for the County, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>General Road and Bridge</u>	<u>Debt Service</u>	<u>Construction Projects</u>	<u>Total</u>
Receivables:					
Taxes	\$ 2,526,873	\$ 636,820	\$ 455,653	\$ -	\$ 3,619,346
Accounts	226,215	405,622	-	122,184	754,021
Adjudicated fines receivable	18,229,601	-	-	-	18,229,601
Due from other governments	<u>1,922,698</u>	<u>8,530,656</u>	<u>-</u>	<u>-</u>	<u>10,453,354</u>
Gross receivables	22,905,387	9,573,098	455,653	122,184	33,056,322
Less: allowance for uncollectibles	<u>(17,007,386)</u>	<u>(152,837)</u>	<u>(109,357)</u>	<u>-</u>	<u>(17,269,580)</u>
Net total receivables	<u>\$ 5,898,001</u>	<u>\$ 9,420,261</u>	<u>\$ 346,296</u>	<u>\$ 122,184</u>	<u>\$ 15,786,742</u>

C. Interfund Receivables and Payables

The composition of interfund balances as of September 30, 2024 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ <u>1,205</u>
Total		<u>\$ 1,205</u>

D. Capital Assets

Capital asset activity for the year ended September 30, 2024, is as follows:

Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,371,395	\$ -	\$ -	\$ 2,371,395
Public monuments	712,736	-	-	712,736
Construction in progress	86,152,773	10,915,785	-	97,068,558
Total assets not being depreciated	89,236,904	10,915,785	-	100,152,689
Capital assets, being depreciated:				
Buildings	40,940,335	-	-	40,940,335
Infrastructure	28,336,363	-	-	28,336,363
Machinery and equipment	34,701,735	2,680,523	(2,115,391)	35,266,867
Right to use - software	1,653,414	1,941,522	-	3,594,936
Right to use - leased assets	7,278,960	3,049,601	-	10,328,561
Total capital assets being depreciated	112,910,807	7,671,646	(2,115,391)	118,467,062
Less accumulated depreciation:				
Buildings	(23,402,776)	(1,454,859)	-	(24,857,635)
Infrastructure	(13,198,107)	(580,884)	-	(13,778,991)
Machinery and equipment	(19,785,992)	(3,973,436)	2,059,431	(21,699,997)
Right to use - software	(568,431)	(640,300)	-	(1,208,731)
Right to use - leased assets	(3,422,267)	(2,241,433)	-	(5,663,700)
Total accumulated depreciation	(60,377,573)	(8,890,912)	2,059,431	(67,209,054)
Total capital assets being depreciated, net	52,533,234	(1,219,266)	(55,960)	51,258,008
Governmental activities capital assets, net	<u>\$ 141,770,138</u>	<u>\$ 9,696,519</u>	<u>\$ (55,960)</u>	<u>\$ 151,410,697</u>

Depreciation expense for the year was charged to functions of the government-wide statement of activities as follows:

General government	\$ 1,515,466
Judicial	486,483
Public safety and corrections	2,925,547
Infrastructure and environmental	3,586,369
Community services	377,047
Total depreciation expense	<u>\$ 8,890,912</u>

E. Long-term Debt

During the year ended September 30, 2024, the following changes occurred in a long-term debt:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Unlimited tax road bonds	\$ 111,105,000	\$ -	\$ (2,360,000)	\$ 108,745,000	\$ 3,020,000
Unlimited tax refunding bonds	27,620,000	-	(1,835,000)	25,785,000	2,090,000
Limited tax road bonds	41,325,000	-	(365,000)	40,960,000	765,000
Bond premiums	26,225,097	-	(1,199,634)	25,025,463	-
Compensated absences	1,392,887	1,861,490	(1,513,078)	1,741,299	261,195
Financing arrangements	295,314	-	(211,503)	83,811	83,811
Leases	4,463,458	3,037,538	(2,429,548)	5,071,448	1,754,603
SBITAs	923,619	1,878,327	(552,494)	2,249,452	572,523
Total governmental activities	<u>\$ 213,350,375</u>	<u>\$ 6,777,355</u>	<u>\$ (10,466,257)</u>	<u>\$ 209,661,473</u>	<u>\$ 8,547,132</u>

The general obligation bonds held by the County were sold on the open market. The bonds are collateralized by continuing tax revenues levied on all taxable property in the County. In the event of default, the bondholder may seek a writ of mandamus to compel County officials to carry out their legally imposed duties with respect to the bonds. There is no acceleration clause for the bonds in the event of default.

On February 1, 2014, the County issued Unlimited Tax Road Bonds, Series 2014. These bonds were issued to fund the construction, maintenance, and operation of macadamized, graveled, or paved roads and turnpikes, or in aid thereof, including the participation in the cost of joint state highway and joint city projects throughout the County.

On September 1, 2016, the County issued Unlimited Tax Road Bonds, Series 2016. These bonds were issued to fund the construction, maintenance, and operation of macadamized, graveled or paved roads and turnpikes, or in aid thereof, including the participation in the cost of joint state highway and joint city projects throughout the County.

On August 11, 2020, the County issued Unlimited Tax Refunding Bonds, Series 2020. The proceeds were used to advance refund the outstanding Series 2014 Unlimited Tax Road Bonds. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the Series 2014 Unlimited Tax Road Bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

On February 9, 2021, the County issued Unlimited Tax Road Bonds, Series 2021. These bonds were issued to fund the construction, maintenance, and operation of macadamized, graveled or paved roads and turnpikes, or in aid thereof, including the participation in the cost of joint state highway and joint city projects throughout the County.

On April 14, 2022 the County issued \$36,385,000 in Unlimited Tax Road Bonds with interest rates ranging from 4% to 5%. The proceeds were used to fund the construction, maintenance, and operation of macadamized, graveled or paved roads and turnpikes, or in aid thereof, including the participation in the cost of joint state highway and joint city projects throughout the County.

The County's Unlimited Tax Road Bonds were both sold on the open market. The bonds are collateralized by continuing tax revenues levied on all taxable property in the County. In the event of default, the bondholder may seek a writ of mandamus to compel County officials to carry out their legally imposed duties with respect to the bonds. There is no acceleration clause for the bonds in the event of default.

The annual requirements for all unlimited tax road bonds outstanding at September 30, 2024, are as follows:

Unlimited Tax Road Bonds

Years Ending September 30,	Principal	Interest	Total Requirements
2025	\$ 3,020,000	\$ 4,613,700	\$ 7,633,700
2026	3,485,000	4,462,100	7,947,100
2027	3,975,000	4,287,875	8,262,875
2028	3,895,000	4,102,925	7,997,925
2029	4,160,000	3,912,850	8,072,850
2030-2034	23,890,000	16,456,650	40,346,650
2035-2039	28,335,000	10,923,800	39,258,800
2040-2044	25,900,000	5,606,975	31,506,975
2045-2048	<u>12,085,000</u>	<u>695,175</u>	<u>12,780,175</u>
Total	<u>\$ 108,745,000</u>	<u>\$ 55,062,050</u>	<u>\$ 163,807,050</u>

The annual requirements for all unlimited tax refunding bonds outstanding at September 30, 2024, are as follows:

Unlimited Tax Refunding Bonds

Years Ending September 30,	Principal	Interest	Total Requirements
2025	\$ 2,090,000	\$ 908,530	\$ 2,998,530
2026	2,200,000	801,280	3,001,280
2027	2,315,000	688,405	3,003,405
2028	2,435,000	569,655	3,004,655
2029	2,555,000	444,905	2,999,905
2030-2034	<u>14,190,000</u>	<u>827,959</u>	<u>15,017,959</u>
Total	<u>\$ 25,785,000</u>	<u>\$ 4,240,734</u>	<u>\$ 30,025,734</u>

On February 9, 2021 the County issued Limited Tax Road Bonds, Series 2021A. These bonds will be used for purchasing, constructing, reconstructing, improving and equipping County facilities that house justice, law enforcement, and related facilities.

The annual requirements for all limited tax road bonds outstanding at September 30, 2024, are as follows:

Limited Tax Road Bonds

Years Ending September 30,	Principal	Interest	Total Requirements
2025	\$ 765,000	\$ 1,705,225	\$ 2,470,225
2026	950,000	1,662,350	2,612,350
2027	1,295,000	1,606,225	2,901,225
2028	1,360,000	1,539,850	2,899,850
2029	1,430,000	1,470,100	2,900,100
2030-2034	8,230,000	6,270,875	14,500,875
2035-2039	10,095,000	4,409,100	14,504,100
2040-2044	12,330,000	2,173,600	14,503,600
2045-2048	<u>4,505,000</u>	<u>159,100</u>	<u>4,664,100</u>
Total	<u>\$ 40,960,000</u>	<u>\$ 20,996,425</u>	<u>\$ 61,956,425</u>

F. Financing Arrangements

The County is obligated under several financing arrangements (direct borrowing) for vehicles and heavy equipment. The agreements are secured by the financed assets and carry interest rates ranging from 2.34% to 3.50%.

Principal and interest requirements to maturity are as follows:

Years Ending September 30,	Principal	Interest	Total Requirements
2024	\$ 83,811	\$ 2,436	\$ 86,247
Total	<u>\$ 83,811</u>	<u>\$ 2,436</u>	<u>\$ 86,247</u>

G. Leases

The County is obligated under several leases (direct borrowing) for vehicles, equipment, buildings, and land. The vehicle leases are secured by the financed assets and carry interest rates ranging from 0.25% to 2.28%. The equipment leases are secured by the financed assets and carry interest rates ranging from 0.25% to 3.24%. The building leases are secured by the financed assets and carry interest rates ranging from 0.08% to 1.66%. The land lease is secured by the financed asset and carries an interest rate of 0.0%.

Principal and interest requirements to maturity are as follows:

<u>Years Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2025	\$ 1,754,603	\$ 105,110	\$ 1,859,713
2026	1,288,225	71,173	1,359,398
2027	1,099,049	40,652	1,139,701
2028	<u>929,571</u>	<u>11,509</u>	<u>941,080</u>
Total	<u>\$ 5,071,448</u>	<u>\$ 228,444</u>	<u>\$ 5,299,892</u>

H. SBITA Payable

The County is obligated under several subscription-based IT arrangements for various software packages, with interest rates ranging from 0.804% to 3.305%.

Principal and interest requirements to maturity are as follows:

<u>Years Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2025	\$ 572,523	\$ 70,269	\$ 642,792
2026	471,905	52,262	524,167
2027	451,201	37,861	489,062
2028	361,563	24,064	385,627
2029	313,680	12,406	326,086
2030-2033	<u>78,580</u>	<u>6,018</u>	<u>84,598</u>
Total	<u>\$ 2,249,452</u>	<u>\$ 202,880</u>	<u>\$ 2,452,332</u>

I. Arbitrage

The Tax Reform act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or not performed correctly, it could result in a substantial liability to the County. The County has engaged an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations and the County has reported an arbitrage liability at year end in the amount of \$2,075,364.

J. Contingent Liabilities

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grants. In the opinion of the County's management, disallowed costs, if any, would not have a material effect on the County's financial position or results of operations.

The County is involved in certain legal actions and claims arising in the ordinary course of its operations. Although the outcome of these legal actions is not presently determinable, in the opinion of the County's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

K. Interfund Transfers

Interfund transfers for the fiscal year ending September 30, 2024, are summarized below:

<u>Transfer out</u>	<u>Transfer in</u>	<u>Amounts</u>
General	Nonmajor governmental	\$ 156,076
Nonmajor governmental	General	21,514
Nonmajor governmental	Nonmajor governmental	<u>33,171</u>
Total		<u>\$ 210,761</u>

III. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan Description. The County participates in a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent, multiple-employer, public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tcdrs.org.

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

Benefits Provided. TCDRS provides retirement, disability and survivor benefits for all eligible employees. Benefit terms are established by the TCDRS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at age 60 and above with 8 or more years of service, with 20 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 employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. By law, employee accounts earn 7% interest. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employees covered by benefit terms

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	338
Inactive employees entitled to but not yet receiving benefits	580
Active employees	<u>664</u>
Total	<u><u>1,582</u></u>

Contributions. The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer’s governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer’s plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability. Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the County were 9.63% and 9.64% in calendar years 2023 and 2024, respectively. The County’s contributions to TCDRS for the year ended September 30, 2024, were \$4,145,151, which was equal to the required contributions.

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

Actuarial Assumptions

The Total Pension Liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Cost-of-Living Adjustments for Kaufman County 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.

Mortality rates for active members, retirees, and beneficiaries were based on the following:

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.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
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 long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS’ investment consultant, Cliffwater LLC. The numbers shown are based on January 2024 information for a 10-year time horizon.

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

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	4.75%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.65%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	6.90%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.20%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.25%
		2.00%	0.60%
Cash Equivalents	90-Day U.S. Treasury		

⁽¹⁾ Target asset allocation adopted at the March 2024 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.2%, per Cliffwater's 2024 capital market assumptions.

⁽³⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.60%. The projection of cash flows used to determine the discount rate 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 period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability (asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (asset)
	(a)	(b)	(a) - (b)
Balance at 12/31/2022	\$ 122,613,626	\$ 117,575,355	\$ 5,038,271
Changes for the year:			
Service cost	4,369,554	-	4,369,554
Interest on total pension liability ⁽¹⁾	9,420,686	-	9,420,686
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	1,800,644	-	1,800,644
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(879,758)	(879,758)	-
Benefit payments	(5,286,728)	(5,286,728)	-
Administrative expenses	-	(68,263)	68,263
Member contributions	-	2,686,466	(2,686,466)
Net investment income	-	12,924,041	(12,924,041)
Employer contributions	-	3,718,416	(3,718,416)
Other ⁽³⁾	-	61,879	(61,879)
Balance at 12/31/2023	<u>\$ 132,038,024</u>	<u>\$ 130,731,408</u>	<u>\$ 1,306,616</u>

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

⁽²⁾ No plan changes valued.

⁽³⁾ Relates to allocation of system-wide items.

Sensitivity Analysis

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

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 151,459,257	\$ 132,038,024	\$ 116,058,590
Fiduciary net position	<u>130,731,407</u>	<u>130,731,408</u>	<u>130,731,407</u>
Net pension liability/(asset)	<u>\$ 20,727,850</u>	<u>\$ 1,306,616</u>	<u>\$ (14,672,817)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. The report may be obtained on the Internet at www.tcdrs.org.

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

For the year ended September 30, 2024, the County recognized pension expense of \$2,070,497.

At September 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,532,817	\$ 99,267
Changes in actuarial assumptions	-	33,144
Net difference between projected and actual investment earnings	624,583	-
Contributions made subsequent to the measurement date	<u>3,213,477</u>	<u>-</u>
Total	<u>\$ 5,370,877</u>	<u>\$ 132,411</u>

\$3,213,477 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended September 30,	
2025	\$ (367,888)
2026	173,907
2027	3,014,901
2028	(795,931)

B. Other Postemployment Benefits – Retiree Health Plan

Program Description. In addition to the pension benefits described in Note IV A. as required by state law and defined by the County Policy, the County makes available health care benefits through the Texas Association of Counties Health and Employee Benefits Pool to all employees who retire from the County and who are receiving benefits from a County sponsored retirement program (TCDRS). The health care plan provides insurance to eligible retirees through the County’s group health insurance plan, which covers both active and retired members, until age 65 when retirees become eligible and are required to enroll in Medicare Part B, at which time coverage supplements Medicare.

Current retirees in the health plan and at retirement, active employees that meet the conditions for retirement from TCDRS (age 60 and above with 8 years or more of service, 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more) are eligible to remain in the health plan at the age graded and gender distinct contribution rate for active and retiree participants. The County will cease to pay or provide this benefit should the retiree go to work for another employer that offers health insurance benefits.

Benefits and Contributions. The County contributions to the Retiree Health Program consist of a pay-as-you-go monthly contribution rate of one-half (1/2) of the cost of health insurance per participant for those that retire with 8 to 19 years of service and 100% of the cost per participant for those that retire with 20 or more years of service. The County contributions to the plan for fiscal year 2023 were \$559,040. Current retirees with less than 20 years of service contribute to the Retiree Health Program with adjustments for age and gender. Monthly retiree contribution rate for fiscal year 2024 ranges from \$775 to \$1,520 for health insurance. Retirees and current employees with 8 to 19 years of service are financially responsible for one-half of the monthly premiums.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	22
Active members	<u>546</u>
Total	<u><u>568</u></u>

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial Valuation Date	December 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation Rate	2.50%
Salary Increases	0.40% to 5.25%, not including wage inflation of 3.00%
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2020 as conducted for the Texas County and District Retirement System (TCDRS)
Mortality	For healthy retirees, the Pub-2010 General Retirees Tables for males and females 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 mortality improvement scale MP-2021.
Health care cost trend rates	Initial rate of 7.00% declining to an ultimate rate of 4.25% after 15 years
Participation rates	95% for retirees receiving 100% of premium paid by the County; 75% for retirees receiving 50% of premium paid by the County; 10% for retirees receiving 0% of premium paid by the County
Discount rate	The discount rate changed from 4.05% as of December 31, 2022 to 3.77% as of December 31, 2023. The health care trend assumption was updated to reflect the plan's anticipated experience.

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

A Single Discount Rate of 3.77% was used to measure the total OPEB liability. This Single Discount Rate was based on the municipal bond rates as of the measurement date. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2023.

Changes in the Total OPEB Liability

The County's total OPEB liability of \$14,237,217 was measured as of December 31, 2023 and was determined by an actuarial valuation as of December 31, 2022.

	<u>Total OPEB Liability</u>
Balance at 12/31/2022	\$ 12,884,894
Changes for the year:	
Service cost	838,440
Interest on the total liability	528,882
Difference between expected and actual experience	80,434
Changes in assumptions and other inputs	395,162
Benefit payments	<u>(490,595)</u>
Net changes	<u>1,352,323</u>
Balance at 12/31/2023	<u><u>\$ 14,237,217</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 4.05% to 3.77%, and health care trend assumptions.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.77%) in measuring the total OPEB liability.

	1% Decrease in Discount Rate (2.77%)	Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
Total OPEB liability	\$ 15,748,146	\$ 14,237,217	\$ 12,879,993

Healthcare Cost Trend Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the total OPEB liability.

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB liability	\$ 12,340,937	\$ 14,237,217	\$ 16,525,715

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2024, the County recognized OPEB expense of \$986,155. At September 30, 2024, the County 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	\$ 590,720	\$ 1,305,953
Changes in actuarial assumptions	728,285	1,903,606
Contributions subsequent to the measurement date	377,266	-
Total	<u>\$ 1,696,271</u>	<u>\$ 3,209,559</u>

\$377,266 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the County paid with own assets and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2025. Other amounts of the reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2025	\$ (381,167)
2026	(389,636)
2027	(436,144)
2028	(359,046)
2029	(244,974)
Thereafter	(79,587)

C. Defined Other Post-Employment Benefit Plans

TCDRS Group Term Life Fund

Plan Description. The County voluntarily participates in the Texas County & District Group Term Life Fund (TCDRS GTLF). The GTLF is a single-employer defined Other Post-Employment Benefit (OPEB) plan as defined by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. It is established and administered in accordance with the TCDRS Act.

Benefits Provided. The GTLF provides group-term life insurance to County employees who are active members in TCDRS, including or not including retirees. The County's Commissioners' Court opted into this program, and may terminate coverage under, and discontinue participation in, the GTLF program as of January 1, each year.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's most recent regular annualized salary. The death benefit for retirees is considered an other employment benefit and is a fixed amount of \$5,000.

Employees covered by benefit terms. The number of employees currently covered by the benefit terms is as follows:

Inactive employees receiving benefits	284
Inactive employees entitled to but not yet receiving benefits	151
Active employees	664
	<u>1,099</u>

Contributions. The County contributes to the GTLF at a contractually required rate as determined by an annual actuarial valuation, which was 0.20% for 2024 and 0.22% for 2023, of which 0.09% and 0.09%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. 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 prefund retiree term life insurance during employees' entire careers. The County's contributions to the GTLF for the years ended September 30, 2024 and 2023 were \$38,709 and \$34,319, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Total OPEB Liability. The County's Total OPEB Liability (TOL) was measured as of December 31, 2023 as determined by an actuarial valuation as of that date.

Actuarial Assumptions. The Total OPEB Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Measurement year ended	December 31, 2023
Investment rate of return (discount rate)	3.26% 20 Year Bond GO Index published by bondbuyer.com as of December 30, 2023.
Actuarial cost method	Entry Age Level Percent of Salary

Mortality rates for active members, retirees, and beneficiaries were based on the following:

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.
Service retirees, beneficiaries and non-depositing members	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.
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.

All actuarial assumptions and methods that determined the Total OPEB Liability as of December 31, 2023 were based on the results of an actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB 75.

Discount Rate. The TCDRS GTLF program is treated as an unfunded OPEB plan because the GTLF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 3.26% was used to measure the Total OPEB Liability. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was the 20 Year Bond GO Index published by bondbuyer.com as of the measurement date of December 31, 2023.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (2.26%)	Current Discount Rate (3.26%)	1% Increase in Discount Rate (4.26%)
Total OPEB Liability	\$ 1,720,949	\$ 1,426,975	\$ 1,201,712

OPEB Liability, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEBs. At September 30, 2024, the County reported a liability of \$1,426,975 for its Total OPEB Liability. The total OPEB liability was determined by an actuarial valuation as of December 31, 2023. For the year ended September 30, 2024 the County recognized OPEB expense of \$97,159. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

Changes in the Total OPEB Liability

	Changes in Total OPEB Liability
Balance at December 31, 2022	\$ 1,239,668
Changes for the year:	
Service cost	35,530
Interest on total OPEB liability ⁽¹⁾	46,801
Effect of economic/demographic gains or losses	28,640
Effect of assumptions changes or inputs ⁽³⁾	110,876
Benefit payments	(34,540)
Balance at December 31, 2023	<u>\$ 1,426,975</u>

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

⁽²⁾ No plan changes valued.

⁽³⁾ Reflects change in discount rate.

At September 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,078	\$ 8,127
Change of assumptions	209,871	301,901
Contributions subsequent to the measurement date	<u>30,001</u>	<u>-</u>
Totals	<u>\$ 285,950</u>	<u>\$ 310,028</u>

\$30,001 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 September 30, 2025. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2025	\$ 33,100
2026	(14,530)
2027	(47,954)
2028	(47,951)
2029	23,256

D. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains commercial insurance coverage for each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims did not exceed this commercial insurance coverage during the current fiscal year.

E. Tax Abatements

The County enters into economic development agreements designed to promote development and redevelopment within the County, spur economic improvement, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the County. The County's economic development agreements are authorized under Chapter 312 (Property Redevelopment and Tax Abatement) of the Texas Tax Code. The economic development agreements are designed to support the creation of new businesses, the expansion and retention of existing businesses within the County, and the attraction of companies that offer high impact jobs and share the community's values. Recipients may be eligible to receive economic assistance based on the employment, economic or community impact of the project requesting assistance. Recipients generally commit to building or remodeling real property and related infrastructure, redeveloping properties, expanding operations or bringing targeted business to the County. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The County has also entered into two agreements under State County Development and Growth, Chapter 381 of the Texas Local Government Code that will rebate a percentage of property taxes.

In fiscal year 2024, the County abated property tax revenue totaling \$65,087 for four entities. In addition, the County made Chapter 381 property tax rebates of \$593,587 for three entities.

F. New Accounting Guidance

Significant new accounting guidance issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the County includes the following:

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

GASB Statement No. 102, *Certain Risk Disclosures* - The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2024, and the impact has not yet been determined.

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription-Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required for capital assets held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

**REQUIRED
SUPPLEMENTARY INFORMATION**

KAUFMAN COUNTY, TEXAS

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS**

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Measurement Date, December 31	2023	2022	2021	2020
Total Pension Liability				
Service Cost	\$ 4,369,554	\$ 4,150,296	\$ 4,249,298	\$ 3,611,350
Interest total pension liability	9,420,686	8,834,293	8,322,178	7,811,066
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	-	-	(132,579)	6,634,044
Effect of economic/demographic (gains) or losses	1,800,644	364,670	(397,065)	(645,991)
Benefit payments/refunds of contributions	(6,166,486)	(5,550,425)	(4,870,989)	(5,077,286)
Net change in total pension liability	9,424,398	7,798,834	7,170,843	12,333,183
Total pension liability - beginning	122,613,626	114,814,792	107,643,949	95,310,766
Total pension liability - ending (a)	132,038,024	122,613,626	114,814,792	107,643,949
Plan Fiduciary Net Position				
Employer contributions	3,718,416	3,492,961	2,949,413	3,118,705
Member contributions	2,686,466	2,349,814	2,169,521	2,257,586
Investment income net of investment expenses	12,924,041	(7,325,178)	22,414,516	9,522,106
Benefit payments refunds of contributions	(6,166,486)	(5,550,425)	(4,870,989)	(5,077,286)
Administrative expenses	(68,263)	(68,901)	(67,373)	(74,585)
Other	61,879	145,228	5,173	17,815
Net change in plan fiduciary net position	13,156,053	(6,956,501)	22,600,261	9,764,341
Plan fiduciary net position - beginning	117,575,355	124,531,856	101,931,595	92,167,254
Plan fiduciary net position - ending (b)	\$ 130,731,408	\$ 117,575,355	\$ 124,531,856	\$ 101,931,595
Net pension liability (asset) - ending (a) - (b)	\$ 1,306,616	\$ 5,038,271	\$ (9,717,064)	\$ 5,712,354
Fiduciary net position as a percentage of total pension liability	99.01%	95.89%	108.46%	94.69%
Pensionable covered payroll	\$ 38,383,310	\$ 33,306,499	\$ 30,993,162	\$ 32,251,225
Net pension liability (asset) as a percentage of covered payroll	3.40%	15.13%	-31.35%	17.71%

2019	2018	2017	2016	2015	2014
\$ 3,265,943	\$ 3,053,934	\$ 3,238,234	\$ 3,065,258	\$ 2,644,182	\$ 2,762,499
7,278,934	6,744,796	6,348,341	5,728,468	5,436,268	5,087,347
-	639,221	-	-	(581,498)	-
-	-	328,681	-	793,523	-
470,101	220,680	(779,039)	975,056	(1,233,372)	(306,924)
<u>(4,515,378)</u>	<u>(4,046,460)</u>	<u>(4,067,947)</u>	<u>(3,643,256)</u>	<u>(3,468,516)</u>	<u>(3,101,049)</u>
6,499,600	6,612,171	5,068,270	6,125,526	3,590,587	4,441,873
<u>88,811,166</u>	<u>82,198,995</u>	<u>77,130,725</u>	<u>71,005,199</u>	<u>67,414,612</u>	<u>62,972,739</u>
<u>95,310,766</u>	<u>88,811,166</u>	<u>82,198,995</u>	<u>77,130,725</u>	<u>71,005,199</u>	<u>67,414,612</u>
2,603,903	2,625,263	2,149,400	2,156,826	1,967,249	1,948,436
1,932,910	1,802,198	1,633,633	1,632,185	1,464,973	1,415,395
13,005,673	(1,492,712)	10,274,385	4,810,216	(320,384)	4,146,388
(4,515,378)	(4,046,460)	(4,067,947)	(3,643,256)	(3,468,516)	(3,101,049)
(70,235)	(63,611)	(53,437)	(52,386)	(46,996)	(48,743)
<u>13,574</u>	<u>18,998</u>	<u>(3,545)</u>	<u>452,289</u>	<u>49,879</u>	<u>40,434</u>
12,970,447	(1,156,324)	9,932,489	5,355,874	(353,795)	4,400,861
<u>79,196,807</u>	<u>80,353,131</u>	<u>70,420,642</u>	<u>65,064,768</u>	<u>65,418,563</u>	<u>61,017,702</u>
<u>\$ 92,167,254</u>	<u>\$ 79,196,807</u>	<u>\$ 80,353,131</u>	<u>\$ 70,420,642</u>	<u>\$ 65,064,768</u>	<u>\$ 65,418,563</u>
<u>\$ 3,143,512</u>	<u>\$ 9,614,359</u>	<u>\$ 1,845,864</u>	<u>\$ 6,710,083</u>	<u>\$ 5,940,431</u>	<u>\$ 1,996,049</u>
96.70%	89.17%	97.75%	91.30%	91.63%	97.04%
\$ 27,612,999	\$ 25,745,877	\$ 23,337,656	\$ 23,316,925	\$ 20,928,191	\$ 20,111,254
11.38%	37.34%	7.91%	28.78%	28.38%	9.93%

KAUFMAN COUNTY, TEXAS**SCHEDULE OF EMPLOYER CONTRIBUTIONS****TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 1,948,005	\$ 1,948,005	\$ -	\$ 20,597,590	9.5%
2016	2,065,400	2,065,400	-	22,246,549	9.3%
2017	2,110,610	2,110,610	-	22,889,854	9.2%
2018	2,355,016	2,355,016	-	25,146,889	9.4%
2019	2,547,473	2,747,473	(200,000)	27,022,238	10.2%
2020	2,798,325	3,152,573	(354,248)	29,131,092	10.8%
2021	3,118,705	3,118,705	-	31,257,182	10.0%
2022	3,397,346	3,397,346	-	30,993,162	11.0%
2023	3,480,529	3,480,529	-	33,306,499	10.4%
2024	4,145,151	4,145,151	-	43,009,495	9.6%

KAUFMAN COUNTY, TEXAS

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated as of December 31st and become effective in January. 13 months later.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	16.8 years (based on contribution rate calculated in 12/31/2023 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service, 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: No changes in plan provisions were reflected in the Schedule. 2023: No changes in plan provisions were reflected in the Schedule.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: Employer contributions reflect that a 2% flat COLA was adopted 2020: No changes in plan provisions were reflected in the Schedule 2021: No changes in plan provisions were reflected in the Schedule 2022: No changes in plan provisions were reflected in the Schedule 2023: No changes in plan provisions were reflected in the Schedule

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

KAUFMAN COUNTY, TEXAS

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS - GROUP TERM LIFE**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Measurement Date, December 31	2023	2022	2021	2020
Total OPEB Liability				
Service Cost	\$ 35,530	\$ 60,202	\$ 59,910	\$ 48,870
Interest on total OPEB liability	46,801	33,983	33,481	36,433
Effect of assumption changes or inputs	110,876	(452,853)	30,706	174,730
Effect of economic/demographic gains or losses	28,640	25,620	(20,316)	13,346
Benefit payments	(34,540)	(33,306)	(34,092)	(35,476)
Net change in Total OPEB Liability	187,307	(366,354)	69,689	237,903
Total OPEB Liability - beginning	<u>1,239,668</u>	<u>1,606,022</u>	<u>1,536,333</u>	<u>1,298,430</u>
Total OPEB Liability - ending	<u>\$ 1,426,975</u>	<u>\$ 1,239,668</u>	<u>\$ 1,606,022</u>	<u>\$ 1,536,333</u>
Covered-employee payroll	\$ 9,674,699	\$ 33,306,499	\$ 30,993,162	\$ 32,251,225
Total OPEB Liability as a percentage of covered-employee payroll	14.75%	3.72%	5.18%	4.76%

Note: This schedule is required to have 10 years of information but the information prior to 2017 is not available.

Note: No assets are accumulated in a trust for the group term life plan to pay related benefits that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

2019	2018	2017
\$ 31,124	\$ 38,036	\$ 36,235
40,542	36,472	37,218
281,709	(119,269)	50,348
4,076	9,651	(24,241)
(33,136)	(25,746)	(25,671)
324,315	(60,856)	73,889
<u>974,115</u>	<u>1,034,971</u>	<u>961,082</u>
<u>\$ 1,298,430</u>	<u>\$ 974,115</u>	<u>\$ 1,034,971</u>
\$ 27,612,999	\$ 25,745,877	\$ 23,337,656
4.70%	3.78%	4.43%

KAUFMAN COUNTY, TEXAS

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS - RETIREE HEALTH PLAN**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Measurement Date, December 31	2023	2022	2021	2020
Total OPEB Liability				
Service Cost	\$ 838,440	\$ 1,086,010	\$ 1,117,913	\$ 1,310,069
Interest on total OPEB liability	528,882	256,086	258,982	366,977
Difference between expected and actual experience	80,434	691,161	(41,830)	(1,259,070)
Effect of assumption changes or inputs	395,162	(2,277,760)	100,447	(318,290)
Benefit payments	(490,595)	(490,672)	(411,152)	(387,145)
Net change in Total OPEB Liability	1,352,323	(735,175)	1,024,360	(287,459)
Total OPEB Liability - beginning	<u>12,884,894</u>	<u>13,620,069</u>	<u>12,595,709</u>	<u>12,883,168</u>
Total OPEB Liability - ending	<u>\$ 14,237,217</u>	<u>\$ 12,884,894</u>	<u>\$ 13,620,069</u>	<u>\$ 12,595,709</u>
Covered-employee payroll	\$ 33,071,577	\$ 33,042,322	\$ 31,238,881	\$ 30,611,426
Total OPEB Liability as a percentage of covered-employee payroll	43.05%	39.00%	43.60%	41.15%

Note: This schedule is required to have 10 years of information but the information prior to 2017 is not available.

Note: No assets are accumulated in a trust for the retiree health plan to pay related benefits that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

2019	2018	2017
\$ 1,161,747	\$ 1,240,615	\$ 657,472
462,572	395,357	396,383
(895,929)	(642,138)	5,694
463,473	(68,067)	538,572
(392,144)	(332,674)	(365,587)
799,719	593,093	1,232,534
<u>12,083,449</u>	<u>11,490,356</u>	<u>10,257,822</u>
<u>\$ 12,883,168</u>	<u>\$ 12,083,449</u>	<u>\$ 11,490,356</u>
\$ 28,032,822	\$ 25,125,526	\$ 23,337,656
45.96%	48.09%	49.24%

KAUFMAN COUNTY, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL****GENERAL FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 64,206,235	\$ 64,206,235	\$ 63,658,685	\$ (547,550)
Mixed beverage taxes	200,000	241,983	289,275	47,292
License and permits	120,000	120,000	159,521	39,521
Fees of office	4,469,981	4,567,144	4,680,062	112,918
Charges for service	750,184	763,539	968,120	204,581
Intergovernmental	5,143,903	7,040,065	6,508,221	(531,844)
Investment income	400,000	1,300,092	1,386,156	86,064
Miscellaneous	109,900	165,074	274,245	109,171
Total revenues	<u>75,400,203</u>	<u>78,404,132</u>	<u>77,924,285</u>	<u>(479,847)</u>
EXPENDITURES				
Current:				
General Government:				
County Clerk	1,322,558	1,333,050	1,288,468	44,582
County Service Officer	224,790	225,290	208,657	16,633
County Administrator	100,800	-	-	-
General Government	4,757,540	5,126,997	4,560,848	566,149
Emergency Management	422,733	405,019	368,015	37,004
Animal Shelter	228,400	286,053	248,596	37,457
Collections	315,444	311,914	293,732	18,182
District Clerk	1,254,884	1,249,270	1,184,537	64,733
Election Expense	1,536,855	1,418,709	1,201,493	217,216
County Auditor	878,228	815,435	761,751	53,684
Purchasing Agent	479,919	474,343	441,519	32,824
County Treasurer	373,837	392,598	380,974	11,624
Human Resources	469,099	509,355	405,932	103,423
Tax Collector	1,756,171	1,749,530	1,671,697	77,833
Maintenance and Operations	2,095,473	2,088,727	1,974,512	114,215
Utilities	845,900	1,125,021	1,064,234	60,787
Probate Education	82,500	258,837	190,937	67,900
Extension Service	394,211	398,637	388,579	10,058
Project/Program Manager	124,470	124,781	120,770	4,011
Telecommunications	252,600	204,951	208,066	(3,115)
Computer	1,007,050	1,231,054	1,168,058	62,996
Probate and Lunacy	92,900	123,344	117,844	5,500
Information Technology	1,146,369	1,185,164	1,146,050	39,114
Total General Government	<u>20,162,731</u>	<u>21,038,079</u>	<u>19,395,269</u>	<u>1,642,810</u>

KAUFMAN COUNTY, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL****GENERAL FUND****FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Safety				
Judicial and Law Enforcement	\$ 222,500	\$ 387,603	\$ 373,266	\$ 14,337
Fire Marshal	563,324	581,089	568,692	12,397
Constable Precinct 1	565,064	551,909	539,008	12,901
Constable Precinct 2	1,615,859	1,595,851	1,394,405	201,446
Constable Precinct 3	696,873	692,397	677,350	15,047
Constable Precinct 4	654,113	629,956	603,398	26,558
Sheriff's Fund	12,435,310	12,315,519	11,975,006	340,513
Jail Expense	13,474,519	14,043,818	13,863,733	180,085
911 Regional Call Center	3,156,045	3,079,725	2,677,226	402,499
FWSD #1C - Windmill Farms	1,078,944	1,054,944	859,010	195,934
Highway Patrol	141,296	141,296	119,248	22,048
DPS License and Weight	7,700	4,580	2,765	1,815
Juvenile Probation	<u>2,227,101</u>	<u>2,219,101</u>	<u>2,134,191</u>	<u>84,910</u>
Total Public Safety	<u>36,838,648</u>	<u>37,297,788</u>	<u>35,787,298</u>	<u>1,510,490</u>
Judicial				
County Judge	424,515	423,625	380,806	42,819
County Court at Law #2	678,439	666,263	640,250	26,013
County Court at Law #1	565,433	570,486	489,328	81,158
Public Defender	861,261	846,592	562,874	283,718
422nd District Court	323,575	345,617	325,521	20,096
489th District Court	321,167	309,284	289,032	20,252
District Attorney	5,773,235	5,734,347	5,556,432	177,915
Pretrial Diversion	447,344	456,589	441,229	15,360
86th District Court	364,465	364,472	330,762	33,710
Justice of the Peace #1	412,866	411,387	391,509	19,878
Justice of the Peace #2	412,018	410,163	400,799	9,364
Justice of the Peace #3	409,932	408,046	393,272	14,774
Justice of the Peace #4	431,714	429,729	390,825	38,904
Jury Fund	66,650	66,387	55,577	10,810
Charities Poor and Relief	<u>986,500</u>	<u>1,680,519</u>	<u>1,671,813</u>	<u>8,706</u>
Total Judicial	<u>12,479,114</u>	<u>13,123,506</u>	<u>12,320,029</u>	<u>803,477</u>
Community Services				
General Government -				
Community Services	471,620	471,981	446,018	25,963
Precinct 1 Solid Waste	451,121	451,121	440,003	11,118
Library	<u>393,744</u>	<u>395,542</u>	<u>382,299</u>	<u>13,243</u>
Total Community Services	<u>1,316,485</u>	<u>1,318,644</u>	<u>1,268,320</u>	<u>50,324</u>

KAUFMAN COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Infrastructure and Environmental Services				
Public Works	\$ 1,341,873	\$ 1,316,035	\$ 1,215,814	\$ 100,221
Lake Dam Maintenance	117,481	1,258,905	1,258,902	3
Total Infrastructure and Environmental Services	1,459,354	2,574,940	2,474,716	100,224
Health and Human Services				
General Government - Health and Human Services	167,344	167,344	167,344	-
Indigent Health Care	564,458	564,458	541,870	22,588
Total Health and Human Services	731,802	731,802	709,214	22,588
Capital outlay	1,520,316	2,287,102	6,879,758	(4,592,656)
Debt service:				
Principal	2,036,912	2,546,649	2,060,954	485,695
Interest and fiscal charges	240,000	-	159,006	(159,006)
Total expenditures	76,785,362	80,918,510	81,054,564	(136,054)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,385,159)</u>	<u>(2,514,378)</u>	<u>(3,130,279)</u>	<u>(615,901)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	120,000	658,116	696,630	38,514
Insurance recoveries	100,000	309,877	206,760	(103,117)
Transfers in	4,000	(23,323)	21,514	44,837
Transfers out	(11,400)	(110,659)	(156,076)	(45,417)
Issuance of leases/SBITAs	-	-	4,681,680	4,681,680
Total other financing sources (uses)	212,600	834,011	5,450,508	4,616,497
NET CHANGE IN FUND BALANCES	(1,172,559)	(1,680,367)	2,320,229	4,000,596
FUND BALANCES, BEGINNING	13,551,988	13,551,988	13,551,988	-
FUND BALANCES, ENDING	<u>\$ 12,379,429</u>	<u>\$ 11,871,621</u>	<u>\$ 15,872,217</u>	<u>\$ 4,000,596</u>

KAUFMAN COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

GENERAL ROAD AND BRIDGE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Property taxes	\$ 15,708,316	\$ 15,708,316	\$ 18,459,818	\$ 2,751,502
Fees of office	2,934,000	2,934,000	3,619,718	685,718
Charges for service	8,600	78,366	79,741	1,375
Intergovernmental	245,000	600,356	1,074,698	474,342
Investment income	39,600	39,600	625,485	585,885
Miscellaneous	4,280	20,700	19,144	(1,556)
Total revenues	<u>18,939,796</u>	<u>19,381,338</u>	<u>23,878,604</u>	<u>4,497,266</u>
EXPENDITURES				
Current:				
Infrastructure and Environmental				
Precinct 1	5,906,483	6,093,701	4,287,996	1,805,705
Precinct 2	3,837,308	3,801,556	1,834,460	1,967,096
Precinct 3	3,887,555	4,604,471	3,776,618	827,853
Precinct 4	8,996,858	9,088,988	6,080,737	3,008,251
Capital outlay	1,562,945	2,280,834	2,342,383	(61,549)
Debt service				
Principal	793,837	1,026,822	993,839	32,983
Interest and fiscal charges	<u>83,011</u>	<u>93,156</u>	<u>104,750</u>	<u>(11,594)</u>
Total expenditures	<u>25,067,997</u>	<u>26,989,528</u>	<u>19,420,783</u>	<u>7,568,745</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,128,201)</u>	<u>(7,608,190)</u>	<u>4,457,821</u>	<u>12,066,011</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	20,000	110,141	160,141	50,000
Insurance recoveries	-	-	109,367	109,367
Transfers in	8,435	8,435	-	(8,435)
Issuance of leases/SBITAs	-	-	234,185	234,185
Total other financing sources (uses)	<u>28,435</u>	<u>118,576</u>	<u>503,693</u>	<u>385,117</u>
NET CHANGE IN FUND BALANCES	<u>(6,099,766)</u>	<u>(7,489,614)</u>	<u>4,961,514</u>	<u>12,451,128</u>
FUND BALANCES, BEGINNING	<u>9,659,781</u>	<u>9,659,781</u>	<u>9,659,781</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 3,560,015</u>	<u>\$ 2,170,167</u>	<u>\$ 14,621,295</u>	<u>\$ 12,451,128</u>

KAUFMAN COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2024

Budgetary Information

The County follows these procedures in establishing the budgetary data reflected in the financial report:

1. The County Judge has departmental meetings with management to determine the departmental budget requests.
2. The County Judge submits to the County Commissioners a proposed operating budget for the fiscal year commencing the following October. The operational budget includes proposed expenditures and the means of financing them.
3. Public hearings are conducted to obtain taxpayer comments.
4. After the public hearings, the Commissioners' Court reviews the budget and makes any adjustments they feel necessary.
5. The budget is then legally enacted by the Commissioners' Court on or before October 1.

Only the governing body, composed of the Commissioners' Court, may amend the budget after its adoption so long as the amendment continues to meet the requirements of Section 111 of the *Local Government Code*. During the year, several supplementary amendments to the original budget were required. Individual amendments were not material in relation to the original appropriations, and all amendments were legally made. The County's budget authorizes expenditures for all governmental fund types. The County's legally adopted budget is at the department level in those funds with multiple departments and at the fund level in single department funds. All budgets are fixed in nature. For internal management purposes, the budgets are detailed by line item and entered into the accounting records. Comparisons of actual expenditures or expenses to budget are made on an ongoing basis. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budget appropriations lapse at year-end. Annual appropriated budgets are adopted for the General, General Road and Bridge Funds and Debt Service Funds.

**COMBINING
STATEMENTS AND SCHEDULES**

KAUFMAN COUNTY, TEXAS**COMBINING BALANCE SHEET****NONMAJOR GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2024

	Special Revenue			
	Sheriff Federal Forfeitures	Sheriff State Forfeitures	District Attorney Forfeitures	Law Library
ASSETS				
Cash and cash equivalents	\$ 81,327	\$ 31,136	\$ 97,300	\$ 214,126
Prepaid items	-	-	-	-
Total assets	<u>81,327</u>	<u>31,136</u>	<u>97,300</u>	<u>214,126</u>
LIABILITIES				
Liabilities:				
Accounts payable	-	-	3,959	931
Accrued liabilities	-	-	-	774
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>3,959</u>	<u>1,705</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted for:				
Public safety	81,327	31,136	-	-
Judicial	-	-	93,341	212,421
Fire code enforcement	-	-	-	-
Historical preservation	-	-	-	-
Records management and preservation	-	-	-	-
Court technology and security	-	-	-	-
Other purposes	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>81,327</u>	<u>31,136</u>	<u>93,341</u>	<u>212,421</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 81,327</u>	<u>\$ 31,136</u>	<u>\$ 97,300</u>	<u>\$ 214,126</u>

Special Revenue

Voter Registration	Appellate Justice System	Records Management	Library Memorials	Courthouse Security	Records Management and Preservation
\$ 1,203	\$ 38,810	\$ 353,677	\$ -	\$ 327,162	\$ 113,990
-	-	-	-	-	-
<u>1,203</u>	<u>38,810</u>	<u>353,677</u>	<u>-</u>	<u>327,162</u>	<u>113,990</u>
-	-	2,205	596	1,344	-
-	-	1,352	-	-	-
-	-	-	1,205	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>3,557</u>	<u>1,801</u>	<u>1,344</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	38,810	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	350,120	-	-	113,990
-	-	-	-	325,818	-
1,203	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,801)</u>	<u>-</u>	<u>-</u>
<u>1,203</u>	<u>38,810</u>	<u>350,120</u>	<u>(1,801)</u>	<u>325,818</u>	<u>113,990</u>
\$ 1,203	\$ 38,810	\$ 353,677	\$ -	\$ 327,162	\$ 113,990

KAUFMAN COUNTY, TEXAS**COMBINING BALANCE SHEET****NONMAJOR GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2024

	Special Revenue			
	District Clerk Records Management and Preservation	Fire Code	CCL Diversion Court	422nd Diversion Court
ASSETS				
Cash and cash equivalents	\$ 164,546	\$ 1,219,756	\$ 51,943	\$ 45,388
Prepaid items	-	-	-	-
Total assets	<u>164,546</u>	<u>1,219,756</u>	<u>51,943</u>	<u>45,388</u>
LIABILITIES				
Liabilities:				
Accounts payable	-	15,448	-	-
Accrued liabilities	-	1,187	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>16,635</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted for:				
Public safety	-	-	-	-
Judicial	-	-	51,943	45,388
Fire code enforcement	-	1,203,121	-	-
Historical preservation	-	-	-	-
Records management and preservation	164,546	-	-	-
Court technology and security	-	-	-	-
Other purposes	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>164,546</u>	<u>1,203,121</u>	<u>51,943</u>	<u>45,388</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 164,546</u>	<u>\$ 1,219,756</u>	<u>\$ 51,943</u>	<u>\$ 45,388</u>

Special Revenue

Constable Pct. 4 Forfeitures	Justice Court Building Security	Juror Reimbursements	Historical Society	Juvenile Case Manager	LEOSE Training
\$ 6,988	\$ 14,085	\$ 16,079	\$ 39,648	\$ 1,963	\$ 63,356
-	-	-	-	-	-
<u>6,988</u>	<u>14,085</u>	<u>16,079</u>	<u>39,648</u>	<u>1,963</u>	<u>63,356</u>
-	-	3,130	74	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>3,130</u>	<u>74</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
6,988	-	-	-	1,963	63,356
-	-	12,949	-	-	-
-	-	-	-	-	-
-	-	-	39,574	-	-
-	-	-	-	-	-
-	14,085	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,988</u>	<u>14,085</u>	<u>12,949</u>	<u>39,574</u>	<u>1,963</u>	<u>63,356</u>
<u>\$ 6,988</u>	<u>\$ 14,085</u>	<u>\$ 16,079</u>	<u>\$ 39,648</u>	<u>\$ 1,963</u>	<u>\$ 63,356</u>

KAUFMAN COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2024

	Special Revenue			
	County and District Court Technology	JP Technology	Records Archive	SCAAP Grant
ASSETS				
Cash and cash equivalents	\$ 1,919	\$ 145,264	\$ 842,142	\$ 114,955
Prepaid items	-	600	-	-
Total assets	<u>1,919</u>	<u>145,864</u>	<u>842,142</u>	<u>114,955</u>
LIABILITIES				
Liabilities:				
Accounts payable	-	1,106	4,232	-
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	5,701
Total liabilities	<u>-</u>	<u>1,106</u>	<u>4,232</u>	<u>5,701</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	-	600	-	-
Restricted for:				
Public safety	-	-	-	109,254
Judicial	-	-	-	-
Fire code enforcement	-	-	-	-
Historical preservation	-	-	-	-
Records management and preservation	-	-	837,910	-
Court technology and security	1,919	144,158	-	-
Other purposes	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>1,919</u>	<u>144,758</u>	<u>837,910</u>	<u>109,254</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,919</u>	<u>\$ 145,864</u>	<u>\$ 842,142</u>	<u>\$ 114,955</u>

Special Revenue					
Tax Assessor/ Collector Administration Fees	Air Quality Grant	Local Truancy Prevention & Diversion	D.A. Pre-Trial Diversion Fund	Pct #2 Constable Siezure Act Fund	TWDB FIF Escrow
\$ 91,332	\$ 2,558	\$ 92,509	\$ 132,269	\$ 43,161	\$ 9,024
-	-	-	-	-	-
91,332	2,558	92,509	132,269	43,161	9,024
-	-	-	210	-	8,670
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	210	-	8,670
-	-	-	-	-	-
-	2,558	92,509	132,059	43,161	354
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
91,332	-	-	-	-	-
-	-	-	-	-	-
91,332	2,558	92,509	132,059	43,161	354
\$ 91,332	\$ 2,558	\$ 92,509	\$ 132,269	\$ 43,161	\$ 9,024

THIS PAGE LEFT BLANK INTENTIONALLY

KAUFMAN COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	Special Revenue		
	Court Facility Fund	Rural Law Enforcement Grant	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 162,004	\$ 436,339	\$ 4,955,959
Prepaid items	-	-	600
Total assets	<u>162,004</u>	<u>436,339</u>	<u>4,956,559</u>
LIABILITIES			
Liabilities:			
Accounts payable	-	-	41,905
Accrued liabilities	-	2,639	5,952
Due to other funds	-	-	1,205
Unearned revenue	-	433,671	439,372
Total liabilities	<u>-</u>	<u>436,310</u>	<u>488,434</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	-	-	600
Restricted for:			
Public safety	162,004	29	726,698
Judicial	-	-	454,852
Fire code enforcement	-	-	1,203,121
Historical preservation	-	-	39,574
Records management and preservation	-	-	1,466,566
Court technology and security	-	-	485,980
Other purposes	-	-	92,535
Unassigned	-	-	(1,801)
Total fund balances	<u>162,004</u>	<u>29</u>	<u>4,468,125</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 162,004</u>	<u>\$ 436,339</u>	<u>\$ 4,956,559</u>

KAUFMAN COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Special Revenue			
	Sheriff Federal Forfeitures	Sheriff State Forfeitures	District Attorney Forfeitures	Law Library
REVENUES				
License and permits	\$ -	\$ -	\$ -	\$ -
Fees of office	-	-	-	119,500
Charges for services	-	-	-	-
Forfeitures	88,955	22,408	52,639	-
Intergovernmental	-	-	-	-
Investment income	-	-	-	145
Miscellaneous	-	-	-	-
Total revenues	<u>88,955</u>	<u>22,408</u>	<u>52,639</u>	<u>119,645</u>
EXPENDITURES				
General government	-	-	-	-
Public safety and corrections	61,560	29,120	-	-
Judicial	-	-	64,301	72,935
Infrastructure and environmental	-	-	-	-
Debt service:				
Principal	-	-	-	24,599
Interest	-	-	-	1,507
Capital outlay	-	-	-	-
Total expenditures	<u>61,560</u>	<u>29,120</u>	<u>64,301</u>	<u>99,041</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>27,395</u>	<u>(6,712)</u>	<u>(11,662)</u>	<u>20,604</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	27,395	(6,712)	(11,662)	20,604
FUND BALANCES, BEGINNING	<u>53,932</u>	<u>37,848</u>	<u>105,003</u>	<u>191,817</u>
FUND BALANCES, ENDING	<u>\$ 81,327</u>	<u>\$ 31,136</u>	<u>\$ 93,341</u>	<u>\$ 212,421</u>

Special Revenue					
Voter Registration	Appellate Justice System	Records Management	Library Memorials	Courthouse Security	Records Management and Preservation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	31,000	433,055	-	107,222	1,412
-	-	-	-	-	-
-	-	-	-	-	-
15,117	-	-	-	-	-
-	-	445	-	217	96
-	-	-	525	-	-
<u>15,117</u>	<u>31,000</u>	<u>433,500</u>	<u>525</u>	<u>107,439</u>	<u>1,508</u>
15,014	-	580,426	3,958	-	-
-	-	-	-	-	-
-	-	-	-	31,523	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>15,014</u>	<u>-</u>	<u>580,426</u>	<u>3,958</u>	<u>31,523</u>	<u>-</u>
<u>103</u>	<u>31,000</u>	<u>(146,926)</u>	<u>(3,433)</u>	<u>75,916</u>	<u>1,508</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
103	31,000	(146,926)	(3,433)	75,916	1,508
<u>1,100</u>	<u>7,810</u>	<u>497,046</u>	<u>1,632</u>	<u>249,902</u>	<u>112,482</u>
<u>\$ 1,203</u>	<u>\$ 38,810</u>	<u>\$ 350,120</u>	<u>\$ (1,801)</u>	<u>\$ 325,818</u>	<u>\$ 113,990</u>

KAUFMAN COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Special Revenue			
	District Clerk Records Management and Preservation	Fire Code	CCL Diversion Court	422nd Diversion Court
REVENUES				
License and permits	\$ -	\$ 252,059	\$ -	\$ -
Fees of office	102,039	-	220	1,032
Charges for services	-	-	-	-
Forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Investment income	81	22,852	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>102,120</u>	<u>274,911</u>	<u>220</u>	<u>1,032</u>
EXPENDITURES				
General government	49,423	-	-	-
Public safety and corrections	-	217,209	-	1,324
Judicial	-	-	-	-
Infrastructure and environmental	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	34	-	-
Capital outlay	-	16,121	-	-
Total expenditures	<u>49,423</u>	<u>233,364</u>	<u>-</u>	<u>1,324</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>52,697</u>	<u>41,547</u>	<u>220</u>	<u>(292)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	209	209
Transfers out	-	-	-	(16,507)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>209</u>	<u>(16,298)</u>
NET CHANGE IN FUND BALANCES	52,697	41,547	429	(16,590)
FUND BALANCES, BEGINNING	<u>111,849</u>	<u>1,161,574</u>	<u>51,514</u>	<u>61,978</u>
FUND BALANCES, ENDING	<u>\$ 164,546</u>	<u>\$ 1,203,121</u>	<u>\$ 51,943</u>	<u>\$ 45,388</u>

Special Revenue					
Constable Pct. 4 Forfeitures	Justice Court Building Security	Juror Reimbursements	Historical Society	Juvenile Case Manager	LEOSE Training
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	399	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	30,615
7	-	27	1,781	-	-
-	-	435	-	-	-
<u>7</u>	<u>399</u>	<u>462</u>	<u>1,781</u>	<u>-</u>	<u>30,615</u>
-	-	-	6,267	-	-
-	-	-	-	-	11,420
-	143	120,939	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>143</u>	<u>120,939</u>	<u>6,267</u>	<u>-</u>	<u>11,420</u>
<u>7</u>	<u>256</u>	<u>(120,477)</u>	<u>(4,486)</u>	<u>-</u>	<u>19,195</u>
-	-	123,616	13,600	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>123,616</u>	<u>13,600</u>	<u>-</u>	<u>-</u>
7	256	3,139	9,114	-	19,195
<u>6,981</u>	<u>13,829</u>	<u>9,810</u>	<u>30,460</u>	<u>1,963</u>	<u>44,161</u>
<u>\$ 6,988</u>	<u>\$ 14,085</u>	<u>\$ 12,949</u>	<u>\$ 39,574</u>	<u>\$ 1,963</u>	<u>\$ 63,356</u>

KAUFMAN COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Special Revenue			
	District Court Technology	JP Technology	Records Archive	SCAAP Grant
REVENUES				
License and permits	\$ -	\$ -	\$ -	\$ -
Fees of office	3,835	18,747	389,460	-
Charges for services	-	-	-	-
Forfeitures	-	-	-	-
Intergovernmental	-	-	-	54,508
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>3,835</u>	<u>18,747</u>	<u>389,460</u>	<u>54,508</u>
EXPENDITURES				
General government	4,750	-	313,722	-
Public safety and corrections	-	-	-	11,992
Judicial	-	23,643	-	-
Infrastructure and environmental	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>4,750</u>	<u>23,643</u>	<u>313,722</u>	<u>11,992</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(915)</u>	<u>(4,896)</u>	<u>75,738</u>	<u>42,516</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(915)	(4,896)	75,738	42,516
FUND BALANCES, BEGINNING	<u>2,834</u>	<u>149,654</u>	<u>762,172</u>	<u>66,738</u>
FUND BALANCES, ENDING	<u>\$ 1,919</u>	<u>\$ 144,758</u>	<u>\$ 837,910</u>	<u>\$ 109,254</u>

Special Revenue					
Tax Assessor/Collector Administration Fees	Air Quality Grant	Local Truancy Prevention & Diversion	D.A. Pre-Trial Diversion Fund	Constable Seizure Act Fund	TWDB FIF Escrow
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	53,166	-	-
-	-	-	-	-	32,915
-	-	-	-	-	-
19,162	-	21,361	-	-	-
-	-	-	105	12	36
-	-	-	-	31,754	-
<u>19,162</u>	<u>-</u>	<u>21,361</u>	<u>53,271</u>	<u>31,766</u>	<u>32,951</u>
-	-	-	-	-	-
-	-	-	-	3,783	-
-	-	-	30	-	-
-	-	-	-	-	50,282
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>30</u>	<u>3,783</u>	<u>50,282</u>
<u>19,162</u>	<u>-</u>	<u>21,361</u>	<u>53,241</u>	<u>27,983</u>	<u>(17,331)</u>
-	-	-	-	9,773	41,840
<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,008)</u>	<u>-</u>	<u>(33,170)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,008)</u>	<u>9,773</u>	<u>8,670</u>
19,162	-	21,361	48,233	37,756	(8,661)
<u>72,170</u>	<u>2,558</u>	<u>71,148</u>	<u>83,826</u>	<u>5,405</u>	<u>9,015</u>
<u>\$ 91,332</u>	<u>\$ 2,558</u>	<u>\$ 92,509</u>	<u>\$ 132,059</u>	<u>\$ 43,161</u>	<u>\$ 354</u>

KAUFMAN COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Special Revenue		
	Court Facility Fund	Rural Law Enforcement Grant	Total Other Governmental Funds
REVENUES			
License and permits	\$ -	\$ -	\$ 252,059
Fees of office	60,466	-	1,321,553
Charges for services	-	-	32,915
Forfeitures	-	-	164,002
Intergovernmental	-	341,329	482,092
Investment income	-	29	25,833
Miscellaneous	-	-	32,714
Total revenues	<u>60,466</u>	<u>341,358</u>	<u>2,311,168</u>
EXPENDITURES			
General government	-	-	973,560
Public safety and corrections	-	66,329	402,737
Judicial	-	275,000	588,514
Infrastructure and environmental	-	-	50,282
Debt service:			
Principal	-	-	24,599
Interest	-	-	1,541
Capital outlay	-	-	16,121
Total expenditures	<u>-</u>	<u>341,329</u>	<u>2,057,354</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>60,466</u>	<u>29</u>	<u>253,814</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	189,247
Transfers out	-	-	(54,685)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>134,562</u>
NET CHANGE IN FUND BALANCES	60,466	29	388,376
FUND BALANCES, BEGINNING	<u>101,538</u>	<u>-</u>	<u>4,079,749</u>
FUND BALANCES, ENDING	<u>\$ 162,004</u>	<u>\$ 29</u>	<u>\$ 4,468,125</u>

KAUFMAN COUNTY, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL****DEBT SERVICE FUND****FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Property taxes	\$ 10,793,305	\$ 10,793,305	\$ 11,345,267	\$ 551,962
Investment income	14,500	14,500	98,565	84,065
Total revenues	<u>10,807,805</u>	<u>10,807,805</u>	<u>11,443,832</u>	<u>636,027</u>
EXPENDITURES				
Debt service				
Principal	4,560,000	4,710,475	4,710,475	-
Interest and fiscal charges	<u>7,662,805</u>	<u>7,512,330</u>	<u>7,505,933</u>	<u>6,397</u>
Total expenditures	<u>12,222,805</u>	<u>12,222,805</u>	<u>12,216,408</u>	<u>6,397</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,415,000)</u>	<u>(1,415,000)</u>	<u>(772,576)</u>	<u>642,424</u>
FUND BALANCES, BEGINNING	<u>4,847,104</u>	<u>4,847,104</u>	<u>4,847,104</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 3,432,104</u>	<u>\$ 3,432,104</u>	<u>\$ 4,074,528</u>	<u>\$ 642,424</u>

KAUFMAN COUNTY, TEXAS**COMBINING STATEMENT OF FIDUCIARY NET POSITION**

SEPTEMBER 30, 2024

	Custodial funds				
	District Clerk	County Clerk	Childrens' Shelter	Adult Probation	Juvenile Probation
ASSETS					
Cash and cash equivalents	\$ 5,115,515	\$ 1,012,528	\$ -	\$ 694,398	\$ 519,979
Accounts receivable	-	677,650	54,525	-	272,411
Total assets	<u>5,115,515</u>	<u>1,690,178</u>	<u>54,525</u>	<u>694,398</u>	<u>792,390</u>
LIABILITIES					
Due to others	<u>606,665</u>	-	54,525	49,148	193,572
Total liabilities	<u>606,665</u>	-	54,525	49,148	193,572
NET POSITION					
Restricted for:					
Pool participants	4,508,850	1,690,178	-	-	-
Individuals and organizations	-	-	-	645,250	598,818
Total net position	<u>\$ 4,508,850</u>	<u>\$ 1,690,178</u>	<u>\$ -</u>	<u>\$ 645,250</u>	<u>\$ 598,818</u>

Custodial funds							Total Custodial Funds
Tax Assessor Collector	Employee Savings	Justice of the Peace	Veteran's Court	County District Attorney	Sheriff Office	Bail Bond	
\$ 3,305,004	\$ 698,217	\$ 206,455	\$ 14,708	\$ 282,006	\$ 764,446	\$ 518,940	\$ 13,132,196
-	-	-	60	-	-	-	1,004,646
<u>3,305,004</u>	<u>698,217</u>	<u>206,455</u>	<u>14,768</u>	<u>282,006</u>	<u>764,446</u>	<u>518,940</u>	<u>14,136,842</u>
100,674	685,879	187,056	-	134,629	10,088	502,000	2,524,236
<u>100,674</u>	<u>685,879</u>	<u>187,056</u>	<u>-</u>	<u>134,629</u>	<u>10,088</u>	<u>502,000</u>	<u>2,524,236</u>
-	-	-	-	-	-	-	6,199,028
<u>3,204,330</u>	<u>12,338</u>	<u>19,399</u>	<u>14,768</u>	<u>147,377</u>	<u>754,358</u>	<u>16,940</u>	<u>5,413,578</u>
<u>\$ 3,204,330</u>	<u>\$ 12,338</u>	<u>\$ 19,399</u>	<u>\$ 14,768</u>	<u>\$ 147,377</u>	<u>\$ 754,358</u>	<u>\$ 16,940</u>	<u>\$ 11,612,606</u>

KAUFMAN COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Custodial Funds				
	District Clerk	County Clerk	Childrens' Shelter	Adult Probation	Juvenile Probation
INCREASES					
Contributions from judgements	\$ 6,893,194	\$ 568,472	\$ -	\$ -	\$ -
Bonds received	-	-	-	-	-
Court fees	-	-	-	-	-
Deposits held	-	-	-	-	-
Operational revenues	-	-	586,480	-	1,759,622
Taxes collected on behalf of taxing entities	-	-	-	-	-
Interest income	84	574	-	40	503
Probation revenues	-	-	-	2,053,944	1,309,918
Total increases	<u>6,893,278</u>	<u>569,046</u>	<u>586,480</u>	<u>2,053,984</u>	<u>3,070,043</u>
DECREASES					
Collections distributed	-	-	-	20,944	-
Deposits returned	-	-	-	-	-
Disbursements to beneficiaries	9,509,958	723,967	-	-	-
Taxes disbursed to taxing entities	-	-	-	-	-
Operational expenses	-	-	586,480	2,009,909	2,667,870
Total decreases	<u>9,509,958</u>	<u>723,967</u>	<u>586,480</u>	<u>2,030,853</u>	<u>2,667,870</u>
Net increase (decrease) in fiduciary net position	(2,616,680)	(154,921)	-	23,131	402,173
Net position - beginning	<u>7,125,530</u>	<u>1,845,099</u>	<u>-</u>	<u>622,119</u>	<u>196,645</u>
Net position - ending	<u>\$ 4,508,850</u>	<u>\$ 1,690,178</u>	<u>\$ -</u>	<u>\$ 645,250</u>	<u>\$ 598,818</u>

Custodial Funds							Total Custodial Funds
Tax Assessor Collector	Employee Savings	Justice of the Peace	Veteran's Court	County District Attorney	Sheriff Office	Bail Bond	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,461,666
-	-	-	-	-	-	1,170	1,170
-	-	1,832,883	-	-	-	-	1,832,883
-	-	-	-	1,001,330	2,786,656	-	3,787,986
-	-	-	1,422	-	-	-	2,347,524
544,230,008	-	-	-	-	-	-	544,230,008
57,764	12,338	162	-	127	35	-	71,627
-	-	-	-	-	-	-	3,363,862
<u>544,287,772</u>	<u>12,338</u>	<u>1,833,045</u>	<u>1,422</u>	<u>1,001,457</u>	<u>2,786,691</u>	<u>1,170</u>	<u>563,096,726</u>
-	-	1,832,815	-	1,055,337	-	-	2,909,096
-	-	-	-	-	2,862,770	-	2,862,770
-	-	-	-	-	-	-	10,233,925
544,337,637	-	-	-	-	-	-	544,337,637
-	-	-	-	-	-	-	5,264,259
<u>544,337,637</u>	<u>-</u>	<u>1,832,815</u>	<u>-</u>	<u>1,055,337</u>	<u>2,862,770</u>	<u>-</u>	<u>565,607,687</u>
(49,865)	12,338	230	1,422	(53,880)	(76,079)	1,170	(2,510,961)
<u>3,254,195</u>	<u>-</u>	<u>19,169</u>	<u>13,346</u>	<u>201,257</u>	<u>830,437</u>	<u>15,770</u>	<u>14,123,567</u>
<u>\$ 3,204,330</u>	<u>\$ 12,338</u>	<u>\$ 19,399</u>	<u>\$ 14,768</u>	<u>\$ 147,377</u>	<u>\$ 754,358</u>	<u>\$ 16,940</u>	<u>\$ 11,612,606</u>

THIS PAGE LEFT BLANK INTENTIONALLY

(This Page Intentionally Blank)

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

THIS PAGE INTENTIONALLY LEFT BLANK



_____, 2025

\$_____,000
KAUFMAN COUNTY, TEXAS
LIMITED TAX BONDS
SERIES 2025

WE HAVE ACTED AS BOND COUNSEL in connection with the issuance by Kaufman County, Texas (the "County") of its \$_____,000 aggregate original principal amount of Limited Tax Bonds, Series 2025, dated September 15, 2025 (the "Bonds").

IN OUR CAPACITY AS BOND COUNSEL, we have examined the Bonds for the sole purpose of rendering an opinion with respect to the legality and validity of the Order of the Commissioners Court of the County authorizing the issuance of the Bonds and the Pricing Certificate executed by the Pricing Officer (collectively, the "Order") and of the Bonds under the Constitution and laws of the State of Texas, and with respect to the excludability of the interest on the Bonds from gross income for federal income tax purposes. We have not been requested to investigate or verify, and have not investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the County.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas. We have also examined applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, Treasury Regulations, and published rulings of the Internal Revenue Service as we have deemed relevant, a transcript of certified proceedings of the County and other pertinent instruments authorizing and relating to the issuance of the Bonds, including: (1) the Order, (2) the registered Initial Bond numbered I-1 and (3) the County's Arbitrage and Tax Certificate.

BASED ON OUR EXAMINATION, we are of the opinion that:

1. The Bonds are valid and legally binding obligations of the County enforceable in accordance with their terms, except as their enforceability may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights generally and as may be affected by matters involving the exercise of equitable or judicial discretion.
2. The Bonds are secured by and payable from the levy of a direct and continuing annual ad valorem tax upon all taxable property within the County, within the limits prescribed by law, sufficient for said purposes, as provided in the Order.
3. Interest on the Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code and will not constitute an item of tax

preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

In rendering this opinion, we have assumed continuing compliance by the County with the covenants contained in the Order and the Arbitrage and Tax Certificate, that it will comply with the applicable requirements of the Code, including requirements relating to, *inter alia*, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the County to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that may affect the tax-exempt status of the interest on the Bonds.

The opinions set forth above are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. We observe that the County has covenanted in the Order not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Respectfully,

(This Page Intentionally Blank)

Municipal Advisory Services
Provided By

