

**NOTICE OF SALE  
AND  
BIDDING INSTRUCTIONS  
ON**

**\$22,565,000\*  
BELL COUNTY, TEXAS  
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026**

**Bids Due Thursday, February 5, 2026 at 10:00 AM, CST**

**THE SALE**

**CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BIDDING** . . . Bell County, Texas (the “County”), is offering for sale its \$22,565,000\* Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “Certificates”). Bids may be submitted by either of three alternative procedures: (i) written bids; (ii) electronic bids; or (iii) telephone bids. Prospective bidders may select one of the three alternative bidding procedures in their sole discretion. Neither the County nor its Financial Advisor, Specialized Public Finance Inc., assumes any responsibility or liability for a prospective bidding procedure.

The County and Specialized Public Finance Inc. assume no responsibility or liability with respect to any irregularities associated with the submission of electronic, or telephone bids.

Specialized Public Finance Inc. will not be responsible for submitting any bids received after the deadline. For the purpose of determining compliance with any and all time deadlines set forth in this Official Notice of Sale, for all alternative bidding procedures, the official time shall be the time maintained only by the Parity Electronic Bid Submission System (“PARITY”).

**WRITTEN BIDS DELIVERED IN PERSON** . . . Signed bids, plainly marked “Bid for Certificates,” should be addressed to “County Judge and Commissioners Court, Bell County, Texas,” and delivered to the County’s Financial Advisor, Specialized Public Finance Inc. at 248 Addie Roy Road, Suite B-103, Austin, Texas 78746 by 10:00 AM, CST on February 5, 2026 (the “date of the bid opening”). All bids must be submitted on the Official Bid Form, without alteration or interlineation.

**ELECTRONIC BIDDING PROCEDURE** . . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Subscription to the i-Deal LLC’s BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The County will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Certificates on the terms provided in the Notice of Sale, and shall be binding upon the bidder as if made by a signed bid delivered to the County. The County shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of the Notice of Sale shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about PARITY, including any fee charged, may be obtained from Parity Customer Support, 40 West 23rd Street, 5th Floor, New York, New York 10010, (212) 404-8102.

For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the County, as described under “Basis for Award” below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the Official Bid Form.

**BIDS BY TELEPHONE** . . . Bidders must submit SIGNED Official Bid Forms to Dan Wegmiller, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746, and submit their bid by telephone or facsimile (fax) on the date of the bid opening.

Telephone bids will be accepted at (512) 275-7300, between 9:30 AM and 10:00 AM, CST on the date of the bid opening.

Specialized Public Finance Inc. will not be responsible for submitting any bids received after the above deadlines.

Specialized Public Finance Inc. assumes no responsibility or liability with respect to any irregularities associated with the submission of bids if telephone or fax options are exercised.

**PLACE AND TIME OF BID OPENING** . . . The bids for the Certificates will be publicly opened and read in the office of the Financial Advisor at 10:00 AM, CST, Thursday, February 5, 2026.

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\*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change.

**SIGNED OFFICIAL BID FORM** . . . The bidder whose bid is the winning bid in accordance with this Notice of Sale will be notified immediately and must submit via email a Signed Official Bid Form in connection with the sale, by 10:30 AM CST on the date of the sale to Monica Melvin, Specialized Public Finance Inc. at monica@spfmuni.com.

**AWARD OF THE CERTIFICATES** . . . The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the “State”), particularly Subchapter C of Chapter 271, Texas Local Government Code (the Certificate of Obligation Act of 1971), as amended, an order authorizing the issuance of the Certificates (the “Certificate Order”) adopted by the Commissioners Court of Bell County, Texas (the “County”) on February 2, 2026, and a Pricing Certificate to be executed on the date of sale of the Certificates (the “Pricing Certificate” and together with the Certificate Order, the “Order”). As permitted by certain provisions of the Texas Government Code, Chapter 1371, as amended, the Commissioners Court of the County delegated to certain authorized County officials (each an “Authorized Representative”) the authority to execute a pricing certificate evidencing the final terms of the Certificates. The Authorized Representative will take action to award the Certificates (or reject all bids) on the date of sale. Sale of the Certificates will be made subject to the terms, conditions and provisions of the Certificate Ordinance to which ordinance reference is hereby made for all purposes. The County reserves the right to reject any and all bids and to waive any and all irregularities, except time of bid submission.

**WITHDRAWAL OF THE BIDS** . . . Any bid may be withdrawn by an authorized representative of the bidder at any time prior to the time set for receipt of bids. Thereafter, all bids shall remain firm for twelve hours after the time for receipt of the bids. The award of or rejection of bids will occur within this time period.

**EXTENSION OF SALE DATE** . . . The County reserves the right to extend the date and/or time for the receipt of bids by giving notice by Bond Buyer Wire Service, and by posting a notice at the place established for receipt of bids, not later than 3:00 PM, CST on Wednesday, February 4, 2026 of the new date and time of receipt of bids. Such notice shall be considered an amendment to this Official Notice of Sale.

## THE CERTIFICATES

**DESCRIPTION** . . . The Certificates will be dated February 25, 2026 (the “Dated Date”). Interest will accrue from the date of initial delivery of the Certificates and will be due on August 15, 2026, and each February 15 and August 15 thereafter until the earlier of maturity or prior redemption. The Certificates will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity. The Certificates will mature on February 15 in each year as follows:

### MATURITY SCHEDULE\*

Maturity (February 15)	Principal Amount	Maturity (February 15)	Principal Amount
2027	\$ 555,000	2037	\$ 1,225,000
2028	595,000	2038	1,285,000
2029	820,000	2039	1,350,000
2030	860,000	2040	1,420,000
2031	905,000	2041	1,495,000
2032	955,000	2042	1,570,000
2033	1,000,000	2043	1,650,000
2034	1,055,000	2044	1,735,000
2035	1,105,000	2045	1,820,000
2036	1,165,000		

\*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change.

**OPTIONAL REDEMPTION** . . . The County reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2036, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.

**SERIAL CERTIFICATES AND/OR TERM CERTIFICATES** . . . Bidders may provide that all of the Certificates be issued as serial Certificates or may provide that any two or more consecutive annual principal amounts be combined into one or more term Certificates.

**BOOK-ENTRY-ONLY SYSTEM** . . . The County intends to utilize the book-entry-only system of The Depository Trust Company (“DTC”). See “THE CERTIFICATES – BOOK-ENTRY-ONLY SYSTEM” in the Official Statement.

**PAYING AGENT/REGISTRAR** . . . The initial Paying Agent/Registrar shall be The Bank of New York Mellon Trust Company, Houston, Texas (see “THE CERTIFICATES – PAYING AGENT/REGISTRAR” in the Official Statement).

**SOURCE OF PAYMENT** . . . The Certificates constitute direct obligations of the County, payable from a combination of (i) the levy and collection of a continuing, direct annual ad valorem tax, within the limits prescribed by law, on all taxable property within the County, and (ii) a limited pledge of surplus net revenues of the County's juvenile justice center, not to exceed \$10,000.

Further details regarding the Certificates are set forth in the Official Statement.

## CONDITIONS OF THE SALE

**TYPE OF BIDS AND INTEREST RATES** . . . The Certificates will be sold in one block on an "All or None" basis, and at a price of not less than 102% of their par value and not more than 112% of their par value. Bidders are invited to name the rate(s) of interest to be borne by the Certificates, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/100 of 1% and the net effective interest rate must not exceed 15%. The highest rate bid may not exceed the lowest rate bid by more than 2.5% in rate. The maximum coupon rate shall not exceed 5.00%. For Certificates having stated maturities on and after February 15, 2036, no reoffering yield producing a dollar price less than 98% for any individual maturity will be accepted. The high bidder will be required to submit reoffering yields and dollar prices prior to award. No limitation is imposed upon bidders as to the number of rates or changes which may be used. All Certificates of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

**POST BID MODIFICATION OF PRINCIPAL AMOUNTS** . . . After selecting the winning bid, the aggregate principal amount of the Certificates and the principal amortization schedule may be adjusted as determined by the County and its Financial Advisor in \$5,000 increments to reflect the actual interest rates. Such adjustments will not change the aggregate principal amount of the Certificates by more than 15% from the amount set forth herein. The dollar amount bid for the Certificates by the winning bidder will be adjusted proportionately to reflect any increase or decrease in the aggregate principal amount of the Certificates finally determined to be issued. The County will use its best efforts to communicate to the winning bidder any such adjustment within three (3) hours after the opening of bids. Purchaser's compensation will be based upon the final par amount after any adjustment thereto, subsequent to the receipt and tabulation of the winning bid, within the aforementioned parameters.

In the event of any adjustment of the maturity schedule for the Certificates as described above, no rebidding or recalculation of the proposals submitted will be required or permitted. The bid price for such an adjustment will reflect changes in the dollar amount of par amount of the Certificates from the selling compensation that would have been received based on the purchase price in the winning bid and the initial reoffering terms. Any such adjustment of the aggregate principal amount of the Certificates and/or the maturity schedule for the Certificates made by the County or its Financial Advisor shall be subsequent to the award of the Certificates to the winning bidder as determined pursuant to "CONDITIONS OF THE SALE – BASIS FOR AWARD" herein and shall not affect such determination. The winning bidder may not withdraw its bid as a result of any changes made within the aforementioned limits.

**BASIS FOR AWARD** . . . Subject to the County's right to reject any or all bids and to waive any irregularities except time of bid submission, the sale of the Certificates will be awarded to the bidder or syndicate account manager whose name first appears on the Official Bid Form (the "Purchaser") making a bid that conforms to the specifications herein and which produces the lowest True Interest Cost rate to the County. The True Interest Cost rate is that rate which, when used to compute the total present value as of the date of initial delivery of all debt service payments on the Certificates on the basis of semiannual compounding, produces an amount equal to the sum of the par value of the Certificates plus any premium bid, if any. In the event of a bidder's error in interest cost rate calculations, the interest rates and premium, if any, set forth in the Official Bid Form will be considered as the intended bid.

In order to provide the County with information required to be submitted to the Texas Bond Review Board pursuant to Section 1202.008, Texas Government Code, as amended, the Purchaser will be required to provide the County with a breakdown of its "underwriting spread" among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

**ESTABLISHING THE ISSUE PRICE FOR THE CERTIFICATES** . . . The County intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of municipal bonds), which require, among other things, that the County receives bids from **at least three underwriters** of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (**the "Competitive Sale Requirement"**).

In the event that the bidding process does not satisfy the Competitive Sale Requirement, Bids will **not** be subject to cancellation and the winning bidder (i) agrees to promptly report to the County the first prices at which at least 10% of each maturity of the Certificates (**the "First Price Maturity"**) have been sold to the Public on the Sale Date (**the "10% Test"**) (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test) and (ii) agrees to hold-the- offering-price of each maturity of the Certificates that does not satisfy the 10% Test (**"Hold-the-Price Maturity"**), as described below.

In order to provide the County with information that enables it to comply with the establishment of the issue price of the Certificates under the Internal Revenue Code of 1986, as amended, the winning bidder agrees to complete, execute, and timely deliver to the County or to the County's municipal advisor, Specialized Public Finance Inc. (the "County's Financial Advisor") the appropriate certification as to the Certificates' "issue price" (the "Issue Price Certificate") substantially in the form and to the effect attached

hereto or accompanying this Notice of Sale and Bidding Instructions, at least 5 business days before the Closing Date if the Competitive Sale Requirement is satisfied or within 5 business days of the date on which the 10% Test is satisfied with respect to all of the First Price Maturities. In the event the winning bidder will not reoffer any maturity of the Certificates for sale to the Public (as defined herein) by the Closing Date, the Issue Price Certificate may be modified in a manner approved by the County. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

For purposes of this section of this Notice of Sale and Bidding Instructions:

(i) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party,

(ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the County (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public),

(iii) "Related Party" means any two or more persons (including an individual, trust, estate, partnership, association, company, or corporation) that are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "Sale Date" means the date that the Certificates are awarded by the County to the winning bidder.

All actions to be taken by the County under this Notice of Sale and Bidding Instructions to establish the issue price of the Certificates may be taken on behalf of the County by the County's Financial Advisor, and any notice or report to be provided to the County may be provided to the County's Financial Advisor.

The County will consider any bid submitted pursuant to this Notice of Sale and Bidding Instructions to be a firm offer for the purchase of the Certificates, as specified in the bid and, if so stated, in the Official Bid Form.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Certificates to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to report the prices at which it sells to the Public the unsold Certificates of each maturity allocated to it until either all such Certificates have been sold or it is notified by the winning bidder that either the 10% Test has been satisfied as to the Certificates of that maturity, (B) to promptly notify the winning bidder of any sales of Certificates that, to its knowledge, are made to a purchaser who is a Related Party to an Underwriter, and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder will assume that based on such agreement each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public; and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Certificates to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the Public to require each underwriter or dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the Public the unsold Certificates of each maturity allocated to it until either all such Certificates have been sold or it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Certificates of that maturity. Sales of any Certificates to any person that is a Related Party to an Underwriter shall not constitute sales to the public for purposes of this Notice of Sale and Bidding Instruction.

By submitting a bid, the winning bidder agrees, on behalf of each Underwriter participating in the purchase of the Certificates, that each Underwriter will neither offer nor sell any Hold-the-Price Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of (1) the close of the fifth (5th) business day after the Sale Date; or (2) the date on which the Underwriters have sold at least 10% of that Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public. The winning bidder shall promptly advise the County when the Underwriters have sold 10% of a Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

**PROVISION OF TEXAS ETHICS COMMISSION FORM 1295 ("TEC FORM 1295")** . . . In accordance with Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the County may not award the Certificates to a bidder unless the winning bidder either:

- (i) submits a Certificate of Interested Parties Form 1295 (the “TEC Form 1295”) to the County as prescribed by the Texas Ethics Commission (“TEC”), or
- (ii) certifies in the Official Bid Form that it is exempt from filing the TEC Form 1295 by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

In the event that the bidder’s bid for the Certificates is the best bid received, the County, acting through its financial advisor, will promptly notify the winning bidder. That notification will serve as the County’s conditional verbal acceptance of the bid, and, unless the bidder is exempt from filing a TEC Form 1295, such notification will obligate the winning bidder to promptly file a completed TEC Form 1295, as described below, in order to allow the County to complete the award. The County reserves the right to reject any bid that does not comply with the requirements prescribed herein.

For purposes of completing the TEC Form 1295, box 2 is name of the governmental entity (*Bell County, Texas*) and box 3 is the identification number assigned to this contract by the County (*Bell County CO 2026*) and description of the goods or services (*Purchase of the Bell County, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026*). **The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto** (the “**Disclosure Rules**”) require certain business entities contracting with the County to complete the TEC Form 1295 electronically at <https://www.ethics.state.tx.us/main/file.htm>, print, complete the unsworn declaration, sign, and deliver, in physical form, the certified TEC Form 1295 that is generated by the TEC’s “electronic portal” to the County. **The completed and signed TEC Form 1295 must be sent by email, to the County’s financial advisor at jennifer@spfmuni.com, as soon as possible following the notification of conditional verbal acceptance and prior to the final written award.** Upon receipt of the final written award, the winning bidder must submit the TEC Form 1295 with original signatures by email to Bond Counsel as follows: [aclark@namanhowell.com](mailto:aclark@namanhowell.com).

To the extent that the bidder is not exempt from filing a TEC Form 1295 and therefor makes such filing with the County, the Interested Party Disclosure Act and the TEC 1295 provide that such declaration is made “under oath and under penalty of perjury.” Consequently, a bidder should take appropriate steps prior to completion of the TEC Form 1295 to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the TEC Form 1295. Time will be of the essence in submitting the form to the County, and no final award will be made by the County regarding the sale of the Certificates until a completed TEC Form 1295 is received. The County reserves the right to reject any bid that does not satisfy the requirement of a completed TEC Form 1295, as described herein. Neither the County nor its consultants have the ability to verify the information included in a TEC Form 1295, and neither party has an obligation nor undertakes responsibility for advising any bidder with respect to the proper completion of the TEC Form 1295. Consequently, an entity intending to bid on the Certificates should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the County that its bid is the conditional winning bid. Instructional videos on logging in and creating a certificate are provided on the TEC’s website at [https://www.ethics.state.tx.us/whatsnew/elf\\_info\\_form1295.htm](https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm).

**VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS . . .** The County will not award the Certificates to a bidder unless the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended (the “Government Code”), are included in the bid. As used in such verifications, “affiliate” means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Such representations and covenants shall also be applicable to each syndicate member listed on the Official Bid Form. Liability for breach of any such verification through the delivery date of the Certificates shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of this Notice of Sale or the Official Bid Form, notwithstanding anything herein or in the Official Bid Form to the contrary.

- (i) **No Boycott of Israel (Texas Government Code Chapter 2271):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel through the delivery date of the Certificates. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.
- (ii) **Not a Sanctioned Company (Texas Government Code Chapter 2252):** A bidder must represent that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
- (iii) **No Discrimination Against Firearm Entities or Firearm Trade Associations (Texas Government Code Chapter 2274):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association through the delivery date of the Certificates. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.
- (iv) **No Boycott of Energy Companies (Texas Government Code Chapter 2276):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott

energy companies and will not boycott energy companies through the delivery date of the Certificates. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

**FURTHER STATE LAW COMPLIANCE AND STANDING LETTER REQUIREMENT** . . . Each prospective bidder and each syndicate member listed on the Official Bid Form must have a standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General’s Office in the form included as Exhibit A to the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023 and any supplements thereto (the “All Bond Counsel Letter”). In submitting a bid, a bidder represents to the County that it has filed a standing letter in the form included as Exhibit A to the All Bond Counsel Letter without qualification and including current statutory citations and it has no reason to believe that the County may not be entitled to rely on the standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General’s Office. The bidder agrees that it will not rescind its standing letter at any time before the delivery of the Certificates unless the same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The County will not accept a bid from a bidder (including each syndicate member listed on the Official Bid Form) that does not have such standing letter on file as of the deadline for bids for the Certificates. If requested by the County, the Purchaser agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications (defined below), as of the delivery date of the Certificates or such other date requested by the County including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter.

**THE COUNTY RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REJECT THE BID OF ANY BIDDER WHO IS, OR WHOSE PARENT COMPANY, SUBSIDIARIES OR AFFILIATES ARE, ON A LIST MAINTAINED BY THE TEXAS COMPTROLLER OR THE TEXAS ATTORNEY GENERAL OF FINANCIAL COMPANIES BOYCOTTING ENERGY COMPANIES OR DISCRIMINATING AGAINST FIREARM ENTITIES.**

**BY SUBMITTING A BID, EACH BIDDER AGREES, SHOULD IT BE THE WINNING BIDDER, TO COOPERATE WITH THE COUNTY AND TAKE ANY ACTION NECESSARY TO FURTHER VERIFY AND CONFIRM COMPLIANCE WITH STATE LAW.**

To the extent the Purchaser and any syndicate member listed on the Official Bid Form is unable to provide a standing letter in a form satisfactory to the Texas Office of the Attorney General, the County reserves the right to cash, accept and retain the Good Faith Deposit (see “CONDITIONS OF THE SALE – GOOD FAITH DEPOSIT”). **THE LIABILITY OF THE BIDDER FOR BREACH OF ANY OF THE VERIFICATIONS MADE IN CONNECTION WITH CHAPTERS 2252, 2271, 2274, AND 2276, TEXAS GOVERNMENT CODE, AS AMENDED (COLLECTIVELY, THE “COVERED VERIFICATIONS”) SHALL SURVIVE UNTIL BARRED BY THE STATUTE OF LIMITATIONS, AND SHALL NOT BE LIQUIDATED OR OTHERWISE LIMITED BY ANY PROVISION OF THIS NOTICE OF SALE OR THE OFFICIAL BID FORM. ADDITIONALLY, THE COUNTY RESERVES AND RETAINS ALL RIGHTS AND REMEDIES AT LAW AND IN EQUITY FOR PURSUIT AND RECOVERY OF DAMAGES, IF ANY, RELATING TO THE COVERED VERIFICATIONS**

**IMPACT OF BIDDING SYNDICATE ON AWARD** . . . For purposes of contracting for the sale of the certificates, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Certificates. The Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the County is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

**GOOD FAITH DEPOSIT** . . . A bank cashier’s check, payable to the order of “Bell County,” in the amount of \$451,300 which is 2% of the proposed par value of the Certificates (the “Good Faith Deposit”), is required to accompany any bid. The Good Faith Deposit of the Purchaser will be retained uncashed by the County pending the Purchaser’s compliance with the terms of its bid and this Official Notice of Sale. In the event the Purchaser should fail or refuse to take up and pay for the Certificates in accordance with its bid then said check shall be cashed and accepted by the County and shall constitute full and complete liquidated damages; however, if it is determined after the acceptance of the bid by the County that the Purchaser was found not to satisfy the requirements described under “Covered Verifications” and as a result the Texas Attorney General will not deliver its approving opinion of the Certificates, then said check shall be cashed and accepted by the County but shall not be the sole or exclusive remedy available to the County. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately; however, if submitted separately, it shall be made available to the County prior to the opening of the bids, and shall be accompanied by instructions from the bank on which it is drawn which authorizes its use as a Good Faith Deposit by the Purchaser who shall be named in such instructions. The Good Faith Deposit of the Purchaser will be returned to the Purchaser on the date of Initial Delivery. No interest will be allowed on the Good Faith Deposit. Checks accompanying bids other than the winning bid will be returned promptly after the bids are opened, and an award of the Certificates has been made by the County.

## DELIVERY OF THE CERTIFICATES AND ACCOMPANYING DOCUMENTS

**CUSIP NUMBERS** . . . It is anticipated that CUSIP identification numbers will appear on the Certificates, but neither the failure to print or type such number on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Certificates in accordance with the terms of this Notice of Sale and Bidding Instructions and the terms of the Official Bid Form. The Financial Advisor will obtain CUSIP identification numbers from the CUSIP Service Bureau, New York, New York prior to the date of sale. CUSIP identification numbers will be made available to the Purchaser at the time the Certificates are awarded or as soon thereafter as practicable. All expenses in relation to the assignment, printing or typing of CUSIP numbers on the Certificates shall be paid by the County.

**DELIVERY OF CERTIFICATES** . . . Delivery will be accomplished by the issuance of one Initial Certificate (also called the "Certificate" or "Certificates"), either in typed or printed form, in the aggregate principal amount of \$22,565,000\*, payable in stated installments to the Purchaser, signed by the County Judge and County Clerk, approved by the Attorney General of Texas, and registered and manually signed by the Texas Comptroller of Public Accounts. Upon delivery of the Initial Certificate, it shall be immediately cancelled and one definitive Certificate for each maturity will be registered and delivered only to Cede & Co., and deposited with DTC in connection with DTC's book-entry-only system. Delivery will be at a principal office of the Paying Agent/Registrar. Payment for the Certificates must be made in immediately available funds for unconditional credit to the County, or as otherwise directed by the County. The Purchaser will be given six business days' notice of the time fixed for delivery of the Certificates. It is anticipated that delivery of the Certificates can be made on or about February 25, 2026, and it is understood and agreed that the Purchaser will accept delivery and make payment for the Certificates by 10:00 AM, CST, on February 25, 2026, or thereafter on the date the Certificate is tendered for delivery, up to and including March 11, 2026. If for any reason the County is unable to make delivery on or before March 11, 2026, the County shall immediately contact the Purchaser and offer to allow the Purchaser to extend its offer for an additional thirty days. If the Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the County and the Purchaser shall be relieved of any further obligation. In no event shall the County be liable for any damages by reason of its failure to deliver the Certificates, provided such failure is due to circumstances beyond the County's reasonable control.

**CONDITIONS TO DELIVERY** . . . The obligation of the Purchaser to take up and pay for the Certificates is subject to the Purchaser's receipt of (a) the legal opinion of Naman, Howell, Smith & Lee, PLLC, Austin, Texas, Bond Counsel for the County ("Bond Counsel") and (b) the no-litigation certificate, all as further described in the Official Statement. In order to provide the County with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986 relating to the exemption of interest on the Certificates from the gross income of their owners, the Purchaser will be required to complete, execute, and deliver to the County (no later than the close of business on the business day following the award of the bid) a certification as to their "issue price" substantially in the form and to the effect attached hereto or accompanying this Notice of Sale and Bidding Instructions. In the event the successful bidder will not reoffer the Certificates for sale, such certificate may be modified in a manner approved by the County. In no event will the County fail to deliver the Certificates as a result of the Purchaser's inability to sell a substantial amount of the Certificates at a particular price prior to delivery. Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a certificate not later than the close of business on the business day following the award of the bid, if its bid is accepted by the County. It will be the responsibility of the Purchaser to institute such syndicate reporting requirements to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel.

**LEGAL OPINION** . . . The Certificates are offered when, as and if issued, subject to the approval of the Attorney General of the State of Texas. Delivery of and payment for the Certificates is subject to the receipt by the Purchaser of opinions of Bond Counsel, to the effect that the Certificates are valid and binding obligations of the County (except as the enforceability may be limited by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally or by principles of equity which permit the exercise of judicial discretion) and that the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" in the Official Statement.

**NO MATERIAL ADVERSE CHANGE** . . . The obligations of the County to deliver the Certificates and of the Purchaser to accept delivery of and pay for the Certificates are subject to the condition that at the time of delivery of and receipt of payment for the Certificates, there shall have been no material adverse change in the condition of the County from those set forth in or contemplated by the "Preliminary Official Statement" as it may have been supplemented or amended through the date of sale.

**NO-LITIGATION CERTIFICATE** . . . On the date of delivery of the Certificates to the Purchaser, the County will deliver to the Purchaser a certificate, as of the same date, to the effect that to the best of the County's knowledge no litigation of any nature is pending or, to the best of the certifying officials' knowledge or belief, threatened against the County, contesting or affecting the Certificates; restraining or enjoining the authorization, execution, or delivery of the Certificates; affecting the provision made for the payment of or security for the Certificates; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Certificates; or affecting the validity of the Certificates or the title of the present officials of the County.

\*See "CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS." Preliminary, subject to change.

## GENERAL

**FINANCIAL ADVISOR** . . . Specialized Public Finance Inc. is employed as Financial Advisor to the County in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. Specialized Public Finance Inc., 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 Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

**BLUE SKY LAWS** . . . By submission of its bid, the Purchaser represents that the sale of the Certificates in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Purchaser will register the Certificates in accordance with the securities law of the states in which the Certificates are offered or sold. The County agrees to cooperate with the Purchaser, at the Purchaser's written request and expense, in registering the Certificates or obtaining an exemption from registration in any state where such action is necessary, provided, however, that the County shall not be obligated to execute a general or special consent to service of process in any such jurisdiction.

**NOT AN OFFER TO SELL** . . . This Notice of Sale and Bidding Instructions does not alone constitute an offer to sell the Certificates, but is merely notice of the sale of the Certificates. The offer to sell the Certificates is being made by means of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement. Prospective purchasers are urged to carefully examine the Official Statement to determine the investment quality of the Certificates.

**RATING** . . . The Certificates and the outstanding tax supported debt of the County have been rated "AA+" by S&P Global Ratings ("S&P") without regard to credit enhancement.

**THE OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15C2-12** . . . The County has prepared the accompanying Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12, deems such Official Statement to be final as of its date within the meaning of such Rule for the purpose of review prior to bidding. To the best knowledge and belief of the County, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Certificates. Representations made and to be made by the County concerning the absence of material misstatements and omissions in the Official Statement are addressed elsewhere in this Notice of Sale and Bidding Instructions and in the Official Statement.

The County will furnish to the Purchaser, acting through a designated senior representative, in accordance with instructions received from the Purchaser, within seven (7) business days from the sale date copies of the Official Statement reflecting interest rates and other terms relating to the initial reoffering of the Certificates. The cost of any Official Statement in excess of the number specified shall be prepared and distributed at the cost of the Purchaser. The Purchaser shall be responsible for providing in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award. Except as noted above, the County assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement in connection with the offering or reoffering of the subject securities.

**CONTINUING DISCLOSURE AGREEMENT** . . . The County will agree in the Certificate Ordinance to provide certain periodic information and notices of certain events in accordance with Securities and Exchange Commission Rule 15c2-12, as described in the Official Statement under "CONTINUING DISCLOSURE OF INFORMATION." The Purchaser's obligation to accept and pay for the Certificates is conditioned upon delivery to the Purchaser or its agent of a certified copy of the Certificate Ordinance containing the agreement described under such heading.

**COMPLIANCE WITH PRIOR UNDERTAKINGS** . . . In previous continuing disclosure undertakings, the County has agreed to supply financial information and operating data with respect to the County of the general type of information contained in specified tables of the applicable Official Statement. The annual financial information filings made by the County as a result of these undertakings for each of the last five years have consisted of the related County's Comprehensive Annual Financial Report ("Annual Report"), which the County believes contains the information of the general type of information contained in the specified tables. Please note that certain information in the specified tables is not presented explicitly in the Annual Reports but can be calculated from information in the Annual Reports.

The County has approved the form and content of the Notice of Sale and Bidding Instructions, the Official Bid Form and Official Statement, and authorized the use thereof in its initial offering of the Certificates. On the date of the sale, the Commissioners Court will, in the Certificate Ordinance authorizing the issuance of the Certificates, confirm its approval of the form and content of the Official Statement, and any addenda, supplement or amendment thereto, and authorize its use in the reoffering of the Certificates by the Purchaser.

/s/ Shelley Coston  
County Clerk, Bell County, Texas

/s/ David Blackburn  
County Judge, Bell County, Texas

January 28, 2026

\*See "CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS." Preliminary, subject to change.

## OFFICIAL BID FORM

Honorable County Judge and Commissioners Court  
Bell County, Texas  
101 East Central Avenue  
Belton, Texas 76513

February 5, 2026

Members of the Commissioners Court:

Reference is made to your Official Statement and Notice of Sale and Bidding Instructions, dated January 28, 2026, of \$22,565,000\* BELL COUNTY, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026, both of which constitute a part hereof.

For your legally issued Certificates, in the aggregate principal amount of \$22,565,000\*, we will pay you a price of \$\_\_\_\_\_, representing approximately \_\_\_\_\_% of the par value. Such Certificates mature February 15, in each of the years and in the amounts and interest rates shown below:

Maturity (February 15)	Principal Amount*	Interest Rate	Maturity (February 15)	Principal Amount*	Interest Rate
2027	\$ 555,000	%	2037	\$ 1,225,000	%
2028	595,000	%	2038	1,285,000	%
2029	820,000	%	2039	1,350,000	%
2030	860,000	%	2040	1,420,000	%
2031	905,000	%	2041	1,495,000	%
2032	955,000	%	2042	1,570,000	%
2033	1,000,000	%	2043	1,650,000	%
2034	1,055,000	%	2044	1,735,000	%
2035	1,105,000	%	2045	1,820,000	%
2036	1,165,000	%			

Of the principal maturities set forth in the table above, term certificates have been created as indicated in the following table (which may include multiple term certificates, one term certificate or no term certificate if none is indicated). For those years which have been combined into term certificates, the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the term certificate maturity date shall mature in such year. The term certificates created are as follows:

Term Certificates Maturing February 15	Year of First Mandatory Redemption	Principal Amount	Interest Rate
_____	_____	\$ _____	% _____
_____	_____	\$ _____	% _____
_____	_____	\$ _____	% _____
_____	_____	\$ _____	% _____
_____	_____	\$ _____	% _____

Our calculation (which is not a part of this bid) of the interest cost from the above is:

TRUE INTEREST COST \_\_\_\_\_ %

The Initial Certificates shall be registered in the name of \_\_\_\_\_, which will, upon payment for the Certificates, be cancelled by the Paying Agent/Registrar. The Certificates will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the book-entry-only system.

\*See "CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS." Preliminary, subject to change.

A wire transfer or a cashiers or certified check to the County in the amount of \$451,300 will be made available in accordance with the Notice of Sale made a part hereof. Should we fail or refuse to make payment for the Certificates in accordance with the terms and conditions set forth in the Notice of Sale, the proceeds of this deposit shall be retained by the Council as complete liquidated damages against us.

We agree to accept delivery of the Certificates utilizing the book-entry-only system through DTC and make payment for the Initial Certificate in immediately available funds in the Corporate Trust Division, The Bank of New York Mellon Trust Company, National Association, Houston, Texas, not later than 10:00 AM, CST, on February 25, 2026, or thereafter on the date the Certificates are tendered for delivery, pursuant to the terms set forth in the Notice of Sale and Bidding Instructions. It will be the obligation of the purchaser of the Certificates to complete the DTC Eligibility Questionnaire.

The bidder makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Official Bid Form. As used in the following verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification through the delivery date of the Certificates shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Notice of Sale, notwithstanding anything in this Official Bid Form or the Notice of Sale to the contrary.

- (i) No Boycott of Israel Verification (Texas Government Code Chapter 2271). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel through the delivery date of the Certificates. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.
- (ii) Not a Sanctioned Company (Texas Government Code Chapter 2252). The Purchaser represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
- (iii) No Boycott of Energy Companies (Texas Government Code Chapter 2276). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies through the delivery date of the Certificates. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.
- (iv) No Discrimination Against Firearm Entities or Firearm Trade Associations (Texas Government Code Chapter 2274). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association through the delivery date of the Certificates. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

By submitting this bid, the Purchaser understands and agrees that the liability of the Purchaser for breach of any of the verifications made in connection with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended and as described above (collectively, the "Covered Verifications") shall survive until barred by the statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Notice of Sale. Additionally, the Purchaser acknowledges and agrees that the Council reserves and retains all rights and remedies at law and in equity for pursuit and recovery of damages, if any, relating to the Covered Verifications.

By submitting this bid, the Purchaser understands and agrees that it must have a standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office in the form included as Exhibit A to the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023 and any supplements thereto (the "All Bond Counsel Letter"). In submitting this bid, the Purchaser represents to the Council that it has filed a standing letter in the form included as Exhibit A to the All Bond Counsel Letter without qualification and including current statutory citations and it has no reason to believe that the Council may not be entitled to rely on the standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office. The Purchaser hereby further agrees that it will not rescind its standing letter at any time before the delivery of the Certificates unless the same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The Purchaser agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications, as of the delivery date of the Certificates or such other date requested by the Council including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter.

By submitting this bid, the Purchaser understands and agrees that if the Purchaser fails or refuses to pay for the Certificates in accordance with this bid, then the Purchaser's Good Faith Deposit shall be retained, cashed and accepted by the Council as full and complete liquidated damages; provided however, if it is determined after the acceptance of the bid by the Council that the Purchaser or any syndicate member listed on this Official Bid Form was found not to satisfy the requirements described in the Notice of Sale under the heading "CONDITIONS OF THE SALE – VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS" and as a result the Texas Attorney General will not deliver its approving opinion for the Certificates, then the Good Faith Deposit shall be retained, cashed and accepted by the Council but shall not be the sole or exclusive remedy available to the Council. IF THE COUNCIL CASHES THE PURCHASER'S GOOD FAITH DEPOSIT AS DESCRIBED ABOVE, SUCH ACTION DOES NOT CONSTITUTE COMPLETE OR LIQUIDATED DAMAGES RELATED TO THE PURCHASER'S BREACH OF ANY OF THE COVERED VERIFICATIONS.

The Purchaser acknowledges that the Council, in its sole discretion, has reserved the right to reject the bid of any bidder who is, or whose parent company, subsidiaries or affiliates are, on a list maintained by the Texas Comptroller or the Texas Attorney General of financial companies boycotting energy companies or discriminating against firearm entities.

The Purchaser understands and agrees that to the extent the Purchaser and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the Council reserves the right to cash and accept the Good Faith Deposit (see "CONDITIONS OF THE SALE – GOOD FAITH DEPOSIT" in the Notice of Sale).

NOTWITHSTANDING ANYTHING CONTAINED HEREIN, THE REPRESENTATIONS AND COVENANTS CONTAINED IN THIS OFFICIAL BID FORM SHALL SURVIVE TERMINATION OF THIS BID OF THE PURCHASER TO PURCHASE THE CERTIFICATES UNTIL THE STATUTE OF LIMITATIONS HAS RUN.

The undersigned agrees to complete, execute, and deliver to the Council, at least five business days prior to delivery of the Certificates, a certificate relating to the "issue price" of the Certificates in the form and to the effect accompanying the Notice of Sale and Bidding Instructions, with such changes thereto as may be acceptable to the Council and Bond Counsel.

The undersigned certifies that the Purchaser [is]/[is not] exempt from filing the TEC Form 1295 by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

**We agree to provide in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award.**

Respectfully submitted,

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Name of Purchaser or Manager

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Authorized Representative

---

Phone Number

---

Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by Bell County, Texas, this the 5th day of February, 2026.

ATTEST:

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County Clerk  
Bell County, Texas

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County Judge  
Bell County, Texas

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## ISSUE PRICE CERTIFICATE

### (Sales where at least 3 bids are received from underwriters)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Combination Tax and Revenue Certificates of Obligation, Series 2026 issued by the Bell County, Texas ("Issuer") in the principal amount of \$22,565,000\* ("Certificates"), hereby certifies and represents, based on its records and information, as follows:

(a) On the first day on which there was a binding contract in writing for the purchase of the Certificates by the Purchaser, the Purchaser's reasonably expected initial offering prices of each maturity of the Certificates with the same credit and payment terms (the "Expected Offering Prices") to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter are as set forth in the pricing wire or equivalent communication for the Certificates, as attached to this Certificate as Schedule A. The Expected Offering Prices are the prices for the Certificates used by the Purchaser in formulating its bid to purchase the Certificates.

(b) The Purchaser had an equal opportunity to bid to purchase the Certificates and it was not given the opportunity to review other bids that was not equally given to all other bidders (i.e., no last look).

(c) The bid submitted by the Purchaser constituted a firm bid to purchase the Certificates.

(d) The Purchaser [has] [has not] purchased bond insurance for the Certificates. The bond insurance has been purchased from \_\_\_\_\_ (the "Insurer") for a fee of \$\_\_\_\_\_ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm's-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Certificates. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Certificates, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Certificates in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public) to participate in the initial sale of the Certificates to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by Naman, Howell, Smith & Lee, PLLC in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Certificates. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this \_\_\_\_\_, 2026.

[NAME OF PURCHASER], as Purchaser

By: \_\_\_\_\_

Name: \_\_\_\_\_

\*See "CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS." Preliminary, subject to change.

**SCHEDULE A**

PRICING WIRE OR EQUIVALENT COMMUNICATION  
*(Attached)*

## ISSUE PRICE CERTIFICATE

### (Form of Certificate if less than 3 bids are received from underwriters)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Combination Tax and Revenue Certificates of Obligation, Series 2026 issued by the Bell County, Texas ("Issuer") in the principal amount of \$22,565,000\* ("Certificates"), hereby certifies and represents, based on its records and information, as follows:

(a) [Other than the Certificates maturing in \_\_\_\_\_ ("Hold-the-Price Maturities"), the][The] first prices at which at least ten percent ("Substantial Amount") of the principal amount of each maturity of the Certificates having the same credit and payment terms ("Maturity") was sold to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter ("Public") are their respective initial offering prices, as listed in the pricing wire or equivalent communication for the Certificates that is attached to this Certificate as Schedule A.

(Add (b) and (c) only if winning bidder designates one or more maturities as Hold-the-Price Maturities)

(b) On or before the first day on which there is a binding contract in writing for the sale of the Certificates ("Sale Date"), the Purchaser offered to the Public each Maturity of the Hold-the-Price Maturities at their respective initial offering prices, as set forth in Schedule A hereto ("Initial Offering Price").

(c) As set forth in the Notice of Sale, the Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the Initial Offering Price for each such Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells at least ten percent of a Hold-the-Price-Maturity of the Certificates to the Public at no higher price than the Initial Offering Price for such Maturity.

(d) The Purchaser [has] [has not] purchased bond insurance for the Certificates. The bond insurance has been purchased from \_\_\_\_\_ (the "Insurer") for a fee of \$ \_\_\_\_\_ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm's-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Certificates. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Certificates, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Certificates in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public) to participate in the initial sale of the Certificates to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by Naman, Howell, Smith & Lee, PLLC in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Certificates. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this \_\_\_\_\_, 2026.

[NAME OF PURCHASER], as Purchaser

By: \_\_\_\_\_

Name: \_\_\_\_\_

\*See "CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS." Preliminary, subject to change.

**SCHEDULE A**

PRICING WIRE OR EQUIVALENT COMMUNICATION  
*(Attached)*

## PRELIMINARY OFFICIAL STATEMENT

Dated January 28, 2026

### NEW ISSUE – BOOK-ENTRY-ONLY

*In the opinion of Bond Counsel, interest on the Certificates is excludable from gross income for federal income tax purposes under existing law, subject to the matters described under “TAX MATTERS” herein.*



**\$22,565,000\***  
**BELL COUNTY, TEXAS**  
**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026**

**Dated Date: February 25, 2026**

**Due: February 15, as shown on the inside cover page**

**Interest Accrues From the Date of Initial Delivery (defined below)**

**PAYMENT TERMS . . .** Interest on the \$22,565,000\* Bell County, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “Certificates”) will accrue from the Date of Initial Delivery (defined below), will be payable on August 15 and February 15 of each year commencing August 15, 2026, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates 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 Certificates may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Certificates 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 Certificates (see “THE CERTIFICATES – BOOK-ENTRY-ONLY SYSTEM”). The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, National Association, Dallas, Texas (see “THE CERTIFICATES – PAYING AGENT/REGISTRAR”).

**AUTHORITY FOR ISSUANCE . . .** The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the “State”), particularly Subchapter C of Chapter 271, Texas Local Government Code (the Certificate of Obligation Act of 1971), as amended, an order authorizing the issuance of the Certificates (the “Certificate Order”) adopted by the Commissioners Court of Bell County, Texas (the “County”) on February 2, 2026, and a Pricing Certificate to be executed on the date of sale of the Certificates (the “Pricing Certificate” and together with the Certificate Order, the “Order”). As permitted by certain provisions of the Texas Government Code, Chapter 1371, as amended, the Commissioners Court of the County delegated to certain authorized County officials (each an “Authorized Representative”) the authority to execute a pricing certificate evidencing the final terms of the Certificates. The Certificates are 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 within the County as provided in the Order, and by a limited pledge, not to exceed \$10,000, of the revenues derived from the County juvenile justice center (see “THE CERTIFICATES – AUTHORITY FOR ISSUANCE” “THE CERTIFICATES – SECURITY AND SOURCE OF PAYMENT” and “TAX RATE LIMITATIONS”).

**PURPOSE . . .** Proceeds from the sale of the Certificates will be used for the acquisition, construction, enlargements, renovations, repairs and improvements of county facilities to include; (i) the expansion of the County 911 Center to include a new radio shop; (ii) expansion of the County Justice Center complex to include construction of a new Justice Center annex; (iii) construction of a new County engineer’s office; (iv) purchase of land for future expansion of the existing County Expo Center, County Justice Center complex and/or 2nd Street Annex; and (v) expansion of the current County Animal Control Facility and the purchase of property for and construction of an additional animal shelter facility; and (vi) paying the costs of issuance related thereto. See “THE CERTIFICATES – PURPOSE.”

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**CUSIP PREFIX: 078023**  
**MATURITY SCHEDULE**  
**See Inside Front Cover**

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**LEGALITY . . .** The Certificates are offered for delivery when, as and if issued and received by the initial purchaser identified herein (the “Purchaser”) and subject to the approving opinion of the Attorney General of Texas and the opinion of Naman, Howell, Smith & Lee, PLLC, Bond Counsel, Austin, Texas (see “APPENDIX C – FORM OF BOND COUNSEL’S OPINION”).

**DELIVERY . . .** It is expected that the Certificates will be available for initial delivery through DTC on February 25, 2026 (the “Date of Initial Delivery”).

**BIDS DUE ON THURSDAY, FEBRUARY 5, 2026, BY 10:00 AM, CST**

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\*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change.

**MATURITY SCHEDULE\***

2/15 Maturity	Principal Amount	Interest Rate	Initial Yield <sup>(1)</sup>	CUSIP Numbers <sup>(2)</sup>
2027	\$ 555,000			
2028	595,000			
2029	820,000			
2030	860,000			
2031	905,000			
2032	955,000			
2033	1,000,000			
2034	1,055,000			
2035	1,105,000			
2036	1,165,000			
2037	1,225,000			
2038	1,285,000			
2039	1,350,000			
2040	1,420,000			
2041	1,495,000			
2042	1,570,000			
2043	1,650,000			
2044	1,735,000			
2045	1,820,000			

**(Interest Accrues from the Date of Initial Delivery)**

\*Preliminary, subject to change.

- (1) Initial reoffering yield represents the initial offering yield to the public which has been established by the Purchaser for offers to the public and which may be subsequently changed by the Purchaser and is the sole responsibility of the Purchaser.
- (2) CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright<sup>(c)</sup> 2025 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. The CUSIP number for a specific maturity is subject to being changed after the initial issuance of obligations due to various subsequent actions including, but not limited to, a refunding in whole or in part, procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of obligations. None of the City, the Financial Advisor, the Purchaser or their agents or counsel assume responsibility for the accuracy of such numbers.

**REDEMPTION . . .** The County reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2036, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof on February 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Additionally, the Certificates may be subject to mandatory sinking fund redemption in the event the Purchaser elects to aggregate two or more consecutive maturities as term Certificates (see “THE CERTIFICATES – REDEMPTION”).

*[The remainder of this page intentionally left blank.]*

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"), this document constitutes an Official Statement of the County with respect to the Certificates that has been deemed "final" by the County as of its date except for the omission of the information permitted by Subsection (b)(1) of the Rule.

No dealer, broker, salesman or other person has been authorized by the County or the Purchaser 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 Financial Advisor or the Purchaser. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy Certificates in any jurisdiction in which, or to any person to whom, it is unlawful to make such offer or solicitation. 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 schedules and appendices attached hereto, to obtain information essential to making an informed investment decision. This Official Statement includes descriptions and summaries of certain events, matters and documents. Such descriptions and summaries do not purport to be complete and all such descriptions, summaries and references thereto are qualified in their entirety by reference to this Official Statement in its entirety and to each such document, copies of which may be obtained from the Financial Advisor. Any statements made in this Official Statement or the appendices hereto involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized.

The Purchaser has provided the following sentence for inclusion in this Official Statement. The Purchaser has 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 Purchaser does not guarantee the accuracy or completeness of such information.

The information set forth or included in this Official Statement has been provided by the County or obtained from other sources believed by the County to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the County described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

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

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

NEITHER THE PURCHASER, THE COUNTY, NOR ITS FINANCIAL ADVISOR, 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 HAS BEEN PROVIDED BY THE DEPOSITORY TRUST COMPANY.

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

## PRELIMINARY 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 Certificates 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** ..... Bell County (the "County") is a political subdivision of the State of Texas (the "State"), located in Central Texas. The County covers approximately 1,055 square miles. The City of Belton is the County Seat (see "THE CERTIFICATES – DESCRIPTION OF THE COUNTY").

**THE CERTIFICATES** ..... The Certificates are being issued as \$22,565,000\* Combination Tax and Revenue Certificates of Obligation, Series 2026. The Certificates are issued as serial Certificates maturing on February 15 in the years 2027 through and including 2045, unless the Purchaser elects to aggregate two or more maturities as Term Certificates (see "THE CERTIFICATES – DESCRIPTION OF THE CERTIFICATES").

**PAYMENT OF INTEREST** ..... Interest on the Certificates accrues from the Date of Initial Delivery and will be payable on August 15, 2026, and each February 15 and August 15 thereafter until maturity or prior redemption (see "THE CERTIFICATES – DESCRIPTION OF THE CERTIFICATES" and "THE CERTIFICATES – REDEMPTION").

**AUTHORITY FOR ISSUANCE** ..... The Certificates are issued pursuant to the Constitution and general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code (the Certificate of Obligation Act of 1971), as amended, and an order of the Commissioners Court of the County authorizing the issuance of the Certificates (the "Certificate Order") adopted by the Commissioners Court of the County on February 2, 2026. As permitted by certain provisions of the Texas Government Code, Chapter 1371, as amended, the Commissioners Court of the County delegated to certain authorized County officials (each an "Authorized Representative") the authority to execute a pricing certificate (the "Pricing Certificate," and together with the Certificate Order, the "Order") evidencing the final terms of the Certificates.

**SECURITY** ..... The Certificates 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 located within the County and by a limited pledge, not to exceed \$10,000, of the revenues derived from the County juvenile justice center (see "THE CERTIFICATES – SECURITY AND SOURCE OF PAYMENT" and "TAX RATE LIMITATIONS").

**REDEMPTION** ..... The County reserves the right, at its option, to redeem the Certificates having stated maturities on and after February 15, 2036, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof on February 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Additionally, the Certificates may be subject to mandatory sinking fund redemption in the event the Purchaser elects to aggregate two or more consecutive maturities as Term Certificates (see "THE CERTIFICATES – REDEMPTION").

**TAX EXEMPTION** ..... Interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law. See "TAX MATTERS" herein.

**USE OF PROCEEDS** ..... Proceeds from the sale of the Certificates will be used for the acquisition, construction, enlargements, renovations, repairs and improvements of county facilities to include; (i) the expansion of the County 911 Center to include a new radio shop; (ii) expansion of the County Justice Center complex to include construction of a new Justice Center annex; (iii) construction of a new County engineer's office; (iv) purchase of land for future expansion of the existing County Expo Center, County Justice Center complex and/or 2nd Street Annex; and (v) expansion of the current County Animal Control Facility and the purchase of property for and construction of an additional animal shelter facility; and (vi) paying the costs of issuance related thereto. See "THE CERTIFICATES – PURPOSE."

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\*Preliminary, subject to change.

<b>RATING</b> .....	The Certificates and the outstanding limited ad valorem tax debt of the County have been rated “AA+” by S&P Global Ratings, a division of S&P Global Inc. (“S&P”) without regard to credit enhancement. The County also has various outstanding tax supported debt issues, some of which are insured by a financial guaranty insurance policy and also rated based on such insurance (see “OTHER INFORMATION – RATING”).
<b>BOOK-ENTRY-ONLY SYSTEM</b> .....	The definitive Certificates 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 Certificates may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Certificates 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 Certificates (see “THE CERTIFICATES – BOOK-ENTRY-ONLY SYSTEM”).
<b>PAYMENT RECORD</b> .....	The County has never defaulted in the payment of its general obligation tax debt.

#### SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9.30	Estimated County Population <sup>(1)</sup>	Net Taxable Assessed Valuation	Per Capita Taxable Assessed Valuation	General Obligation (G.O.)	Per Capita G. O. Tax Debt	Tax Debt to Taxable Assessed Valuation	Ratio G.O. Assessed Valuation	% of Total Tax Collections
2022	387,828	\$ 24,621,943,805	\$ 63,487	\$ 147,845,000	\$ 381	0.60%	96.48%	
2023	394,065	29,947,520,919	75,996	134,990,000	343	0.45%	96.97%	
2024	399,578	35,491,632,783	88,823	122,380,000	306	0.34%	97.02%	
2025	405,168	37,987,075,991	93,756	109,355,000	270	0.29%	96.94%	
2026	405,168	40,773,933,944	100,635	118,420,000 <sup>(2)</sup>	292 <sup>(2)</sup>	0.29% <sup>(2)</sup>	76.84% <sup>(3)</sup>	

(1) Source: The Municipal Advisory Council and the County.

(2) Projected; includes the Certificates. Preliminary, subject to change.

(3) Partial collections as of December 31, 2025.

*[The remainder of this page intentionally left blank.]*

## COUNTY OFFICIALS, STAFF AND CONSULTANTS

### ELECTED OFFICIALS

Commissioners Court	Length of Service	Term Expires
David Blackburn County Judge	7 Years	December, 2026
Russell Schneider Commissioner, Precinct No. 1	9 Years	December, 2028
Bobby Whitson Commissioner, Precinct No. 2	7 Years	December, 2026
Greg Reynolds Commissioner, Precinct No. 3	1 Year	December, 2028
Louie Minor Commissioner, Precinct No. 4	3 Years	December, 2026

### COUNTY OFFICIALS

Name	Position	Length of Service
Tina Entrop	County Auditor	27 Years <sup>(1)</sup>
Shelley Coston	County Clerk	19 Years
Gaylon Evans	County Treasurer	14 Years <sup>(2)</sup>

(1) Ms. Entrop has been in her current position for 6½ years.

(2) Mr. Evans has been in his current position for 7 years.

### CONSULTANTS AND ADVISORS

Auditors .....	Brockway, Gersbach, Franklin & Niemeier, P.C. Temple, Texas
Bond Counsel .....	Naman, Howell, Smith & Lee, PLLC Austin, Texas
Financial Advisor.....	Specialized Public Finance Inc. Austin, Texas

For additional information regarding the County, please contact:

Tina Entrop County Auditor Bell County 101 East Central Avenue Belton, Texas 76513 (254) 933-5115 (254) 933-5179 Fax	or	Dan Wegmiller Managing Director Specialized Public Finance Inc. 248 Addie Roy Road, Suite B-103 Austin, Texas 78746 (512) 275-7300 (512) 275-7305 Fax
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**PRELIMINARY OFFICIAL STATEMENT  
RELATING TO**

**\$22,565,000\***  
**BELL COUNTY, TEXAS**  
**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026**

**INTRODUCTION**

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of the \$22,565,000\* Bell County, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “Certificates”). The Certificates are being issued pursuant to an order authorizing the issuance of the Certificates approved by the Commissioners Court on February 2, 2026 (the “Certificate Order”) and a Pricing Certificate to be executed on the date of sale of the Certificates (collectively, the “Pricing Certificate” and together with the Certificate Order, the “Order”). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Order, except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Certificates 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, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. A copy of this Official Statement will be submitted to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. See “CONTINUING DISCLOSURE OF INFORMATION” for a description of the County’s undertaking to provide certain information on a continuing basis.

**DESCRIPTION OF THE COUNTY . . .** Bell County, Texas (the “County”) was organized in 1850 and operates as specified under the Constitution of the State of Texas and Texas 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 are elected for four year staggered terms. Other major County elected officials 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 Bell County. The estimated 2026 population is 405,168. The County covers approximately 1,055 square miles. The City of Belton, Texas is the County Seat.

**THE CERTIFICATES**

**DESCRIPTION OF THE CERTIFICATES . . .** The Certificates are dated February 25, 2026 (the “Dated Date”) and mature on February 15 in each of the years and in the amounts shown on page 2 hereof. Interest on the Certificates will accrue from the Date of Initial Delivery, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on August 15 and February 15, commencing August 15, 2026, until maturity or prior redemption. The definitive Certificates will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity 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. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of, premium, if any, and interest on the Certificates 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 Certificates. See “THE CERTIFICATES – BOOK-ENTRY-ONLY SYSTEM” herein.

**AUTHORITY FOR ISSUANCE . . .** The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the “State”), particularly Subchapter C of Chapter 271, Texas Local Government Code (the Certificate of Obligation Act of 1971) and the Order.

**SECURITY AND SOURCE OF PAYMENT . . .** The Certificates are direct obligations of the County, payable from a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property within the County, and by a limited pledge, not to exceed \$10,000, of the revenues derived from the County juvenile justice center as provided in the Order.

**REDEMPTION . . .** The County reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2036, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof on February 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Additionally, the Certificates may be subject to mandatory sinking fund redemption in the event the Purchaser elects to aggregate two or more consecutive maturities as term Certificates.

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\*Preliminary, subject to change.

**NOTICE OF REDEMPTION** . . . Not less than 30 days prior to a redemption date for the Certificates, a notice of redemption will be sent by United States mail, first class postage prepaid, in the name of the County and at the County's expense, by the Paying Agent/Registrar to each registered owner of an Certificate 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, and any notice of redemption so mailed will be conclusively presumed to have been duly given irrespective of whether received by the registered owner. The initial registered owner is Cede & Co. (see "Book-Entry-Only System").

With respect to any optional redemption of the Certificates, unless certain prerequisites to such redemption required by the Order have been met and money sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the County, be conditional upon the satisfaction of such prerequisites and receipt of such money 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 are not fulfilled, such notice will be of no force and effect, the County will not redeem such Certificates, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that such Certificates 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 CERTIFICATES CALLED FOR REDEMPTION WILL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY CERTIFICATE OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH CERTIFICATE OR PORTION THEREOF WILL CEASE TO ACCRUE.

**DEFEASANCE** . . . The Order provides that any Certificates will be deemed paid and shall no longer be considered to be outstanding within the meaning of the Order when payment of principal of and interest on such Certificate to its stated maturity or redemption has been made or provided for by depositing with the Paying Agent/Registrar, in trust, any combination of (1) money in an amount sufficient to make such payment and/or (2) Government Securities having such maturities and interest payment dates and bearing such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment. The Order provides that "Government Securities" means (A) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (B) noncallable obligations of any agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent, and (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 the governing body of the County adopts or approves the proceedings authorizing the financial arrangements, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid for purposes of applying any limitation or indebtedness. After firm banking and financial arrangements for the discharge and final payment of the Certificates have been made as described above, all rights of the County to initiate proceedings to call the Certificates for redemption or take any other action amending the terms of the Certificates are extinguished; provided, however, that the right to call the Certificates for redemption following their defeasance is not extinguished, if the County (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption, (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

**BOOK-ENTRY-ONLY SYSTEM** . . . This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by DTC while the Certificates are registered in its nominee's 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 Purchaser believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered Certificates 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 certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities 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](http://www.dtcc.com).

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC’s records. The ownership interest of each actual purchaser of each Certificate (“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 Certificates 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 Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates 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 Certificates 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 Certificates; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Certificates 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 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates 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 registrar and request that copies of notices be provided directly to them.

Redemption notices and all other notices regarding the Certificates shall be sent to DTC. If less than all of the Certificates 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 Certificates 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 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Certificates 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 Certificates 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, the Paying Agent/Registrar, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is 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 Certificates 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, certificates are required to be printed and delivered to the owners thereof. See “THE CERTIFICATES – REGISTRATION AND TRANSFER” below.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC. See “THE CERTIFICATES – REGISTRATION AND TRANSFER” below.

**USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT . . .** In reading this Official Statement it should be understood that while the Certificates 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 Certificates, 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, the Financial Advisor, or the Purchaser.

**PAYING AGENT/REGISTRAR . . .** The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, National Association, Dallas, 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 Certificates 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 Certificates. Upon any change in the Paying Agent/Registrar for the Certificates, the County agrees to promptly cause a written notice thereof to be sent to each registered owner of the Certificates by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

**TRANSFER, EXCHANGE AND REGISTRATION . . .** In the event the Book-Entry-Only System should be discontinued, the Certificates will be printed and delivered to the registered owners thereof and the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender of the same 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.

Certificates may be assigned by the execution of an assignment form on the respective Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates 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. New Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner promptly after the receipt of the Certificates 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 Certificates registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Certificates surrendered for exchange or transfer. See "THE CERTIFICATES – BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Certificates. Neither the County nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate 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 Certificate.

**RECORD DATE FOR INTEREST PAYMENT . . .** The record date ("Record Date") for the interest payable on the Certificates 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 an Certificate 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.

**REGISTERED OWNERS' REMEDIES . . .** The Order establishes specific events of default with respect to the Certificates. If the County defaults in the payment of the principal of or interest on the Certificates when due or the County defaults in the observance or performance of any of the covenants, conditions, or obligations of the County, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Order, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the County, the Order provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the County to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Certificates or the Order and the County's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The 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 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. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 49 Tex. Sup. Ct. J. 819 (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 State 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 Certificates 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 Certificates. 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 Certificates are qualified with respect to the customary rights of debtors relative to their creditors.

**AMENDMENTS TO THE ORDER . . .** The County may amend the Order without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the County may, with the written consent of the holders of a majority in aggregate principal amount of the Certificates then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Order; except that, without the consent of the registered owners of all of the Certificates affected, no such amendment, addition, or rescission may (1) change the date specified as the date on which the principal of or any installment of interest on any Certificate is due and payable, reduce the principal amount thereof, or the rate of interest thereon, change the place or places at or the coin or currency in which any Certificate or interest thereon is payable, or in any other way modify the terms of payment of the principal of or interest on the Certificates (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of Certificates required for consent to any amendment, addition, or waiver.

**PURPOSE . . .** Proceeds from the sale of the Certificates will be used for the acquisition, construction, enlargements, renovations, repairs and improvements of county facilities to include; (i) the expansion of the County 911 Center to include a new radio shop; (ii) expansion of the County Justice Center complex to include construction of a new Justice Center annex; (iii) construction of a new County engineer’s office; (iv) purchase of land for future expansion of the existing County Expo Center, County Justice Center complex and/or 2nd Street Annex; and (v) expansion of the current County Animal Control Facility and the purchase of property for and construction of an additional animal shelter facility; and (vi) paying the costs of issuance related thereto.

**SOURCES AND USES OF PROCEEDS . . .** The proceeds from the sale of the Certificates will be applied approximately as follows:

**SOURCES:**

Par Amount of Certificates	
Reoffering Premium	_____
Total Sources	_____

**USES:**

Deposit to Construction Fund	
Deposit to Debt Service Fund	_____
Purchaser's Discount	_____
Costs of Issuance	_____
Total Uses	_____

### **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 Bell County 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.

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 presentation 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.

**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.

Beginning in the 2020 tax year, 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 \$50.6 million for the 2021 tax 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 District 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.

**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.

**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.

“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 cumulative difference between a county’s voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a county’s tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.

“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) rates 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 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 Certificates.**

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.

**PROPERTY ASSESSMENT AND TAX PAYMENT . . .** Property within the County is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. Taxes become due October 1 of the same year and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

**PENALTIES AND INTEREST . . .** Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, up to 20% attorney's collection fee is added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the County's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action 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 \$16,670; the disabled are also granted an exemption of \$10,000.

The County has not granted an additional exemption of 20% of the market value of residence homesteads; minimum exemption of \$5,000.

See Table 1 for the total amount of exemptions granted by the County for the 2025/26 fiscal year.

Ad valorem taxes are not levied by the County against the exempt value of residence homesteads for the payment of debt.

The County does not tax nonbusiness personal property. The Appraisal District collects taxes for the County.

The County does not permit split payments. Discounts are allowed for early payments as follows:

Payment	Discount
October 31	3%
November 30	2%
December 31	1%

The County does tax freeport property; and, the County has taken action to tax goods-in-transit.

The County does collect the additional one-half cent sales tax for ad valorem taxes.

The County has voted to freeze the taxes on residence homesteads of persons aged 65 or older or the disabled beginning in tax year 2004. Taxes on such homesteads are frozen in the year the taxpayer qualified for the exemption.

A property tax exemption for 100% disabled veterans and their surviving spouses, HB3613, was passed by the Texas legislature during the spring of 2009 and became effective on September 1, 2009. In addition, effective January 1, 2012, subject to certain conditions, surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries. Based upon estimates provided by the Tax Appraisal District of Bell County Appraisal District, the 2025 fiscal impact was approximately

\$5,067,723,208 (calculated on 16,839 filed applications). To be eligible for the exemption, an applicant must have been approved to receive 100% disability compensation from the United States Department of Veteran's Affairs.

**TAX ABATEMENT POLICY . . .** The County has adopted a tax abatement policy. The County is committed to the attraction of high quality development in all parts of the County to expand and diversify the tax base. Generally, the County will, on a case by case basis, give consideration to providing financial incentives as a stimulus for economic development within the County. The ad valorem tax abatement agreements to which the County is a party apply to an estimated total appraised value for tax year 2025 of \$184,469,400. The County has also entered into several Payment in Lieu of Taxes (PILOT) agreements with solar farms and energy storage facilities within Bell County. These agreements include an abatement but also allow for standardization of the value of taxable property for the life of the agreement. For tax year 2024, County fiscal year 2025, the County received \$ 441,600 in PILOT payments from one operational solar farm.

**TAX INCREMENT FINANCING DISTRICTS . . .** In tax increment financing districts, the property in each such district (or “reinvestment zone”) is taxed but the taxes on the incremental value of such property beyond a baseline year (“capture appraised value”) are dedicated solely to improvements within such zone and would not be available for payment of the Certificates. The County has agreed to participate in reinvestment zones created by the City of Belton, the City of Temple, the City of Killeen, and the City of Nolanville. The County has agreed to contribute taxes levied for County constitutional funds (but not road and bridge taxes) for all zones. The County’s obligation to participate in these zones expires at different times, with the longest participation period extending to December 31, 2062. The captured appraised value of property currently subject to these agreements is approximately \$1,978,097,158 based on tax year 2024.

**TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT**

2025/26 Market Valuation Established by Bell County Appraisal District (excluding totally exempt property)	\$ 53,311,978,989
Less Exemptions/Reductions	12,538,045,045
2025/26 Net Taxable Assessed Valuation (before freeze)	\$ 40,773,933,944
Debt Payable from Ad Valorem Taxes (as of 12/31/2025)	
General Obligation Debt	\$ 109,355,000 <sup>(1)</sup>
The Certificates	<u>22,565,000</u> <sup>(2)</sup>
Debt Payable from Ad Valorem Taxes	\$ 131,920,000
Interest and Sinking Fund (as of 12/31/2025)	\$ 15,698,199
Ratio Tax Supported Debt to Taxable Assessed Valuation	0.32%
2026 Estimated Population - 405,168	
Per Capita Net Taxable Assessed Valuation (before freeze) - \$100,635	
Per Capita Debt Payable from Ad Valorem Taxes - \$326	

(1) Excludes the Certificates.

(2) Preliminary, subject to change.

**TABLE 2 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY**

Fiscal Year Ended 9-30	Estimated Population <sup>(1)</sup>	Net Taxable Assessed Valuation	Per Capita Taxable Assessed Valuation	Funded Debt Outstanding at End of Year	Ratio G.O. Tax Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2022	387,828	\$ 24,621,943,805	\$ 63,487	\$ 147,845,000	0.60%	\$ 381
2023	394,065	29,947,520,919	75,996	134,990,000	0.45%	343
2024	399,578	35,491,632,783	88,823	122,380,000	0.34%	306
2025	405,168	37,987,075,991	93,756	109,355,000	0.29%	270
2026	405,168	40,773,933,944	100,635	118,420,000 <sup>(2)</sup>	0.29% <sup>(2)</sup>	292 <sup>(2)</sup>

(1) Source: The County’s audited financial reports and the County.

(2) Projected; includes the Certificates. Preliminary, subject to change.

**TABLE 3 – TAX RATE, LEVY AND COLLECTION HISTORY**

Fiscal Year Ended <u>9-30</u>	Tax Rate	Distribution			Tax Levy <sup>(1)</sup>	% Current Collections	% Total Collections <sup>(2)</sup>
		General Fund	Interest and Sinking Fund				
2022	\$ 0.3943	\$ 0.2959	\$ 0.0721	\$ 94,509,832	94.57%	96.48%	
2023	0.3393	0.2532	0.0628	98,012,825	96.66%	96.97%	
2024	0.3125	0.2423	0.0491	106,361,293	96.70%	97.02%	
2025	0.3445	0.2782	0.0455	124,099,352	96.56%	96.94%	
2026	0.3327	0.2673	0.0455	129,271,881	76.84% <sup>(3)</sup>	76.84% <sup>(3)</sup>	

(1) Based on Total Tax Rate including road and bridge tax.

(2) Based on effective taxes paid.

(3) Partial collections as of December 31, 2025.

**TABLE 4 – TEN LARGEST TAXPAYERS**

Name of Taxpayer	2025/26 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Oncor Electric Delivery Co., LLC	\$ 501,029,467	1.23%
BKV-BPP Power LLC	287,532,675	0.71%
H.E. Butt Grocery	285,663,923	0.70%
Temple Genergation II, LLC	251,616,868	0.62%
Big Elm Solar LLC	218,966,550	0.54%
Niagara Bottling LLC	178,313,104	0.44%
Wal-Mart Real Estate Business Trust	150,093,363	0.37%
Stillhouse Solar LLC	149,657,913	0.37%
Wilsonart LLC	135,334,177	0.33%
East Penn Manufacturing	103,407,560	0.25%
	\$ 2,261,615,600	5.55%

The County is a participant in certain tax increment financing districts (collectively, the “TIRZ”). The property of Panda Temple Power LLC detailed above is located within the TIRZ (see “TAX INFORMATION – TAX INCREMENT FINANCING DISTRICTS” for a description of the tax impact on the County for its participation in the TIRZ).

**GENERAL OBLIGATION DEBT LIMITATION . . . *Limited Tax Debt Payable from the \$0.80 Constitutional Tax Rate* . . .** Section 1301.003 of the Texas Government Code limits the amount of bonds that may be issued for certain purposes as follows:

Courthouse Bonds	-	2% of Assessed Valuation
Jail Bonds	-	1 ½% of Assessed Valuation
Courthouse and Jail Bonds	-	3 ½% of Assessed Valuation
Road and Bridge Bonds	-	1 ½% of Assessed Valuation

However, courthouse, jail and certain other types of bonds may be issued under the authority of Subchapter D of Chapter 1473, Texas Government Code, which removes the above limitations, and authorizes the tax limit under Article VIII, Section 9.

Article VIII, Section 9, of the Texas Constitution, imposes a tax rate limit of \$0.80 per \$100 Assessed Valuation for all constitutional purposes, including the General Fund, Permanent Improvement Fund, Road and Bridge Fund and Jury Fund, and debt service of bonds, warrants, anticipation notes and certificates of obligation issued against such funds. Administratively, the Attorney General of the State of Texas will permit allocation of \$0.40 of the \$0.80 constitutional tax rate for debt service of limited tax obligations issued by counties as calculated at the time of issuance and based on a 90% collection rate.

The Certificates are limited tax obligations payable from the County’s \$0.80 constitutional tax rate. The current County tax rates for debt are shown in “Table 3 – TAX RATE, LEVY AND COLLECTION HISTORY” under “INTEREST AND SINKING FUND.”

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 . . . Under Section 256.052, Texas Transportation Code, a county may adopt an additional ad valorem tax not to exceed \$0.15 on the \$100 assessed valuation of property provided by Article VIII, Section 9 of the 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 additional county road maintenance tax.**

Farm-to-Market and/or Flood Control . . . Under Section 256.054, Texas Transportation Code, a county may adopt an additional ad valorem tax not to exceed \$0.30 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 the additional farm-to-market road tax.**

**TABLE 5 – TAX ADEQUACY<sup>(1)</sup>**

2026 Principal and Interest Requirements	\$17,334,902
\$0.0434 Tax Rate at 98% Collection Produces	\$17,341,970
Average Annual Principal and Interest Requirements, 2026-2045	\$8,279,735
\$0.0208 Tax Rate at 98% Collection Produces	\$8,311,359
Maximum Annual Principal and Interest Requirements, 2026	\$17,334,902
\$0.0434 Tax Rate at 98% Collection Produces	\$17,341,970

(1) Calculated using net taxable value. Includes the Certificates. Preliminary, subject to change.

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**TABLE 6 – ESTIMATED 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	Total Tax Supported Debt	Estimated % Applicable	County's Overlapping Tax Supported Debt as of 11/30/2025
Bell County	\$ 131,920,000 <sup>(1)</sup>	100.00%	\$ 131,920,000
<b><u>School Districts:</u></b>			
Academy ISD	\$ 87,164,994	100.00%	\$ 87,164,994
Bartlett ISD	24,257,000	35.78%	8,679,155
Belton ISD	359,990,000	100.00%	359,990,000
Bruceville-Eddy ISD	3,935,000	0.74%	29,119
Copperas Cove ISD	-	8.01%	-
Florence ISD	57,255,000	12.97%	7,425,974
Gatesville ISD	15,545,000	0.18%	27,981
Holland ISD	6,020,000	91.51%	5,508,902
Killeen ISD	361,765,000	100.00%	361,765,000
Lampasas ISD	18,789,977	0.69%	129,651
Moody ISD	19,265,000	26.24%	5,055,136
Rogers ISD	40,246,484	94.97%	38,222,086
Rosebud-Lott ISD	31,365,000	2.54%	796,671
Salado ISD	224,085,000	100.00%	224,085,000
Temple ISD	290,055,000	100.00%	290,055,000
Troy ISD	24,689,997	94.69%	23,378,958
<b><u>Cities:</u></b>			
Bartlett	\$ 2,130,000	34.29%	\$ 730,377
Belton	41,665,000	100.00%	41,665,000
Copperas Cove	110,305,000	0.00% <sup>(2)</sup>	-
Harker Heights	38,120,000	100.00%	38,120,000
Holland	549,000	100.00%	549,000
Killeen	195,595,000	100.00%	195,595,000
Morgan's Point Resort	1,802,592	100.00%	1,802,592
Nolanville	1,440,000	100.00%	1,440,000
Rogers	4,920,000	100.00%	4,920,000
Salado	7,700,000	100.00%	7,700,000
Temple	486,125,000	100.00%	486,125,000
Troy	3,490,000	100.00%	3,490,000
<b><u>Special Districts:</u></b>			
Bell County WCID #1	\$ 17,500,000	100.00%	\$ 17,500,000
Bell County WCID #2	-	100.00%	-
<b><u>Colleges:</u></b>			
Central Texas College District	\$ -	80.00%	\$ -
Temple Junior College	115,115,000	100.00%	115,115,000
Total Direct and Overlapping Tax Supported Debt			\$ 2,458,985,595
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation			6.03%
Per Capita Overlapping Tax Supported Debt			\$ 6,069

(1) Includes the Certificates. Preliminary, subject to change.

(2) Less than 0.01%.

## DEBT INFORMATION

**TABLE 7 – PRO-FORMA DEBT SERVICE REQUIREMENTS**

Fiscal Year Ending 9/30	Outstanding Debt <sup>(1)</sup>			The Certificates <sup>(2)</sup>			Total Debt Service Requirements
	Principal	Interest	Total	Principal	Interest	Total	
2026	\$ 13,500,000	\$ 3,302,118	\$ 16,802,118	\$ -	\$ 532,785	\$ 532,785	\$ 17,334,902
2027	12,475,000	2,899,891	15,374,891	555,000	1,114,375	1,669,375	17,044,266
2028	12,895,000	2,464,929	15,359,929	595,000	1,085,625	1,680,625	17,040,554
2029	8,370,000	2,077,811	10,447,811	820,000	1,050,250	1,870,250	12,318,061
2030	8,300,000	1,791,028	10,091,028	860,000	1,008,250	1,868,250	11,959,278
2031	7,940,000	1,511,050	9,451,050	905,000	964,125	1,869,125	11,320,175
2032	7,355,000	1,250,275	8,605,275	955,000	917,625	1,872,625	10,477,900
2033	3,830,000	1,037,600	4,867,600	1,000,000	868,750	1,868,750	6,736,350
2034	3,945,000	921,550	4,866,550	1,055,000	817,375	1,872,375	6,738,925
2035	4,025,000	841,850	4,866,850	1,105,000	763,375	1,868,375	6,735,225
2036	4,125,000	739,725	4,864,725	1,165,000	706,625	1,871,625	6,736,350
2037	4,255,000	614,025	4,869,025	1,225,000	646,875	1,871,875	6,740,900
2038	4,380,000	484,500	4,864,500	1,285,000	584,125	1,869,125	6,733,625
2039	4,515,000	351,075	4,866,075	1,350,000	518,250	1,868,250	6,734,325
2040	4,655,000	213,525	4,868,525	1,420,000	449,000	1,869,000	6,737,525
2041	4,790,000	71,850	4,861,850	1,495,000	376,125	1,871,125	6,732,975
2042	-	-	-	1,570,000	299,500	1,869,500	1,869,500
2043	-	-	-	1,650,000	219,000	1,869,000	1,869,000
2044	-	-	-	1,735,000	134,375	1,869,375	1,869,375
2045	-	-	-	1,820,000	45,500	1,865,500	1,865,500
	<b>\$ 109,355,000</b>	<b>\$ 20,572,799</b>	<b>\$ 129,927,799</b>	<b>\$ 22,565,000</b>	<b>\$ 13,101,910</b>	<b>\$ 35,666,910</b>	<b>\$ 165,594,709</b>

(1) Excludes the Certificates.

(2) Interest on the Certificates calculated at an assumed rate for purposes of illustration. Preliminary, subject to change.

**TABLE 8 – INTEREST AND SINKING FUND BUDGET PROJECTION**

Estimated Tax Supported Debt Service Requirements, Fiscal Year Ending 9-30-2026 <sup>(1)</sup>		\$ 17,334,902
Estimated Interest and Sinking Fund, 9-30-25	\$ 2,899,241	
Fiscal 2026 Interest and Sinking Fund Tax Levy @ 100% Collections	<u>18,552,140</u>	<u>21,451,381</u>
Estimated Balance, 9-30-2026		\$ 4,116,479

(1) Preliminary, subject to change.

### AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS . . . None

**ANTICIPATED ISSUANCE OF ADDITIONAL GENERAL OBLIGATION DEBT . . .** The County does not anticipate the issuance of additional general obligation debt within the next six months.

**TABLE 9 – OTHER OBLIGATIONS . . .** The County has no unfunded debt outstanding as of January 1, 2026.

**PENSION FUND . . .** The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional, joint contributory, defined benefit plan in the State-wide Texas County and District Retirement System (TCDRS). 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 or exceeds 75. 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.

The plan provisions are adopted by the Commissioners Court, within the options available under the State laws governing TCDRS. The County has elected the annually determined contribution rate plan provisions of the TDCRS. The plan is funded by monthly contributions from employee members and the County based on the covered payroll of employee members. The contribution rate of the County is actuarially determined annually. Using actuarially determined rates, the County contributed 13.8% for the months

of the accounting year in 2023 and 13.82% for the months of the accounting year in 2024. The contribution rate payable by employees is 7% for the calendar years 2023 and 2024. However, the plan of benefits adopted by the employer at the time of plan inception and when benefit increases are adopted is limited by statute to what the actuary determines can be adequately financed by the commitment of the employer to contribute the same amount as the employee. The statute specifies that the actuary's determination is based on a maximum period for amortizing the unfunded pension benefit obligation of 30 years.

For more detailed information concerning the retirement plan, see "APPENDIX B – EXCERPTS FROM THE BELL COUNTY, TEXAS, ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024" – Note #V-H.

**DEFERRED COMPENSATION PLAN . . .** The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. In 1998, the County implemented the requirements of GASB No. 32, "Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans." In accordance with this statement and recent tax law changes, the County has amended their trust agreement which establishes that all assets and income of the trust are for the exclusive benefit of eligible employees and their beneficiaries. Due to the implementation of these changes, the County does not have any fiduciary responsibility or administrative duties relating to the deferred compensation plan other than remitting employees' contributions to the trustee. Accordingly, the County has not presented the assets and income from the plan in their financial statements. See Note B, Deferred Compensation Plan, in "APPENDIX B – EXCERPTS FROM THE BELL COUNTY, TEXAS, ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024."

**OTHER POST-EMPLOYMENT BENEFITS . . .** In addition to providing pension benefits through TCDRS, the County provides post-retirement group health care benefits to retired employees (the "Retiree Health Plan"). For fiscal year 2024, the County contributed \$180 for health insurance and \$9.07 for dental insurance for each participating retired employee. Additional family health coverage is available if paid for by the retired employee. As of September 2024, there were 56 retirees participating in the Retiree Health Plan, 873 active employees who were fully eligible to participate upon retirement, and 101 inactive employees who are eligible to participate.

The funding rates for the Retiree Health Plan are set annually by the Commissioners Court, and the Retiree Health Plan fund is funded on a pay-as-you-go basis. For the fiscal year ended September 30, 2024, the County contributed \$73,938 and the retirees contributed \$190,875 for a total contribution of \$264,813.

Based on an actuarial study commissioned by the County, the County is considering strategies to manage the impact of the required future liability reporting. The magnitude of OPEBs depends on a variety of factors, including whether the County elects to continue to use "pay-as-you-go" funding to fund the costs associated with OPEBs.

Chapter 2264 of the Texas Government Code, which was passed during the Regular Session of the 80th Texas Legislature ("Chapter 2264"), establishes an alternative, statutorily-based comprehensive basis for Texas governmental entities to account for OPEB obligations. Chapter 2264 permits political subdivisions to elect whether to report retiree health benefits (i) on a pay-as-you-go basis or (ii) per the methodology established by GASB 45. Governmental entities that elect to report on a pay-as-you go-basis pursuant to Chapter 2264, would have the option of reporting the information required by GASB 45 in the footnotes to their financial statements. However, governmental entities that elect to report OPEB liabilities in accordance with Chapter 2264 (in lieu of GASB 45) may receive qualified and/or adverse opinions from outside auditors and their bond ratings could be adversely affected.

The County has determined its annual OPEB cost to be \$145,021. The actual dollar amount contributed by the County during fiscal 2024 was \$73,938. At September 30, 2024, the County had a net OPEB obligation of \$1,155,640. See Note V-C, Post-Employment Benefits, in "APPENDIX B – EXCERPTS FROM THE BELL COUNTY, TEXAS, ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024."

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## FINANCIAL INFORMATION

**TABLE 10 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY**

	Fiscal Years Ended September 30,				
	2024	2023	2022	2021	2020
<b>Revenues:</b>					
Ad Valorem Taxes	\$ 75,482,544	\$ 69,908,586	\$ 66,114,216	\$ 67,694,416	\$ 63,965,475
Sales Tax	34,336,678	33,349,130	31,214,765	27,649,376	23,089,465
Inmate Lodging	5,005	287,202	177,873	251,773	410,042
Fees	10,609,398	11,052,753	11,411,833	10,842,891	9,898,711
Fines and Forfeitures	2,179,754	2,474,053	2,063,573	1,653,356	1,796,676
Intergovernmental	6,001,623	1,894,391	1,396,016	1,716,357	3,697,553
Licenses and Permits	4,371,603	4,425,912	4,258,341	3,575,597	3,478,643
Interest and Other	8,843,601	9,881,484	4,083,106	3,732,564	4,208,041
Total Revenues	<u>\$ 141,830,206</u>	<u>\$ 133,273,511</u>	<u>\$ 120,719,723</u>	<u>\$ 117,116,330</u>	<u>\$ 110,544,606</u>
<b>Expenditures:</b>					
General Administration	\$ 35,537,156	\$ 39,695,779	\$ 27,676,217	\$ 25,891,042	\$ 25,632,693
Judicial and Legal	25,566,071	22,351,174	20,745,032	19,113,623	19,233,499
Public Safety	64,373,810	58,673,250	50,724,027	44,639,325	39,167,607
Health and Welfare	2,798,104	1,690,997	1,713,530	2,358,932	2,098,274
County Road and Bridges	7,201,391	6,746,419	6,320,511	6,213,185	6,003,558
Conservation	668,850	650,150	626,502	535,582	656,296
Total Expenditures	<u>\$ 136,145,382</u>	<u>\$ 129,807,769</u>	<u>\$ 107,805,819</u>	<u>\$ 98,751,689</u>	<u>\$ 92,791,927</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,684,824	\$ 3,465,742	\$ 12,913,904	\$ 18,364,641	\$ 17,752,679
Operating Transfers In	\$ 2,938,035	\$ 10,034,037	\$ 1,341,515	\$ 1,125,239	\$ 960,700
Operating Transfers Out	(17,880,542)	(9,883,605)	(8,845,902)	(9,078,658)	(7,017,885)
Net Transfers	<u>\$ (14,942,507)</u>	<u>\$ 150,432</u>	<u>\$ (7,504,387)</u>	<u>\$ (7,953,419)</u>	<u>\$ (6,057,185)</u>
Deficiency of Revenues Over Expenditures and Other Sources	\$ (9,257,683)	\$ 3,616,174	\$ 5,409,517	\$ 10,411,222	\$ 11,695,494
Beginning Fund Balance	<u>72,433,069</u>	<u>68,816,895</u>	<u>63,407,378</u>	<sup>(1)</sup> <u>52,947,094</u>	<u>41,251,600</u>
Ending Fund Balance <sup>(2)</sup>	<u>\$ 63,175,386</u>	<u>\$ 72,433,069</u>	<u>\$ 68,816,895</u>	<u>\$ 63,358,316</u>	<u>\$ 52,947,094</u>

Source: County's audited financial statements.

(1) Restated.

(2) Unaudited General Fund Balance as of September 30, 2025 was \$63,359,230.

**FINANCIAL POLICIES . . .** For a summary of accounting policies, please see Note A, Summary of Significant Accounting Policies in “APPENDIX B – EXCERPTS FROM THE BELL COUNTY, TEXAS, ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024.”

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## 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 State law the County is authorized to invest in: (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 directly 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 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 Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the County selects from a list the governing body or designated investment committee of the County adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the County selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the County's account; (C) 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 (D) the County appoints as its custodian of the banking deposits issued for its account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of the PFIA 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 Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, and are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for County deposits, or (ii) certificates of deposits where (a) the funds are invested by the County through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the County as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the County, (b) the broker or the depository institution selected by the County arranges for the deposit of the funds in certificates of deposit 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 the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) 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 in clause (1), require the securities being purchased by the County or cash held by the County to 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 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 the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "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 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the 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 SEC that provide the County with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the County and deposited with the County or a third party selected and approved by the County.

A political subdivision such as the County may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are 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; (ii) securities held as collateral under a loan are pledged to the County, held in the County's name and deposited at the time the investment is made with the County or a third party designated by the County; (iii) 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 (iv) 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 “AAAm” or an equivalent by at least one nationally recognized rating service. 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 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.

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 Public Funds Investment Act. 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 during 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.

Under Texas 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 County 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 or requires an interpretation of subjective investment standards), 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 Treasurer, chief financial officer and investment officers; (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 no-load 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.

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**TABLE 11 – CURRENT INVESTMENTS**

As of November 30, 2025, the County's investable funds were invested in the following categories:

<u>Description</u>	<u>Market Value</u>	<u>Percentage</u>
Federal Agency	\$ 7,003,977	5.19%
Money Market/Checking	12,225,258	9.06%
TexPool	115,618,921	85.68%
Investment Checking	91,888	0.07%
<b>Total</b>	<b>\$ 134,940,044</b>	<b>100.00%</b>

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 Naman, Howell, Smith & Lee, PLLC, Bond Counsel, (i) interest on the Certificates is excludable from gross income for federal income tax purposes under existing law and (ii) interest on the Certificates is not (a) a specific preference item for purposes of the alternative minimum tax on individuals.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Certificates, to be excludable from gross income for federal income tax purposes. The County has covenanted in the Order and a related Tax and No Arbitrage Certificate that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Order pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Certificates for federal income tax purposes and, in addition, will rely on representations by the County, the County's Financial Advisor and the Purchaser with respect to matters solely within the knowledge of the County, the County's Financial Advisor and the Purchaser, respectively, which Bond Counsel has not independently verified. If the County should fail to comply with the covenants in the Order or if the foregoing representations or report should be determined to be inaccurate or incomplete, interest on the Certificates could become includable in gross income from the date of delivery of the Certificates, regardless of the date on which the event causing such includability occurs.

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 Certificates.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the County as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Certificates could adversely affect the value and liquidity of the Certificates regardless of the ultimate outcome of the audit.

**FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT AND PREMIUM . . .** The initial public offering price to be paid for one or more maturities of the Certificates (the "Original Issue Discount Certificates") may be less than the principal amount thereof. In such event, the difference between (i) the amount payable at the maturity of each Original Issue Discount Certificate, and (ii) the initial offering price to the public of such Original Issue Discount Certificate would constitute original issue discount with respect to such Original Issue Discount Certificate in the hands of any owner who has purchased such Original Issue Discount Certificate in the initial public offering of the Certificates. Under existing law, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Certificate equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Certificate continues to be owned by such owner. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Certificate prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Certificate was held by such initial owner) is includable in gross income.

Under existing law, the original issue discount on each Original Issue Discount Certificate is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary

dates of the date of the Certificates and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Certificate for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Certificate.

Certificates purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Certificates") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Certificates, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Certificate, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Certificates should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Certificates or Premium Certificates which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Certificates or Premium Certificates should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Certificates and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Certificates.

**STATE, LOCAL AND FOREIGN TAXES . . .** Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Certificates under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

#### **CONTINUING DISCLOSURE OF INFORMATION**

In the Order, the County has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The County is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. 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 (the "MSRB").

**ANNUAL REPORTS . . .** The County 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 included in this Official Statement in Tables 1 through 5 and 7 through 11 and in APPENDIX B. The County will update and provide to the MSRB the information in the numbered tables within six months after the end of each fiscal year and the financial statements within 12 months after the end of each fiscal year ending in and after 2025.

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 Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the County commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the County will provide unaudited financial statements by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the County may be required to employ from time to time pursuant to State law or regulation.

The County's current fiscal year end is September 30. Accordingly, it must provide updated annual financial information by March 31 and financial statements by September 30 in each year, unless the County changes its fiscal year. If the County changes its fiscal year, it will notify the MSRB.

**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 Certificates, 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 of the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, 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 a name of a paying agent/registrar, if material, (15) incurrence of a Financial Obligation of the County or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County or obligated person, 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 the Financial Obligation of the County or obligated person, any of which reflect financial difficulties. Neither the Certificates nor the Order make any provision for debt service reserves, credit enhancement, or liquidity enhancement. In the Order, the County has adopted policies and procedures to ensure timely compliance of its continuing disclosure undertakings. In addition, the County will provide timely notice of any failure by the County to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports." The County will provide each notice described in this paragraph to the MSRB.

For these purposes, (a) any event described in the immediately preceding subsection (12) 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 orders of a court or governmental authority, or the entry or an order confirming a plan or 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 and (b) the County intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

**AVAILABILITY OF INFORMATION . . .** Effective July 1, 2009 (the "EMMA Effective Date"), the SEC implemented amendments to Rule 15c2-12 which approved the establishment by the MSRB of EMMA, which is now the sole successor to the national municipal securities information repositories with respect to filings made in connection with undertakings made under Rule 15c2-12 after the EMMA Effective Date. Commencing with the EMMA Effective Date, all information and documentation filing required to be made by the County in accordance with its undertaking made for the Certificates will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB.

With respect to debt of the County issued prior to the EMMA Effective Date, the County remains obligated to make annual required filings, as well as notices of specified events, under its continuing disclosure obligations relating to those debt obligations, which includes a continuing obligation to make such filings with the Texas state information depository (the "SID"). Prior to the EMMA Effective Date, the Municipal Advisory Council of Texas (the "MAC") had been designated by the State and approved by the SEC staff as a qualified SID. Subsequent to the EMMA Effective Date, the MAC entered into a Subscription Agreement with the MSRB pursuant to which the MSRB makes available to the MAC, in electronic format, all Texas-issuer continuing disclosure documents and related information posted to EMMA's website simultaneously with such posting. Until the County receives notice of a change in this contractual agreement between the MAC and EMMA or of a failure of either party to perform as specified thereunder, the County has determined, in reliance on guidance from the MAC, that making its continuing disclosure filings solely with the MSRB will satisfy its obligations to make filings with the SID pursuant to its continuing disclosure agreements entered into prior to the EMMA Effective Date.

**LIMITATIONS AND AMENDMENTS . . .** The County has agreed to update information and to provide notices of certain 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 Certificates 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 Certificates may seek a writ of mandamus to compel the County to comply with its agreement.

The continuing disclosure agreement may be amended by the County 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, but only if (1) the provisions, as amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretation of the Rule since such offering as well as such changed circumstances and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Order that authorizes such an amendment) of the Outstanding Certificates consent to such amendment or (b) a person that is unaffiliated with the County (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Certificates. The County may also amend or repeal the provisions of the 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 Certificates in the primary offering of the Certificates. If the County amends its agreement, it must 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 information and data provided.

**COMPLIANCE WITH PRIOR UNDERTAKINGS . . .** During the past five years the County has complied in all material respects with its continuing disclosure agreements entered into pursuant to the Rule, with the submission of their annual financial reports. In previous continuing disclosure undertakings, the County has agreed to supply financial information and operating data with respect to the County of the general type of information contained in specified tables of the applicable Official Statement. The annual financial information filings made by the County as a result of these undertakings for each of the last five years have consisted of the related County's Comprehensive Annual Financial Report ("Annual Report"), which the County believes contains the information of the general type of information contained in the specified tables. Please note that certain information in the specified tables is not presented explicitly in the Annual Reports but can be calculated from information in the Annual Reports.

## OTHER INFORMATION

**RATING . . .** The Certificates and the outstanding limited ad valorem tax debt of the County have been rated "AA+" by S&P Global Ratings, a division of S&P Global Inc. ("S&P") without regard to credit enhancement. The County also has various outstanding tax supported debt issues, some of which are insured by a financial guaranty insurance policy and also rated based on such insurance. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the respective view of such organization and the County makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of any of such rating may have an adverse effect on the market price of the Certificates.

**LITIGATION . . .** There is no pending litigation against the County that, if decided adversely to the County, would have a material adverse financial impact upon the County or its operations.

**REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE . . .** The sale of the Certificates 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 Certificates have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Certificates been qualified under the securities acts of any jurisdiction. The County assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which the Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

**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 Certificates are negotiable instruments, 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 of Texas. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Certificates be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION – RATING" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Certificates 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 Certificates are legal investments for various institutions in those states.

**LEGAL MATTERS . . .** The County will furnish complete transcripts of proceedings incident to the authorization and issuance of the Certificates, including the approving legal opinions of the Attorney General of the State of Texas to the effect that the initial Certificates are a valid and binding obligations of the County, and based upon examination of such transcript of proceedings, the approving legal opinions of Bond Counsel to the effect that Certificates issued in compliance with the provisions of the Order therefor are valid and legally binding obligations of the County and the interest on such Certificates is excludable from gross income for federal income tax purposes under existing law and the Certificates are not private activity bonds, subject to the matters described under "TAX MATTERS" herein. The form of such opinion is attached hereto as APPENDIX C. 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 describing the Certificates in the Official Statement under the captions "THE CERTIFICATES" (except for the subcaption "BOOK-ENTRY-ONLY SYSTEM"), "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (except under the subcaption "COMPLIANCE WITH PRIOR UNDERTAKINGS") and the subcaptions "REGISTRATION AND QUALIFICATIONS OF CERTIFICATES FOR SALE," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," and "LEGAL MATTERS" under the caption "OTHER INFORMATION" and in APPENDIX C and is of the opinion that the information relating to the Certificates and the Order contained therein fairly and accurately describes the provisions thereof and is correct as to matters of law. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates are contingent on the sale and delivery of the Certificates.

The legal opinions to be delivered concurrently with the delivery of the Certificates express 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.

**NO-LITIGATION CERTIFICATE . . .** The County will furnish to the Purchaser a certificate, dated as of the date of delivery of the Certificates, executed by both the County Judge and County Clerk of the County, to the effect that no litigation of any nature has been filed or is then pending or threatened, either in state or federal courts, contesting or attacking the Certificates; restraining or enjoining the issuance, execution or delivery of the Certificates; affecting the provisions made for the payment of or security for the Certificates; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Certificates; or affecting the validity of the Certificates.

**NO MATERIAL ADVERSE CHANGE . . .** The obligations of the Purchaser to take and pay for the Certificates, and of the County to deliver the Certificates, are subject to the condition that, up to the time of delivery of and receipt of payment for the Certificates, there shall have been no material adverse change in the condition (financial or otherwise) of the County from that set forth or contemplated in the Official Statement.

**FINANCIAL ADVISOR . . .** Specialized Public Finance Inc. is employed as Financial Advisor to the County in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. Specialized Public Finance Inc., in its capacity as Financial Advisor, has not verified and 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 Certificates, 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.

**FORWARD-LOOKING STATEMENTS . . .** 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 forward-looking statements 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, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

**INITIAL PURCHASER . . .** After requesting competitive bids for the Certificates, the County accepted the bid of \_\_\_\_\_ (the "Purchaser") to purchase the Certificates at the interest rates shown on page 2 of the Official Statement at a price of approximately \_\_\_\_\_ % of par. The Purchaser can give no assurance that any trading market will be developed for the Certificates after their sale by the County to the Purchaser. The County has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

**MISCELLANEOUS . . .** The financial data and other information contained herein have been obtained from the County's 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 resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. 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.

The Ordinances authorizing the issuance of the Certificates approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its further use in the reoffering of the Certificates by the respective Purchaser.

**CERTIFICATION AS TO OFFICIAL STATEMENT . . .** The County, acting by and through its County Council in its official capacity hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the County and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, description and statements concerning entities other than the County, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the County has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof. Except as set forth in "CONTINUING DISCLOSURE OF INFORMATION" herein, the County has no obligation to disclose any changes in the affairs of the County and other matters described in this Official Statement subsequent to the "end of the underwriting period" which shall end when the County delivers the Certificates to the respective Purchaser at closing, unless extended by the respective Purchaser. All information with respect to the resale of the Certificates subsequent to the "end of the underwriting period" is the responsibility of the respective Purchaser.

This Official Statement has been approved by the Commissioners Court for distribution in accordance with the provisions of the Securities and Exchange Commission's rule codified at 17 C.F.R. Section 240.15c2-12.

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Pricing Officer  
Bell County, Texas

**APPENDIX A**

**GENERAL INFORMATION REGARDING THE COUNTY**

**LOCATION . . .** Bell County, covering an area of 1,055 square miles, lies in central Texas between McLennan, Falls, Coryell and Burnet Counties. Major cities (wholly within) the County are Belton, Harker Heights, Temple and Killeen. The County is at the division point of the Balcones Fault and the beginning of the Blacklands Belt of Central Texas. The County is located 65 miles north of Austin, 40 miles southwest of Waco, and 140 miles south of the Fort Worth-Dallas area. The County encompasses the junction points of IH 35, U.S. 190 and U.S. 81. A number of state highways and farm-to-market roads traverse the County.

**ECONOMY . . .** Bell County is the site of five major hospitals which include (i) the Scott and White Memorial Hospital, King's Daughters Hospital, Olin E. Teague Veterans' Center in Temple, (ii) Metroplex Hospital in Killeen and (iii) Carl R. Darnall Army Medical Center at Fort Hood. The Scott and White Hospital and Clinic and the Olin E. Teague Veterans' Center serve as a teaching hospital for Texas A&M University, College of Medicine.

The County's economy is centered on manufacturing, agricultural and railroad related industries. The major employer of the County is Fort Hood, a federal military base located adjacent to the City of Killeen and a short distance west of the City of Belton. See page A-2 for a complete description of Fort Hood.

**UTILITIES . . .** Utility services for the County are provided by the Southwestern Bell Telephone Company, Mid-Texas Telephone Company, TXU and Lone Star Gas. Water and sewer services are provided by the cities and various utility districts throughout the County.

**TRANSPORTATION . . .** The County is served by Burlington Northern Santa Fe Railway and Amtrak (Temple). Seven motor freight carriers have daily routes. Bus lines include Southwestern Transit, Greyhound and Kerrville. Draughon-Miller Municipal Airport also serves the area from its site in Temple and commercial air service is provided at the Killeen Fort Hood Regional Airport.

**RECREATION . . .** Lake Belton and Stillhouse Hollow are located within the County and provide numerous camping areas. These lakes are well known as excellent fishing and boating lakes. There are also numerous golf courses and athletic playing fields throughout the County.

#### LABOR MARKET PROFILE

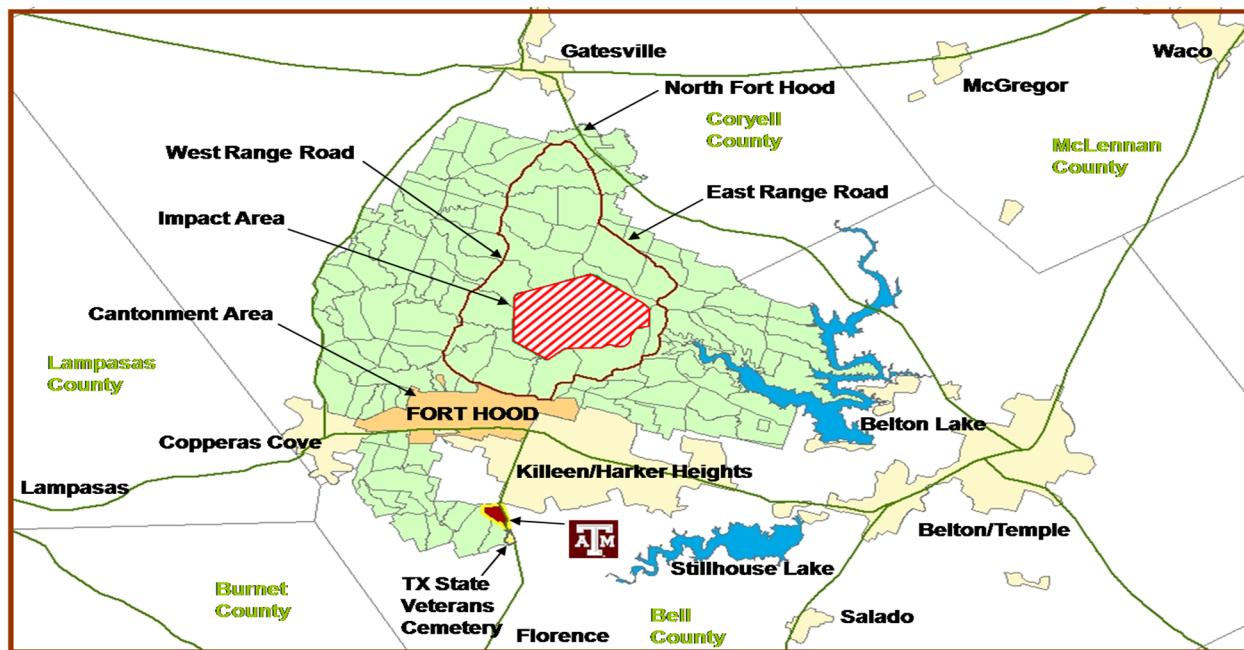
Bell County		
	November 2025	November 2024
Total Civilian Labor Force	168,586	166,337
Total Employment	160,445	158,757
Total Unemployment	8,141	7,580
Percent Unemployed	4.8%	4.6%
Killeen/Temple/Fort Hood		
	November 2025	November 2024
Total Civilian Labor Force	205,875	202,951
Total Employment	195,937	193,728
Total Unemployment	9,938	9,223
Percent Unemployed	4.8%	4.5%
State of Texas		
	November 2025	November 2024
Total Civilian Labor Force	16,038,665	15,758,856
Total Employment	15,361,936	15,115,304
Total Unemployment	676,729	643,552
Percent Unemployed	4.2%	4.1%

Source: Texas Workforce Commission

## MILITARY FACILITIES – FORT HOOD

**GENERAL . . .** Fort Hood is the Army's premier armored force installation and strategic power projection platform for mobilizing, training, and projecting Soldiers worldwide in support of combat, rotational, humanitarian, and civil-support operations. Today, Fort Hood is authorized 37,000 Soldiers accompanied by over 51,000 family members generating over \$29.9 billion in economic impact to Central Texas.

Located 60 miles north of Austin, and 50 miles south of Waco, Fort Hood occupies over 342 square miles in Bell and Coryell Counties. There are over 196,000 acres of maneuver area including over 64,000 acres of live fire and training ranges. Fort Hood has two airfields and six airstrips, over 450 miles of roadway, over 5,700 buildings, 5,914 sets of family quarters, and 99 barracks for Soldiers.



### Total Supported Population – approximately 508,253

- Post Population – Approximately 62,785, includes military, on-post family members, civilian employees, contractors, and other employees.
- Off Post Family Members – 38,300
- Retirees, Survivors & Family Members is 411,571

**ECONOMIC IMPACT . . .** Seven surrounding cities and three counties are partnered with and provide substantial quality of life support to Fort Hood with over 73% of families and over 54% of Soldiers living off-post. The Texas Comptroller estimates Fort Hood's economic impact is \$29.9 billion on local and Texas economy including GDP and disposable income. Fort Hood is the largest single site employer in the state with over 56,000 direct employment and over 152,000 total employment.

### Mission of III Corps and Fort Hood

III Corps and its Subordinate Units are prepared to rapidly deploy and conduct the full range of military operations to seize, retain, and exploit the initiative, in order to defeat any adversary. The Corps is prepared to exercise mission command of Army, Joint, and Multi-National Forces, as a Corps, Joint Task force (JTF), or Combined Joint Forces Land Component Command (CJFLCC).

Since 2002, Fort Hood mobilized and deployed over 1.1 million active-duty and reserve-component forces for various missions including combat in Iraq and Afghanistan, rotational deployments in Korea and Europe, humanitarian assistance in Africa, hurricane relief operations in New Orleans and Houston, plus pandemic response in New York, Illinois, and Michigan. Fort Hood is home to over 16% of the Army's active operational forces including 27% of active armored units and 17% of Stryker units and a total of 18 brigade-size or larger units averaging over 15% of the deployed force monthly.

**Tactical Units Assigned to Fort Hood**

III Corps Headquarters  
1<sup>st</sup> Cavalry Division  
13<sup>th</sup> Expeditionary Sustainment Command  
3<sup>rd</sup> Security Force Assistance Brigade  
3<sup>rd</sup> Cavalry Regiment  
1<sup>st</sup> Medical Brigade  
36<sup>th</sup> Engineer Brigade  
48<sup>th</sup> Chemical Brigade  
69<sup>th</sup> Air Defense Artillery Brigade  
89<sup>th</sup> Military Police Brigade  
504<sup>th</sup> Military Intelligence Brigade

**Tenant Units Assigned to Fort Hood**

1<sup>st</sup> Army Division West Headquarters  
Operational Test Command  
U.S. Army Garrison Fort Hood  
Carl R. Darnall Army Medical Center  
120<sup>th</sup> Infantry Brigade  
166<sup>th</sup> Aviation Brigade  
407 Army Field Support Brigade  
Hood Mobilization Brigade  
11<sup>th</sup> Military Police Battalion (CID)  
15<sup>th</sup> Military Intelligence Battalion

**RESERVE COMPONENT (RC) MOBILIZATION . . .** Fort Hood also serves as one of only two Mobilization Force Generating Installations Army Reserve and Army National Guard mobilizations for world-wide employment. Over the last five years, Fort Hood annually handles over 18,300 Reserve Component Soldiers in over 288 mobilizing units and 185 units demobilizing each year.

The ability of Fort Hood to sustain this extremely high volume of mobilized Soldiers is due in large part to expanded facilities on the north side of Post. North Fort Hood provides facilities and resources which support an overall capacity of 2,636 mobilizing troops. Facilities and services which support both mobilization and non-mobilization training at NFH include; billeting, dining facilities, troop medical services, vehicle maintenance, supply and services support, fuel operations, airfield (2) support, Fitness Center, and many other critical support services.

**CAPACITY UTILIZATION . . .** The Army has consistently recognized the unique ability of Fort Hood and Central Texas to house, support and sustain 50,000 Soldiers and their Families in whatever formations today's and tomorrow's forces will find themselves. The Government Accounting Office (GAO) also supports the Army's contention that on a per capita basis, Soldier training at Fort Hood continues to be more economically accomplished than at any other major Army installation. Fort Hood is fully capable to support current and future Army, joint and combined force mission requirements.

- The post's largest single on-post training segment is called the Western Maneuver Area (WMA) which stretches 20 miles from north to south and from the western boundary of the installation eastward to the live fire impact area. The WMA easily accommodates a full-up, modern, digitally equipped heavy battalion task force exercising in multiple scenarios over several weeks at a time.
- Direct access to Lake Belton provides training in all phases of water obstacle and river crossing operations, from small unit to division level.
- The Army's largest Battle Command Training Center is located at Fort Hood.
- The largest combat aviation training area in the free world, comprised of 15,900 square miles, begins on Fort Hood and continues west from Bell and Coryell Counties to Runnels and Tom Green Counties. This allows U.S. and allied military helicopter crews to train in a realistic environment that affords the distances and depths required in combat aviation operations.

**COMMUNITY PARTNERSHIPS . . .** Fort Hood's ability to preserve its world-class training capability requires fostering productive partnerships with our surrounding communities that address the preservation of Economic, Environmental, and Land Initiatives within surrounding communities. The Central Texas Sustainable Communities Partnership, a regional alliance for the long term sustainability of our Central Texas Community, was started at the Earth Fest celebration in April 2009. This alliance has direct involvement by the cities of Killeen, Harker Heights, Copperas Cove, and Gatesville, with Fort Hood as the 5th partner. The primary purpose of this partnership is to foster long term sustained economic growth, improve quality of life for the region, and improve the environmental quality of the region. Since 1998, assisted by The Nature Conservancy, the Texas Parks and Wildlife Department, Texas AgriLife Research (Institute for Renewable Natural Resources), and the State of Texas Fort Hood has made substantial progress in restoring the state's populations of the Black Capped Vireo and the Golden Cheeked Warbler after both faced extinction. Fort Hood has identified 800 sites with possible sensitive cultural ties to early Native Americans or western settlers who occupied the area prior to the 1942 founding of Fort Hood. The installation is working with the Texas State Historical Preservation Office under the Alternative Procedures Program to identify the sites which are historically significant. In late 2008, Fort Hood partnered with Gatesville to begin the collection and treatment of sanitary sewage from the ever-growing North Fort Hood cantonment area, replacing a very old and labor-intensive lagoon system that had been operated by the Installation for many years.

**CAPITAL INVESTMENT . . .** 20 of Fort Hood's 99 barracks are under contract for renovation. 28 more barracks have been identified as needing renovation. The installation's renovation plan will cost approximately \$470 million over the next six years to complete. The renovation of the Fort Hood Better Opportunities for Single Soldiers program headquarters building is complete. The \$900,000 renovation includes a new gaming area, pool and ping pong tables and computer labs. Currently two motor pools are under renovation, at \$10 million each. Both motor pools will have pits built into the floor, adding cranes, and raising the height of the building for larger military vehicles. Also in process of renovating is the former Warrior Way Post Exchange. It will eventually be the Warrior Way Fitness Center. This renovation will expand the facility to 50,000-square feet, create locker rooms, showers, and a laundry room. The former Eagles Nest Dining Facility will now be the headquarters of the 3rd Security Forces Assistance Brigade once complete. The largest USO, in terms of size and services offered, is now at Fort Hood. The 32,000-square foot building now includes a children's area, a gaming area with six of the latest X-Box platforms and six PlayStations, 30 computer stations, a 30-plus seat theater with state-of-the-art sound system, and a fully-viewable kitchen area where professional chefs can give cooking classes.

Ft. Hood Capital Investment	
2006	\$60M
2007	\$79M
2008	\$182M
2009	\$1.044B
2010	\$43M

**HEALTH INFRASTRUCTURE . . .** Fort Hood's Carl R. Darnall Army Medical Center (CRDAMC) is a teaching hospital affiliated with Scott & White Memorial Hospital, the Dept. of Veterans Affairs (VA) Central Texas Health Care System in Temple, and with Texas A&M University Health Science Center College of Medicine in Bryan-College Station. CRDAMC has residency programs in Emergency Medicine and Family Practice, and combined graduate medical programs in obstetrics and gynecology, pediatrics and medicine with Wilford Hall Air Force and Brooke Army Medical Centers in San Antonio. Darnall serves more than 172,000 military beneficiaries in a 40 mile radius of Fort Hood.

In October of 2010 Fort Hood leadership, in conjunction with federal assistance, opened a new Carl R. Darnall Army Medical Center on Fort Hood at a cost of \$534M. Since this opening, Fort Hood has continued to invest and expand their medical facilities in order to provide the best healthcare to the military community.

**WARRIORS IN TRANSITION . . .** The WTU mission is to provide command and control for wounded, injured or ill Soldiers to ensure he or she receives the appropriate medical care and administrative support so they can fully return to duty at their unit, re-class into another military occupation, or return to the community as an honored veteran. A WTU closely resembles an Army "line" unit and builds on the Army's strength of unit cohesion and teamwork. Within a WTU, wounded, ill and injured Soldiers work with their Triad of Care – primary care manager (normally a physician), nurse case manager, and squad leader – who coordinate their care with other clinical and non-clinical professionals. Fort Hood continues to invest in facilities to enhance this program.

**FAMILY SUPPORT . . .** The Fort Hood leadership is committed to providing Soldiers and their families a strong and supportive environment where they can thrive. These efforts include:

- Army Community Services including Information & Referral Resources, Financial Readiness, Relocation Readiness, Army Family Team Building, Family Advocacy Program, Exceptional Family Member Program, New Parent Support Group, Survivor Outreach Services and more.
- Child Care Centers providing child care to military families.
- The Exceptional Family Member Program which is a mandatory enrollment program that works with military and civilian agencies to provide comprehensive and coordinated community support, housing, educational, medical and personnel services to families with special needs.
- Family Child Care provides an alternative to the Child Development Center for families that need evening care, weekend care, care for children with special needs or infants and school-age children, and care during swing and midnight shifts

**SOLDIER AND FAMILY HOUSING . . .** Fort Hood has 99 barracks that house approximately 16,000 Soldiers and 5,900 family quarters that house about 26 percent of the active duty population. The family quarters are managed through Actus Lend Lease, the Residential Community Initiative (RCI) housing partner. Fort Hood is in the process of renovations all of the barracks with more than 20 buildings completed. The RCI Partnership has provided the absolute highest quality of housing for our Soldiers and their families on post with a noticeable difference in quality of maintenance compared to previously worn and outdated housing provided by Army Installations. Fort Hood understands the community impact of On Post housing, and is committed to keeping our volume the same to avoid any negative economic impacts to the local housing market.

**PRIVATIZATION OF ARMY LODGING (PAL) . . .** PAL, an Army-wide program, was established as a means of revitalizing on-post transient housing facilities. The program is a natural extension of the success achieved in the privatization of Family housing through the Residential Communities Initiative (RCI). Fort Hood's partners for PAL are Actus Lend Lease and the InterContinental Hotels Group. Fort Hood offers temporary lodging at IHG Army Hotel – Candlewood and at IHG Army Hotel – Holiday Inn Express. The public/private initiative will provide a significant improvement in quality and service and a unique "off-post" atmosphere to these buildings.

**KILLEEN-FORT HOOD REGIONAL AIRPORT . . .** The Killeen-Fort Hood Regional Airport is centrally located to Fort Hood. The airport offers direct, non-stop air access to Dallas/Fort Worth and Houston airports. From these hub airports, passengers can fly to

any destination in the world without changing airlines. Major carriers include American Airlines and United Airlines. Ground transportation includes bus, taxi, shuttle and rental car service from multiple companies.

**TEXAS A&M UNIVERSITY-CENTRAL TEXAS . . .** Fort Hood and Texas A&M share the vision to establish an upper level college on 672 acres of Fort Hood land that has transferred to the Texas A&M University System (TAMUS). TAMUS has established a stand-alone university named Texas A&M University-Central Texas—and will reimburse Fort Hood for the cost of the land by providing classroom space as in-kind consideration. By establishing Texas A&M-CT, Soldiers and Family Members will be able to earn their academic degrees from a nationally recognized university offering programs tailored to the local population needs. In-state tuition rates would apply to Soldiers and Family Members, even when the sponsor leaves the state. In May 2009 the Texas Legislature authorized the Texas A&M University System to issue Tuition Revenue Bonds (TRB) to begin construction of a Central Texas campus.

**INDEPENDENT SCHOOL DISTRICTS (ISD's) . . .** On post, Fort Hood has 9 schools: 2 middle schools and 7 elementary with a total enrollment of over 4,800 students and a total operating budget of more than \$37 million. DFMWR coordinates the Adopt-A-School (AAS) program through the Child, Youth & School (CYS) Services, School Liaison Office (SLO). AAS contributes military resources and services to schools in order to nurture the intellectual, emotional, social, and physical growth of children in the greater Fort Hood area, to increase public awareness of the Army's mission and to foster good relations. AAS's focus is on providing Soldier resources to teach, coach, mentor, and inspire students.

**INSTALLATION NEEDS . . .** Fort Hood is especially grateful for the cooperation, support, and influence the community, state, regional and federal partners have given to address our infrastructure and expansion shortfalls. Our success as the premier deployment platform for the Army is in large part due to the capabilities that our training lands, infrastructure, and personnel offer Soldiers that are training to fight overseas. That capability can be directly linked to our monetary augmentation and political support of programs by state and federal legislative assistance. The Future of Fort Hood is constantly being molded by the requirements that we are presented with as a leading training installation in the Army. Because of the growth and expansion of our infrastructure to support these future requirements our Garrison has developed a deliberate process to rank potential projects that would improve our capabilities. This process is the Installation Planning Board, and takes into consideration the opinions of our Soldiers, commanders, Soldier's families, the community, and our immediate needs as an installation. A list of projects is developed according to how money should be allocated in an order of merit. This will provide everyone on post a look into how we see our infrastructure projects developing, and a clear picture of how outside funding sources can be applied using an analytical approach. This planning process allows us to gain a strategic perspective into how we want to develop our infrastructure and improve the installation. Through this process we have also identified potential issues that need the attention once more of our state and federal partners to bring to fruition. The following initiatives are where Fort Hood sees an opportunity for state and federal agencies to influence our installation and the community for the better:

**CENTEX SUSTAINABILITY PARTNERSHIP . . .** This partnership is the newest advancement in a regional alliance aimed at improving our local areas economic and environmental progress. Five local cities and Fort Hood have teamed up to improve the Quality of Life, implement better environmental practices, and develop a sustainable regional community. All participants realize the symbiotic relationship necessary to properly support the future growth our community will experience. This regional partnership is in its infancy and conducted its first major step in solidifying a useful entity by holding a Centex Sustainability Conference in Jan 2010 with participation by local governments, community citizens, and sustainability experts. Any monetary and legislative help that could be offered from state or federal agencies could act as a catalyst to create a Regional agency that could have some serious influence on the improvement in our local area.

**CONCLUSION . . .** Fort Hood will remain a model Army installation, with outstanding infrastructure, ranges and power projection capabilities. On a per capita basis, Soldier training is accomplished more economically at Fort Hood than at any other Army installation. The Army has consistently recognized the unique ability of Fort Hood and Central Texas to house, support and sustain upwards of 50,000 Soldiers and their families in whatever formations today's and tomorrow's forces might find themselves.

**APPENDIX B**

**EXCERPTS FROM THE  
BELL COUNTY, TEXAS  
ANNUAL FINANCIAL REPORT  
For the Year Ended September 30, 2024**

The information contained in this APPENDIX consists of excerpts from the Bell County, Texas Annual Financial Report for the 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



## INDEPENDENT AUDITOR'S REPORT

To the Honorable County Judge and Commissioners  
of Commissioners' Court  
Bell County, Texas  
Belton, Texas

### **Report on the Audit of the Financial Statements**

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Bell County, Texas (the County) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2024, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

**INDEPENDENT AUDITOR'S REPORT  
(CONTINUED)**

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2025, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.

Temple, Texas  
March 28, 2025

**BELL COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2024**

This discussion and analysis of the County of Bell's (County) financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2024. The Management's Discussion and Analysis, (MD&A) should be read in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements. The discussion and analysis includes comparative data for the prior year.

### **FINANCIAL HIGHLIGHTS**

- The County's net position of governmental activities was \$ 393,485,900 at September 30, 2024. Of this amount, \$ 74,285,501 is unrestricted and may be used to meet the County's future obligations. The \$ 74 million of unrestricted net position includes the General Fund.
- The County's total net position of governmental activities increased \$ 42,533,089 during the current fiscal year. This increase represents the degree to which increases in ongoing revenues surpassed ongoing expenses.
  - Revenue decreased \$ 7,704,035 or (3.4%) from prior year. The most significant changes from prior year are:
    - Capital grants and contributions decrease of \$ 18.6 million, mainly due to the recognition of \$ 22.8 million of American Rescue Plan Funding in FY24 compared to the \$ 36.2 million recognized in FY23. The majority of these funds are being utilized for the expansion of the current jail facility which includes a mental health floor and additional general population space and measures to mitigate affects from any future pandemic.
    - Operating grants and contributions increase of \$ 1.1 million due to the receipt of FEMA reimbursement funds for both Covid and debris removal from the May 2024 tornado.
    - Ad valorem taxes increase of \$ 4.8 million due to over \$ 893 million in new taxable value being added to the tax rolls net of a decrease of \$ 1.8 million in the state appropriation for lost property taxes for 100% disabled veterans.
    - Sales tax increase of \$ 988 thousand over prior year.
    - Miscellaneous income increase of \$ 1.7 million. The largest increase being the receipt of \$ 960 thousand in use of revenue funds from phone service fees. These funds were used on a multi-year upgrade of the public safety computer aided dispatch system.
  - Expenditures increased \$ 13,946,860 or 9% from prior year. The most significant changes from prior year are:
    - Across the board pay increases of 2% for Cost of Living and 2% for Merit allocations with an additional 6% given to all elected and appointed officials.
    - The addition of 24 employees, 11 in public safety, 9 in judicial and legal and 4 in other areas.

**BELL COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2024**

- \$ 2.2 million in State funded increases to all Juvenile Probation and Adult Probation employees.
- \$ 2.5 million in increases for full year cost of mid-year adjustments given in the previous year to correctional officers and Juvenile Correction Officers.
- \$ 2.5 million in increase for jail overtime and additional pay.
- \$ 1.1 million for mid-year salary adjustments to the unified pay plan
- Debris removal cost of \$ 926 thousand necessary after a tornado in May 2024, 75% of which will be reimbursed by FEMA and is recorded as revenue in these statements.
- In contrast to the government-wide statements, the fund statements reported a combined fund balance of \$ 126,269,479, a net decrease of \$ 6,119,362 in comparison with the prior fiscal year. This decrease is comprised of a decrease in General Fund of \$ 9,257,683, an increase in Special Revenue Funds of \$ 3,272,144, an decrease in Debt Service Funds of \$ 123,312 and a decrease in Capital Project Funds of \$ 10,511.
- The General Fund unassigned fund balance of \$ 58,941,495 equals 37% of total FY25 budgeted General Fund expenditures, including transfers out. The County's budgetary fund balance policy requires adequate reserves for operating expenditures in the amount of not less than three months reserve or 25%.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

**Government-Wide Financial Statements:** The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances in a manner similar to a private sector business. They present the financial picture of the County from an economic resource measurement focus using the accrual basis of accounting. These statements include all assets of the County (including infrastructure) as well as liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by GASB Statement No. 34 in regard to interfund activity, payables, and receivables.

The *statement of net position* presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as *net position*. Increases or decreases in net position over time 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 net position changed during the most recent fiscal year using the full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (i.e., earned but unused compensatory time).

**BELL COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2024**

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other business 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 administration, judicial and legal, public safety, health and human services, countywide road and bridge, law library, and conservation.

**Component Unit:** The discretely presented component unit uses the same basis of accounting as the primary government. The County includes one separate legal entity in its report – The Bell County Expo, Inc. (the EXPO). Although legally separate, this “component unit” is included because the County is financially accountable for the entity.

**Fund Financial Statements:** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County 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, however, 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 the County’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’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 the comparison between *governmental funds* and *governmental activities*.

The County maintains seventy individual governmental funds, fifty-eight special revenue funds, four capital projects funds, nine debt service funds, and the General Fund. 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. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget as a management control device during the year for the General Fund, most Special Revenue Funds, and Debt Service Funds. A budgetary comparison statement (original versus final) has been provided for the General Fund and the Emergency Rental Assistance Grant Fund to demonstrate compliance with the budget.

**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 own operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**BELL COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2024**

**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.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Comparative analysis of government-wide data is presented for 2024 and 2023.

Of the County's total assets of \$ 586,452,466 the largest components are: 1) capital assets, net of accumulated depreciation and amortization of \$ 419,260,553, or 71%, and 2) cash and investments of \$ 167,191,913, or 29%.

Out of the total liabilities of \$ 199,328,999 the majority are non-current liabilities of \$ 159,382,697, or 80%. The County's assets plus deferred outflows exceeded liabilities plus deferred inflows by \$ 395,485,900 at the close of the most recent fiscal year.

The largest portion of the County's net position (74%) reflects its investment in capital assets (e.g. land, infrastructure, buildings, vehicles, furniture and fixtures, machinery and equipment, and right-to-use assets); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 8% or \$ 29,722,855 of the County's net position represents *restricted net position*, which is resources that are subject to external restrictions on how they may be used. The balance of *unrestricted net position*, \$ 74,285,501 may be used to meet the County's ongoing obligations to citizens and creditors

**BELL COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2024**

The County's statement of net position as of September 30, 2024 and 2023 is summarized as follows:

**Table I**  
**Summary of Statement of Net Position**

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
Current and other assets	\$ 167,191,913	\$ 192,372,770
Capital assets/right-to-use assets (net of depreciation and amortization)	419,260,553	389,093,320
Total Assets	<u>586,452,466</u>	<u>581,466,090</u>
Deferred amount on refunding	1,046,227	1,511,461
Differences between projected and actual earnings on pension plan	1,200,132	5,840,013
Changes in actuarial assumptions used to determine pension liability	-	4,491,614
Pension contributions subsequent to the measurement date	7,824,032	7,034,613
Differences between pension expected and actual experience	-	122,127
Changes in actuarial assumptions used to determine OPEB liability	69,658	-
Differences between OPEB expected and actual experience	<u>207,790</u>	<u>-</u>
Total Deferred Outflows of Resources	10,347,839	18,999,828
Current and other liabilities	39,946,302	59,262,600
Long-term liabilities	<u>159,382,697</u>	<u>185,798,399</u>
Total Liabilities	<u>199,328,999</u>	<u>245,060,999</u>
Differences between pension expected and actual experience	1,345,844	1,617,108
Changes in actuarial assumptions used to determine pension liability	103,034	192,517
Differences between OPEB expected and actual experience	47,810	2,549
Changes in actuarial assumptions used to determine OPEB liability	82,655	45,490
Lease related	<u>2,406,063</u>	<u>2,594,444</u>
Total Deferred Inflows of Resources	3,985,406	4,452,108
Net position:		
Net investment in capital assets	289,477,544	250,298,850
Restricted	29,722,855	28,179,623
Unrestricted	<u>74,285,501</u>	<u>72,474,338</u>
Total Net Position	<u><u>\$ 393,485,900</u></u>	<u><u>\$ 350,952,811</u></u>

**BELL COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2024**

**Governmental Activities:** Governmental activities increased the County's net position by \$ 42,533,089. The County's statement of activities for fiscal years ended September 30, 2024 and 2023 is summarized as follows:

**Table II**  
**Summary of Statement of Activities**

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
Program revenues:		
Charges for services	\$ 32,472,621	\$ 30,390,068
Operating grants and contributions	9,110,826	7,999,030
Capital grants and contributions	23,381,482	42,012,723
General revenues:		
Property taxes	102,162,886	97,336,941
Sales taxes	34,336,678	33,349,130
Hotel occupancy tax	1,637,922	1,520,050
Mixed beverage taxes	845,763	826,796
Other taxes	296,282	294,864
Investment income	11,301,250	11,220,595
Miscellaneous income	3,530,932	1,830,480
Total Revenues	<u>219,076,642</u>	<u>226,780,677</u>
Expenses:		
General administration	36,880,366	33,485,978
Judicial and legal	25,038,342	22,515,871
Public safety	83,483,303	77,700,643
Health and human services	7,366,214	6,477,667
Countywide road and bridge	17,347,148	16,009,748
Conservation	1,343,372	749,451
Law library books and services	403,629	207,246
Interest and fiscal charges	4,681,179	5,450,089
Total Expenses	<u>176,543,553</u>	<u>162,596,693</u>
Changes in net position	42,533,089	64,183,984
Net position at beginning of year	350,952,811	286,768,827
Net position at end of year	<u>\$ 393,485,900</u>	<u>\$ 350,952,811</u>

Key elements of the analysis of government-wide revenues and expenses reflect the following:

- For fiscal year 2024, revenues from governmental activities totaled \$ 219,076,642. Property taxes and sales taxes are the largest components of revenues at 62%. Charges for Service account for 15% and Capital grants and contributions account for 11% of total governmental revenue.
- General Revenues increased \$ 7,732,857 over FY 23.

**BELL COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2024**

- For general revenues, the most significant increase was in ad valorem taxes accounting for \$ 4,825,945. This increase was due to over \$ 1.2 billion in new taxable value being added to the tax rolls net of a decrease in the state appropriation for lost property taxes for 100% disabled veterans in the amount of \$ 1,834,241.
- Miscellaneous income increased \$ 1,700,452 over the prior year. This was mainly due to the receipt of \$ 960 thousand of use of revenue funds from phone service fees. These funds were used on a multi-year upgrade of the public safety computer aided dispatch system.
- Sales taxes were \$ 987,548 over prior year indicating good growth in the local economy.
- Charges for service increased by \$ 2,082,553 over the prior year. This increase is attributable to the receipt of \$ 1.3 million in insurance reimbursements to fund various roof replacements which received hail damage. Another component of this is an increase of \$ 400 thousand in contributions from other local government entities to fund operations at the Communication Center.
- Operating grants and contributions increased by \$ 1,111,796 over the prior year due to the receipt of Federal Emergency Management Agency reimbursement for debris removal caused by a tornado in May 2024 and for Covid related expenditures.
- The most significant decrease in revenues was in capital grants and contributions in the amount of \$ 18,631,241. This decrease is attributable to the amount of American Rescue Plan Funds recognized in FY24 being less than the amount recognized in FY23. The majority of the projects being funded by ARPA are coming to completion during FY25.
- For fiscal year 2024, expenditures for governmental activities totaled \$ 176,543,553. This was an increase of \$ 13,946,860 over the prior year. The County's five largest funded programs are for public safety, general administration, judicial and legal, health and human services and countywide road and bridge.
- Health and Human Services expenditures increased \$ 888,547 over prior year. The major component of this increase was contract service expenditures associated with debris removal in the amount of \$ 926 thousand. The need for the debris removal was caused by tornado damage in May 2024. 75% of these cost will be reimbursed by FEMA and have been recorded as revenue in these statements.
- Public Safety expenditures increased \$ 5,782,660 over prior year. This increase consist of 1) \$ 2.2 million of salary adjustments for Juvenile Probation and Adult Probation, funded by the State; 2) \$ 1.1 million of increased cost for the Communication Center consisting of salary adjustments based on a career progression plan, increases in software maintenance cost, and upgrade cost associated with the CAD system; 3) \$ 2.5 million in increased overtime and additional pay within the Jail and 4) \$ 2 million increase for full year cost of mid-year adjustments made in the prior year. All of these increases were net of reductions due to vacancies and operational savings.
- Road & Bridge expenditures increased \$ 1,337,400 over prior year. This increase is attributable Cost of Living adjustments and an increase of road projects being completed in FY24. Cost for road material and supplies also increased in FY24 compared to FY23.

**BELL COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2024**

- Judicial and Legal expenditures increased \$ 2,522,471 over prior year. This increase is attributable to the addition of three positions to staff two Associate District Courts at a cost of \$ 201 thousand, mid-year adjustments for increases to Assistant District Attorneys, increases in appointed attorney cost in the amount of \$ 340 thousand and increases in autopsy cost in the amount of \$ 497 thousand.
- General Administration expenditures increased \$ 3,394,388. This increase is attributable to mid-year adjustments to the unified pay plan. In addition, there were increases of \$ 625 thousand for additional election worker pay, \$ 150 thousand in contract service cost for election equipment maintenance and \$ 300 thousand increase in software maintenance cost.
- For governmental activities, the Statement of Activities on page 26 shows that \$ 32,472,621 was financed by those receiving services, \$ 9,110,826 from operating grants and \$ 23,381,482 from capital grants and contributions, with the County's general revenues financing \$ 154,111,713 of the remaining program expenses.
- The restricted net position increased by \$ 1,543,232 compared to 2023. The major components of this increase were the following:
  - Receipt of grant revenue restricted for Adult Probation was greater than expenditures for the fiscal year in the amount of \$ 776 thousand.
  - Receipt of \$ 557 thousand in record preservation fees greater than expenditures for the fiscal year.
  - Receipt of \$ 179 thousand in court reporter fees greater than expenditures for the fiscal year.
- The unrestricted net position increased by \$ 1,811,163 compared to 2023. The major components of this increase were the following:
  - Receipt of \$ 1.3 million in insurance proceeds for reimbursement on roof damages caused by hail.
  - Receipt of \$ 1.1 million in reimbursements from FEMA for Covid expenditures and debris removal from the May 2024 tornado that went through the County and caused severe damages.

### **FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

**Governmental Funds:** The general government functions are reported in the General, Special Revenue, Debt Service, and Capital Projects Funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's annual financing and budgeting requirements. Unassigned balances indicate financial stability, which is especially important when the County issues bonds. Additionally, by maintaining an appropriate unassigned balance on September 30, operations can continue without requiring debt until taxes are received.

Local property taxes are received primarily from early October through the end of January. The Commissioners' Court approved a resolution initiating discounts for prompt payments. The Tax Appraisal District mails the tax statements on October 1 and payments received by October 31 receive a 3% discount; those received by November 30 receive a 2% discount; and those received by December 31 receive a 1% discount.

**BELL COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2024**

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$ 126,269,479, a net decrease of \$ 6,119,362 in comparison with the prior year. The net change is due to a decrease in general fund balance of \$ 9,257,683, an increase in special revenue fund balances of \$ 3,280,608, a decrease in debt service fund balances of \$ 123,312 and a decrease in capital project fund balances of \$ 2,202,460.

The combined assigned/unassigned fund balance of \$ 75,102,617, or 59% is available for spending at the County's discretion. The remainder of the fund balance is either nonspendable for inventories, prepaid expenditures and leases in the amount of \$ 1,707,952, restricted for the following purposes: 1) road construction and maintenance, \$ 14,167,821; 2) construction of Killeen Annex, \$ 12,772,500; 3) expansion/renovation of Jail Facility, \$ 4,801,687; 4) debt service, \$ 3,429,053; 5) probation programs, \$ 3,136,706; 6) court records preservation, \$ 2,705,474; 7) construction of Temple Annex, \$ 1,576,123; 8) court technology, \$ 1,439,098; 9) law library, \$ 882,951; 10) inmate commissary, \$ 708,941; 11) judicial and legal, \$ 486,741; 12) District Clerk preservation, \$ 476,627; 13) technology enhancements, \$ 470,058; 14) building renovations, \$ 391,961; 15) juvenile probation, \$ 338,575; 16) indigent health, \$ 249,343; 17) drug court, \$ 214,351; 18) court reporter service, \$ 179,537; 19) public safety, \$ 177,911; 20) LEOSE training and travel, \$ 104,896, 21) other restricted purposes, \$ 197,410, or committed for conservation in the amount of \$ 551,146.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$ 58,941,495 while total fund balance was \$ 63,175,386. As a measure of the General Fund's liquidity, we compare both unrestricted fund balance and total fund balance to total budgeted expenditures for Fiscal Year 2025. Unassigned fund balance represents 37% of total fund expenditures including transfers out, while total fund balance represents 39% of total fund expenditures and transfers out. The County's General Fund balance policy adopted in 2008 and amended in 2011 requires adequate reserves for operating expenditures in the amount of not less than three months reserve or 25% in its General Fund, which compares favorably to rating agencies recommended reserves for governments.

For fiscal year 2024, the County budgeted for a decrease in General Fund balance of \$ 15,050,000, the majority of which was a planned use of fund balance for one-time capital projects. The actual decrease in fund balance for fiscal year is \$ 9,257,683, which results in a total variance of \$ 5,792,317. The main factor for this variance is the cancellation of a capital project that would remodel industrial space at the Justice Center into courts/offices. This cancellation resulted in a reduction of the transfer to the County Funded Capital Project for FY24.

The County has three other major funds which are Emergency Rental Assistance Grant Fund, the Capital Projects 2021 Fund and the Capital Projects ARPA fund.

- The Emergency Rental Assistance Grant Fund has a fund balance of \$ 0 at year end. This is a decrease of \$ 4,234 from FY23. This project was completed at the beginning of FY 24.
- The Capital Projects 2021 Fund has a fund balance of \$ 15,078,294 at year end. This is a decrease of \$ 2,853,019, which is due to expenditures for capital projects during FY24.
- The Capital Projects ARPA fund has a fund balance of \$ 4,109,115 at year end. This is an increase of \$ 1,147,190 which is attributable to investment income.

**BELL COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2024**

The Special Revenue Funds have a total fund balance of \$ 36,571,842, an increase of \$ 3,276,376 as compared with the prior year. The most significant changes are as follows:

- Communication Center Funds increased \$ 1.3 million. The majority of this increase was due to savings from vacancies and operational expenditures.
- Texas Juvenile Probation fund decreased \$ 669 thousand. This decrease was from the spending of biennium grants which were received in FY23 and completed in FY24.
- Adult Probation Fund increased \$ 773 thousand. This was due to fees collected from probationers exceeding expenditures for the adult probation program.
- Record Management Funds increased \$ 504 thousand. This increase was from collections of fees exceeding expenditures for record management and retention.
- Road & Bridge funds increased \$ 682 thousand. This was due to projects funded but not completed in FY24.
- Communication Center Special Projects Fund increased \$ 682 thousand. This was due a multi-year upgrade of the public safety computer aided dispatch system to the latest version. This system is utilized by all law enforcement agencies within the County.

The Debt Service Funds have a total fund balance of \$ 3,429,053, a decrease of \$ 123,312 as compared with the prior year. The decrease is due to total revenue collections of property tax and interest earnings being more than the debt service payments.

The Capital Project Funds have a total fund balance of \$ 3,513,828, which was an increase of \$ 1,675,009. The County funds several capital projects with a transfer from general fund each year. The majority of this increase stems from a transfer from General fund for funds allocated to a joint entity road project. This project will begin construction in a future year.

**BELL COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2024**

The following table presents a summary of the amount of revenues from various sources for the fiscal year ended September 30, 2024, and the amount and percentage of increases and decreases in relation to prior year revenues.

**Governmental Funds - Revenues Classified by Source**

Revenues	Amount	Percent of Total	Increase (Decrease) From 2023	Percentage Increase (Decrease)
Ad valorem taxes	\$ 102,016,846	46.99%	\$ 4,864,817	5.01%
Sales tax	34,336,678	15.82%	987,548	2.96%
Hotel occupancy tax	1,637,922	0.75%	117,872	7.75%
Charges for services	5,005	0.00%	(282,197)	-98.26%
Fees of office	11,887,789	5.48%	(127,130)	-1.06%
Fines and forfeiture	2,298,494	1.06%	(341,688)	-12.94%
Intergovernmental revenue	41,552,950	19.14%	(9,659,415)	-18.86%
Licenses and permits	4,371,603	2.01%	(54,309)	-1.23%
Adult probation program payments	2,025,039	0.93%	98,070	5.09%
Interest and other	16,947,930	7.81%	1,984,337	13.26%
Contributions for assistance programs	6,655	0.00%	5,755	639.44%
	<b>\$ 217,086,911</b>	<b>100.00%</b>	<b>\$ (2,406,340)</b>	<b>-1.10%</b>

The revenues for the County's general governmental functions decreased \$ 2,406,340 from 2023. The revenue category with the largest amount of growth was Ad valorem taxes. This was offset by a reduction in Intergovernmental revenue. This reduction is comprised of a decrease in recognized American Recovery Plan funds from the prior year net of the recognition of FEMA funds for expenditures from both the Covid pandemic and for debris removal caused by a tornado in May 2024.

The above revenue variances that exceed \$ 500,000 occurred due to the following:

Ad valorem taxes consists of both local property taxes and property tax reimbursement from the state for disabled veteran's property tax exemption. Property taxes increased \$6,699,058 which were offset by a decrease in the reimbursement for disabled veteran's exemption of \$ 1,834,241

Local property taxes for the County are based on real and personal property values assessed by the Tax Appraisal District of Bell County as of January 1. The 2023-2024 certified appraisal rolls grew over \$ 8.15 billion in the County compared to the 2022-2023 rolls. The property assessed valuations increased from \$ 39,347,135,320 to \$ 47,524,603,243. For 2023-2024, approximately 22% of the increase in property values was due to growth from new construction and 78% was reappraisal.

The total property tax rate for 2024 was \$ 0.3125, which is down from the 2023 rate of \$ 0.3393. The property tax rate for the General Fund (maintenance and operations) and Debt Service (for the payment of principal and interest on general obligation long-term debt) was \$ 0.2914. The tax rate for the Road District was \$ 0.0211.

**BELL COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2024**

Sales tax increased \$ 987,549 or 2.96% over 2023. This continues to indicate growth in Bell County since 2009 when Bell County had the only decrease since beginning the sales tax collection in 1988.

Interest and other increased \$ 1,984,337 over 2023. The majority of this increase is due to the receipt for \$ 960 thousand of use of revenue funds from phone service fees.

Intergovernmental revenue decreased \$ 9,659,416 over 2023. In FY 24, use of American Recovery Plan Act funds decreased as compared to FY23. This decrease was offset by funds recorded for Federal claims for both Covid and storm damage.

The following table presents expenditures by function compared to prior year amounts.

**Expenditures by Function - Governmental Funds**

Function	Amount	Percent of Total	Increase (Decrease) From 2023	Percentage Increase (Decrease)
General administration	\$ 35,982,948	16.03%	\$ (4,115,662)	-10.26%
Judicial and legal	25,886,236	11.53%	3,146,419	13.84%
Public safety	85,101,073	37.90%	9,101,241	11.98%
Health and human services	7,321,615	3.26%	636,570	9.52%
Countywide road and bridge	14,908,484	6.64%	496,285	3.44%
Conservation	1,328,354	0.59%	601,086	82.65%
Law library books and service	101,465	0.05%	4,503	4.64%
Debt service	16,805,137	7.48%	(700,025)	-4.00%
Capital outlay	37,085,209	16.52%	(27,773,084)	-42.82%
	<u>\$ 224,520,521</u>	<u>100.00%</u>	<u>\$ (18,602,667)</u>	<u>-7.65%</u>

The expenditures for the County's general governmental functions increased by 25.12% for a total of \$ 48,806,861. The expenditures for the County's general governmental functions decreased by 7.6% for a total of \$ 18,602,667 compared to the prior year. Increases across all functions included a 2% cost of living increase and a 2% merit allowance to each department. In addition, there was \$ 1.1 million in mid-year adjustments to the unified pay plan.

The above expenditure variances that exceed \$ 500,000 occurred due to the following:

General administration decreased \$ 4,115,662 over the prior year. This decrease is mainly attributable to the recognition of subscription based information technology arrangements valued at \$ 8.7 million in FY23 with only \$ 1.3 million recorded in FY24. This decrease is net of an increase in Elections of \$ 625 thousand for additional election worker pay and for \$150 thousand in additional contract service cost to change election equipment maintenance providers along with one-time expenditures for roof replacement from storm damage in the amount of \$ 1.3 million. The roof replacement was offset by insurance proceeds.

Judicial and legal increased \$ 3,146,419 over the prior year. During FY24, five positions were added to establish two Associate District Courts in the amount of \$ 201 thousand and a Truancy Court in the amount of \$ 150 thousand. In addition, two additional positions were added to the District Attorney's office mid-year. FY24 also included increases to appointed attorney expenditures in the amount of \$ 340 thousand and increases to autopsy expenditures in the amount of \$ 497 thousand.

**BELL COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2024**

Public Safety increased \$ 9,101,241 over the prior year. Grants increased by \$ 2.2 million which included state funded salary adjustments for Juvenile Probation and Adult Probation and increased equipment expenditures under the Byrne Grant. Communication Center expenditures increased for career progression, software maintenance contracts and upgrade cost in the amount of \$ 1.1 million. The upgrade cost are associated with upgrading to the latest version of the public safety computer aided dispatch system which will be used by all law enforcement agencies within the County. The remaining increase was attributable to \$ 2 million in salary adjustments in correctional officers, increases of \$ 2.5 million in overtime and additional pay for Sheriff and Jail staff, and the addition of 10 public safety positions between the Jail and Sheriff's office.

Health and Human Service increased \$ 636,570 over the prior year. In May of 2024, a tornado went through part of the County which cause substantial debris along roadways. The County contracted with a debris removal company to remove and dispose of the debris which accounts for the increase to Health and Human Services. 75% of these expenditures will be reimbursed by FEMA and have been recorded as revenue in FY24.

Conservation increased \$ 601,086 over prior year. This is attributable to the \$ 459 thousand increased in expenditures of the Regional Habitat Grant which is establishing a Habitat Plan to ensure the protection of endangered species within the County. In addition, there was a one-time expenditure of cattle pens for youth 4-H programs in the amount of \$ 200 thousand.

Debt Service decreased \$ 700,025 over the prior year because principal and interest payments decreased in accordance to the amortization schedules.

Capital outlay decreased \$ 27,773,084 over the prior year. This decrease is attributable to several construction projects beginning in FY2023 or before and coming to completion in FY2024 or soon after. The largest of these is an addition of a jail tower to the existing jail facility. This tower will house a mental health floor in addition to increase general population bed space.

**General Fund Budgetary Highlights:** The budget is prepared by the County Judge and County Auditor and approved by the Commissioners' Court following a public hearing. Appropriated budgets are approved and employed as a management control device during the year. The County maintains budgetary controls at the department level. The Commissioners' Court must approve appropriation transfers between departments or reserve transfers.

The original 2023-2024 General Fund Expenditure and Transfer Out Budget of \$ 160,461,890 represented a 23.8% increase in expenditures compared to the prior year original budget. The original 2023-2024 General Fund Budget was a balanced budget which included a planned use of Fund Budget of \$ 15,050,000, the majority of which was for a one-time transfer to the County funded Capital Project fund for the purchase and/or construction of Capital projects.

General Fund budget amendments for fiscal year, approved by the Commissioners' Court, amount to a \$ 5,229,393 net increase from the original budget. The total increase for the year included amendments during the year and the final amendment. The largest of the budget amendment increases were 1) \$ 1.1 million in Contract services for weather-related debris clean-up, 2) \$ 2.6 million for vehicles requested in the FY 2025 budget process in an effort to address supply chain issues with purchasing vehicles, and 3) \$ 1.25 million for hail-damaged roof replacements.

The General Fund's actual revenues were lower than budgeted by \$ 456,734. This is attributable to a decrease in the reimbursement from the State on disabled veteran's exemption of \$ 1,834,241 net of other various increases in revenues.

**BELL COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2024**

The General Fund's actual expenditures and transfers out were lower than originally budgeted by \$ 11,339,157. Actual expenditures and transfers were lower due to the cancellation of a capital project that would remodel industrial space at the Justice Center into courts/offices. This cancellation resulted in a reduction of the transfer to the County Funded Capital Project for FY24. In addition, budgeted purchase of vehicles in FY24 were not made due to continued supply chain issues.

With actual revenues over projections and expenditures less than original budget, the actual net decrease in the General Fund balance was \$ 9,257,683 as compared to the amended projected planned use of fund balance in the amount of \$ 20,279,393.

#### **DEBT ADMINISTRATION AND CAPITAL ASSETS**

**Long-Term Debt:** Debt Service requirements for the bonds outstanding on September 30, 2024 totaled \$ 122,380,000. As of the end of the fiscal year, the County requires \$ 146,729,033 (including principal, interest due and accrued interest) through 2041 to retire its outstanding bonds. The debt service funds have \$ 3,429,053 in reserves for retirement of funded indebtedness. The County levied a debt service tax rate of \$ 0.491 for the 2024 fiscal year to fund the principal and interest payments.

Under current state statutes, the County's bonded debt issuances are subject to a legal limitation based on 25% of total assessed value of real property. As of September 30, 2024, the County's net bonded debt, which equaled \$ 326 per capita, was a fraction of the legal limit of \$ 8,732,096,684. The current ratio of tax-supported debt to assessed value of all taxable property is 0.27%.

In conjunction with issuance of debt in May 2010, Standard & Poor's upgraded the County's bond credit rating from AA to AA+. The bond credit rating of AA+ was reaffirmed in both December of 2020 and May of 2021. According to Standard & Poor's the rating reflects the County's diversifying and rapidly expanding economic base, with a significant military presence, historically strong financial performance with very high general fund reserves that are consistently above the County's formally adopted reserve level requirements, and competitive ad valorem tax rate, providing the County with potential revenue-raising flexibility.

Additional information on the County's long-term debt is presented in the Notes to Financial Statements. See *Note V. D) Noncurrent Liabilities and E) Bonds and F) Lease Liability* on pages 68 - 72.

**Capital Assets:** The capital assets of the County are those assets (land, buildings, improvements, roads, bridges, vehicles and heavy equipment, and machinery and equipment), which are used in the performance of the County's functions including infrastructure assets. As of September 30, 2024, the cost of capital assets of the governmental activities totaled \$ 711,891,052. Depreciation and amortization on capital assets, including infrastructure, is recognized in the government-wide financial statements. Accumulated depreciation and amortization for buildings, improvements, equipment and right-to-use assets totaled \$ 292,630,499. The total increase in the County's investment in capital assets for the current fiscal year was \$ 39,178,694.

**BELL COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2024**

Major capital assets put into production during FY2024 included the following:

- Justice Center Boiler Replacement - \$ 2.9 million
- Museum Storage Facility - \$ 2.9 million
- Land adjacent to the Cadence Bank Center (Bell County Expo Center) - \$ 2.4 million
- Smooth Drum Soil Compactor - \$ 255 thousand
- LENCO Bearcat Armored Car - \$ 252 thousand

A Capital Asset Policy was adopted by the Commissioners' Court with the purpose to provide County Departments with guidance for the appropriate classification and processing of capital asset transactions. The policy covers related items such as acquisition, recording, accounting and management, software, infrastructure, depreciation and useful lives.

The County has elected to use the straight-line depreciation method for reporting infrastructure assets, which includes 901 miles of roads and 152 bridges.

The following presents a summary of the County's capital assets:

**Schedule of Capital Assets**  
**(Net of Depreciation)**

	<b>2024</b>	<b>2023</b>	<b>Total % Change</b>
<b>Governmental Activities:</b>			
Land	\$ 15,262,523	\$ 12,774,188	19.48%
Historical buildings	6,021,854	6,021,854	0.00%
Construction in progress	114,329,141	86,385,805	32.35%
Infrastructure	82,978,744	85,641,942	-3.11%
Buildings	168,474,876	165,539,483	1.77%
Vehicles	6,139,494	4,953,570	23.94%
Furniture and equipment	8,374,473	10,291,277	-18.63%
Machinery and equipment	8,733,436	8,658,683	0.86%
Right-to-use leased asset, net of accumulated amortization	157,968	399,468	-60.46%
Right-to-use subscription assets, net of accumulated amortization	<u>8,788,044</u>	<u>8,427,050</u>	<u>4.28%</u>
<b>Total</b>	<b><u>\$ 419,260,553</u></b>	<b><u>\$ 389,093,320</u></b>	<b><u>7.75%</u></b>

Additional information on the County's capital assets is presented in the Notes to Financial Statements. See *Note V. A) Capital Assets* on pages 64-65.

**BELL COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2024**

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

**Forecast Highlights:** Texas stands out as the 3<sup>rd</sup> fastest growing state with a population growth of 13%, and as the 6<sup>th</sup> fastest growing state in job growth. It is a top state for exports, advanced manufacturing, aerospace, aviation, defense, biotechnology, life sciences, corporate services, energy and information technology and is the home to the most Fortune 500 companies. Bell County has contributed significantly to this economic growth with above average employment, low tax rates and reasonable cost of living. Along with population growth and job creation comes a greater demand for services provided by the County. The County's Elected and Appointed Officials continue to search for innovative ways to provide these services and promote growth while still maintaining reasonable tax rates and ensuring the safety of the citizens. All of these factors were considered in preparing the County's Budget for 2024.

**Annual Budget Update for 2024-2025:** The annual budget is developed to provide efficient, effective, and economic uses of the County's resources; as well as a means to accomplish the highest priority objectives. Through the budget, the County Commissioners set the direction of the County, allocate its resources, and establish its priorities.

The total 2024-2025 combined budget for all operating funds including General Fund, Road and Bridge, Lateral Road, Law Library, Indigent Health Care, Debt Service, and Jury Fund is \$ 193,840,986. This represents a 0.47% increase from the Adopted 2023-2024 Budget. The Commissioners' Court approved a total tax rate including maintenance and operations, debt service, and road district for 2024-2025 for Bell County of \$ 0.3445. The tax rate for 2025 is an increase from the prior year's tax rate.

A property tax exemption for 100% disabled veterans, HB 3613, was passed by the Texas legislature during the spring of 2009 and became effective on September 1, 2009. To be eligible for the exemption, an applicant must have been approved to receive 100% disability compensation from the United States Department of Veterans Affairs. Based upon approved applications of 15,179 the loss of property tax revenue associated with this exemption is \$ 16.54 million for the fiscal year 2024-2025. However, due to HB 7 in the 2015 legislative session a reimbursement from the State of approximately \$ 2.5 million should be received during fiscal year 2025 to offset the local 100% disabled veteran's exemption. This additional funding from the State has been budgeted in 2025.

Effective January 1, 2004, a new state law allowed a county, city or junior college district to limit taxes for homeowners who are either disabled or 65 or older commonly called tax ceiling. In June 2004, the Bell County Commissioners' Court adopted the tax ceiling for disabled and 65 or older. For Bell County, the ceiling was established with the 2004 taxes billed in the fall of 2004. As a result, starting with the taxes billed in the fall of 2005, those property owners eligible for the limitation did not receive an increase in property taxes due to either reappraisals or future tax rate increase. Based upon 25,499 owners that were eligible, the loss of property tax revenue associated with this exemption will be over \$ 3.48 million for the fiscal year 2024-2025.

The 2024-2025 General Fund Budget of \$ 160,766,183 represents a 0.19% increase in expenditures compared to the prior year original budget, and with revenues also projected at \$ 160,766,183, the budget is balanced for 2024-2025.

**BELL COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2024**

The General Fund's largest revenue sources for the 2024-2025 budget, as in prior budgets, are property taxes at 55.44%, sales tax at 21.07%, and fees of office at 6.80% of total revenues.

Increases in General Fund revenue projections included property taxes due to the adoption of a tax rate above the no new revenue rate and an increase in new property added to the tax rolls in excess of \$ 1.12 billion. For 2025, property values increased 7.94% with the growth coming from 22% new construction and 78% reappraisals. One cent on the tax rate generates approximately \$ 3.48 million in property tax revenue. The amount of the tax rate allocated for maintenance and operations is \$ 0.2782, which is recorded in the General Fund.

Sales tax is forecasted for a decrease of \$ 3.29 million or 8.85%. Since the County began collecting sales tax in 1988, sales tax had increased each year except 2009, which recorded a decrease of less than 1% over 2008.

The 2024-2025 General Fund budget includes a County-wide pay increase. All pay scales, including Elected/Appointed Officials, were increased by 2% for cost-of-living. In addition to this, there were sixty-nine new positions added, sixty-seven in public safety areas, and two in judicial areas.

Non-personnel expenditures decreased \$ 8.3 million. The majority of the decrease was of one-time capital projects funding in the amount of \$ 11.55 million and \$ 2 million for housing inmates at other facilities. Increases for other areas include the operating cost of the EXPO Center, jail medical services, food and food supplies used in the jail, insurance, utilities, software subscriptions, and vehicles purchase.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional information, contact the County Auditor, at Bell County, 101 East Central Ave., Belton, Texas 76513.

**BELL COUNTY, TEXAS  
ANNUAL COMPREHENSIVE FINANCIAL REPORT**



**BELL COUNTY, TEXAS**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**BASIC FINANCIAL STATEMENTS**

BELL COUNTY, TEXAS  
ANNUAL COMPREHENSIVE FINANCIAL REPORT



**BELL COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
**September 30, 2024**

	<b>Primary</b>	
	<b>Government</b>	<b>Component Unit</b>
	<b>Governmental</b>	<b>Bell County</b>
	<b>Activities</b>	<b>Expo, Inc.</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,334,396	\$ 2,311,855
Investments	145,644,970	-
Accounts receivable, net	9,904,681	424,583
Delinquent taxes receivable, net	2,185,138	-
Interest receivable	8,713	-
Lease receivable	2,575,284	-
Inventories and prepaid items	1,538,731	32,227
Capital assets not being depreciated		
Land	15,262,523	-
Historical buildings	6,021,854	-
Construction in progress	114,329,141	-
Capital assets, net of accumulated depreciation/amortization		
Infrastructure	82,978,744	-
Buildings	168,474,876	-
General administration	6,139,494	-
Furniture and equipment	8,374,473	-
Machinery and equipment	8,733,436	-
Right-to-use assets	8,946,012	-
<b>TOTAL ASSETS</b>	<b>586,452,466</b>	<b>2,768,665</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amount on refunding	1,046,227	-
Differences between projected and actual earnings on pension	1,200,132	-
Pension contributions subsequent to the measurement date	7,824,032	-
Changes in actuarial assumptions used to determine OPEB liability	69,658	-
Differences between OPEB expected and actual experience	207,790	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>10,347,839</b>	<b>-</b>
<b>LIABILITIES</b>		
Accounts payable	12,895,360	810,049
Restitution payable	296,039	-
Accrued expenses payable and other	9,596,263	233,973
Accrued interest payable	773,986	-
Court cost deposits	125,106	-
Due to other governmental units and others	4,418,517	-
Unearned revenue	11,841,031	1,265,069
Noncurrent liabilities:		
Noncurrent liabilities due within one year	15,434,981	-
Noncurrent liabilities due in more than one year	143,947,716	-
<b>TOTAL LIABILITIES</b>	<b>199,328,999</b>	<b>2,309,091</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Differences between pension expected and actual experience	1,345,844	-
Changes in actuarial assumptions used to determine pension liability	103,034	-
Differences between OPEB expected and actual experience	47,810	-
Changes in actuarial assumptions used to determine OPEB liability	82,655	-
Lease related	2,406,063	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,985,406</b>	<b>-</b>
<b>NET POSITION</b>		
Net investment in capital assets/right-to-use assets	289,477,544	-
Restricted for:		
Debt Service	3,429,053	-
Capital projects	-	370,551
Other	26,293,802	-
Unrestricted net position	74,285,501	89,023
<b>TOTAL NET POSITION</b>	<b>\$ 393,485,900</b>	<b>\$ 459,574</b>

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

**BELL COUNTY, TEXAS**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2024

<b>FUNCTIONS/PROGRAMS</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Primary government:				
Governmental activities:				
General administration	\$ 36,880,366	\$ 12,407,899	\$ -	\$ -
Judicial and legal	25,038,342	5,060,988	207,930	-
Public safety	83,483,303	11,657,048	7,149,006	23,381,482
Health and human services	7,366,214	266,436	1,011,174	-
Countywide road and bridge	17,347,148	3,080,250	742,716	-
Conservation	1,343,372	-	-	-
Law library books and services	403,629	-	-	-
Interest and fiscal charges	4,681,179	-	-	-
Total governmental activities	<u>\$ 176,543,553</u>	<u>\$ 32,472,621</u>	<u>\$ 9,110,826</u>	<u>\$ 23,381,482</u>
Component unit:				
Bell County Expo, Inc.	\$ 11,576,965	\$ 5,860,691	\$ 4,244,751	\$ 250,000
General administration	<u>\$ 11,576,965</u>	<u>\$ 5,860,691</u>	<u>\$ 4,244,751</u>	<u>\$ 250,000</u>

**GENERAL REVENUES**

Ad valorem taxes
Sales tax
Hotel occupancy tax
Mixed beverage taxes
Other taxes
Investment income
Miscellaneous income

Total general revenues

**Change in Net Position**

Net Position at Beginning of Year

Net Position at End of Year

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

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary</b>	
<b>Government</b>	<b>Component Unit</b>
<b>Governmental</b>	<b>Bell County</b>
<b>Activities</b>	<b>Expo, Inc.</b>
\$ (24,472,467)	\$ -
(19,769,424)	-
(41,295,767)	-
(6,088,604)	-
(13,524,182)	-
(1,343,372)	-
(403,629)	-
(4,681,179)	-
<u>(111,578,624)</u>	<u>-</u>
<u>-</u>	<u>(1,221,523)</u>
<u>-</u>	<u>(1,221,523)</u>
102,162,886	-
34,336,678	-
1,637,922	-
845,763	-
296,282	-
11,301,250	-
3,530,932	-
<u>154,111,713</u>	<u>-</u>
42,533,089	(1,221,523)
<u>350,952,811</u>	<u>1,681,097</u>
<u>\$ 393,485,900</u>	<u>\$ 459,574</u>

**BELL COUNTY, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
September 30, 2024

	<b>General</b>	<b>Emergency Rental Assistance Grant</b>	<b>Capital Projects 2021 Fund</b>	<b>Capital Projects ARPA Fund</b>	<b>Nonmajor Governmental</b>	<b>Total</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 5,329,227	\$ -	\$ -	\$ -	\$ 5,169	\$ 5,334,396
Investments	51,329,791	42,727	17,845,199	14,847,983	61,579,270	145,644,970
Accounts receivable, net	9,301,545	1,836	-	-	601,300	9,904,681
Delinquent taxes receivable, net	1,678,667	-	-	-	506,471	2,185,138
Lease receivable	2,575,284	-	-	-	-	2,575,284
Due from other funds	13,389,567	-	-	-	4,686,316	18,075,883
Inventories and prepaid items	1,381,813	-	2,500	-	154,418	1,538,731
<b>TOTAL ASSETS</b>	<b>\$ 84,985,894</b>	<b>\$ 44,563</b>	<b>\$ 17,847,699</b>	<b>\$ 14,847,983</b>	<b>\$ 67,532,944</b>	<b>\$ 185,259,083</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 2,939,460	\$ 24,282	\$ 2,561,625	\$ 2,926,354	\$ 4,443,639	\$ 12,895,360
General administration	296,039	-	-	-	-	296,039
Accrued expenditures payable and other	6,625,234	-	-	-	298,097	6,923,331
Court cost deposits	125,106	-	-	-	-	125,106
Due to other governmental units and others	4,043,372	1,831	-	-	315,122	4,360,325
Due to other funds	-	18,450	207,780	3,669,190	14,180,463	18,075,883
Unearned revenue	5,375,234	-	-	4,143,324	4,388,939	13,907,497
<b>TOTAL LIABILITIES</b>	<b>19,404,445</b>	<b>44,563</b>	<b>2,769,405</b>	<b>10,738,868</b>	<b>23,626,260</b>	<b>56,583,541</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Lease related	2,406,063	-	-	-	-	2,406,063
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,406,063</b>					<b>2,406,063</b>
<b>FUND BALANCES</b>						
Nonspendable	1,551,034	-	2,500	-	154,418	1,707,952
Restricted	682,857	-	15,075,794	4,109,115	29,039,998	48,907,764
Committed	-	-	-	-	551,146	551,146
Assigned	2,000,000	-	-	-	14,161,122	16,161,122
Unassigned	58,941,495	-	-	-	-	58,941,495
<b>TOTAL FUND BALANCES</b>	<b>63,175,386</b>		<b>15,078,294</b>	<b>4,109,115</b>	<b>43,906,684</b>	<b>126,269,479</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 84,985,894</b>	<b>\$ 44,563</b>	<b>\$ 17,847,699</b>	<b>\$ 14,847,983</b>	<b>\$ 67,532,944</b>	<b>\$ 185,259,083</b>

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

**BELL COUNTY, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2024**

Total Fund Balances - Governmental Funds \$ 126,269,479

Amounts reported for Governmental Activities in the Statement of Net Position  
are different because:

Capital assets used in governmental activities are not financial resources and, therefore,  
are not reported in the funds. These assets consist of:

Land	\$ 15,262,523
Historical buildings	6,021,854
Construction in progress	114,329,141
Infrastructure	236,480,976
Building	242,148,401
Vehicles	14,970,212
Furniture and equipment	27,740,675
Machinery and equipment	44,172,346
Right-to-use leased asset	311,250
Right-to-use subscription asset	10,453,674
Accumulated depreciation and amortization	(292,630,499)
<b>Total capital assets</b>	<b>\$ 419,260,553</b>
	419,260,553

Revenues in the Statement of Activities that do not provide current financial resources  
in the funds. These revenues consist of:

Property taxes not collected	\$ 2,066,466	
<b>Total deferred revenue recognized</b>	<b>\$ 2,066,466</b>	2,066,466

Deferred outflows of resources are not available to pay for current period expenditures  
and, therefore, are not reported in the funds. Those deferred outflows consist of:

Interest Receivable	\$ 8,713	
Deferred amount on refunding	1,046,227	
Differences between projected and actual earnings on pension	1,200,132	
Subscription proceeds	7,824,032	
Changes in actuarial assumptions used to determine OPEB liability	69,658	
Changes in actuarial assumptions used to determine OPEB plan	207,790	
<b>Total deferred outflows of resources</b>	<b>\$ 10,356,552</b>	10,356,552

Some long-term liabilities and deferred inflows of resources are not due and payable in  
the current period and, therefore, are not reported in the funds. Those liabilities and  
deferred inflows consist of:

Accrued interest	\$ 773,986	
Arbitrage liabilities	58,192	
Payroll liabilities	2,672,932	
Net pension liabilities	17,415,545	
OPEB liabilities	1,155,640	
Lease liabilities	170,595	
Subscription liabilities	7,130,580	
Long-term debt, including premium/discounts	133,510,337	
Lease related		
Differences between pension expected and actual experience	1,345,844	
Changes in actuarial assumptions used to determine pension liability	103,034	
Differences between OPEB expected and actual experience	47,810	
Changes in actuarial assumptions used to determine OPEB liability	82,655	
<b>Total long-term liabilities and deferred inflows</b>	<b>\$ 164,467,150</b>	<b>(164,467,150)</b>

**Net Position of Governmental Activities** \$ 393,485,900

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

**BELL COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**Year Ended September 30, 2024**

	Emergency Rental Assistance General	Capital Projects 2021 Funding	Capital Projects ARPA Fund	Nonmajor Governmental	Total
<b>REVENUES</b>					
Ad valorem taxes	\$ 75,482,544	\$ -	\$ -	\$ 26,534,302	\$ 102,016,846
Sales tax	34,336,678	- -	- -	- -	34,336,678
Hotel occupancy tax	- -	- -	- -	1,637,922	1,637,922
Leased inmate housing	5,005	- -	- -	- -	5,005
Fees of office	10,609,398	- -	- -	1,278,391	11,887,789
Fines and forfeits	2,179,754	- -	- -	118,740	2,298,494
Intergovernmental	6,001,623	- -	22,771,679	12,779,648	41,552,950
Licenses and permits	4,371,603	- -	- -	- -	4,371,603
Adult probation program payments	- -	- -	- -	2,025,039	2,025,039
Interest and other	8,843,601	- 1,069,592	1,147,189	5,887,548	16,947,930
Contributions for assistance programs	- -	- -	- -	6,655	6,655
General administration	<u>141,830,206</u>	<u>-</u>	<u>1,069,592</u>	<u>23,918,868</u>	<u>50,268,245</u>
					<u>217,086,911</u>
<b>EXPENDITURES</b>					
Current:					
General administration	35,537,156	- -	- -	445,792	35,982,948
Judicial and legal	25,566,071	- -	- -	320,165	25,886,236
Public safety	64,373,810	- -	- -	20,727,263	85,101,073
Health and human services	2,798,104	- -	- -	4,523,511	7,321,615
Countywide road and bridge	7,201,391	- -	- -	7,707,093	14,908,484
Conservation	668,850	- -	- -	659,504	1,328,354
Law library books and services	- -	- -	- -	101,465	101,465
Principal retirement	- -	- -	- -	12,610,000	12,610,000
Interest and fiscal charges	- -	- -	- -	4,195,137	4,195,137
Capital outlay	- -	<u>3,922,611</u>	<u>22,771,678</u>	<u>10,390,920</u>	<u>37,085,209</u>
<b>TOTAL EXPENDITURES</b>	<b><u>136,145,382</u></b>	<b><u>-</u></b>	<b><u>3,922,611</u></b>	<b><u>22,771,678</u></b>	<b><u>61,680,850</u></b>
Subscription proceeds over expenditures	5,684,824	- (2,853,019)	1,147,190	(11,412,605)	(7,433,610)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,623,787	- -	- -	18,919,685	20,543,472
Transfers out	(17,880,542)	(4,232)	- -	(2,658,698)	(20,543,472)
Issuance of debt - subscriptions	<u>1,314,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,314,248</u>
<b>NET OTHER FINANCING SOURCES (USES)</b>	<b><u>(14,942,507)</u></b>	<b><u>(4,232)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>16,260,987</u></b>
Net change in fund balance	(9,257,683)	(4,232)	(2,853,019)	1,147,190	4,848,382
Fund balance at beginning of year	<u>72,433,069</u>	<u>4,232</u>	<u>17,931,313</u>	<u>2,961,925</u>	<u>39,058,302</u>
Fund balance at end of year	<b><u>\$ 63,175,386</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 15,078,294</u></b>	<b><u>\$ 4,109,115</u></b>	<b><u>\$ 43,906,684</u></b>
					<b><u>\$ 126,269,479</u></b>

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

**BELL COUNTY, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**Year Ended September 30, 2024**

Net Change in Fund Balances - Total Governmental Funds \$ (6,119,362)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount capital outlays exceeded depreciation in the current period:

Capital outlay expenditures	\$ 46,232,917
Right-to-use subscription asset	1,314,248
Net effects of various miscellaneous transactions involving capital assets	(217,642)
Depreciation and amortization expense	(17,162,290)
<b>Net adjustment</b>	<b><u>\$ 30,167,233</u></b>
	30,167,233

The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term debt principal is an expenditure in the governmental funds, where repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of issuance costs, premiums, discounts, leases 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 the differences in the treatment of long-term debt and related items:

<b>Lease Liability:</b>	
General administration	\$ 241,500
Lease payments	(243,335)
Net lease liability	(1,835)
<b>Subscription liability:</b>	
Subscription Liability	953,254
Subscription payment	(777,226)
Net lease liability	176,028
<b>Subscription proceeds</b>	
Amortization of premium on issuance	(1,753,849)
Total accredited premium on issuance	(1,753,849)
<b>Repayments:</b>	
To bondholders	(12,610,000)
Deferred amount on refunding, net of amortization	465,234
Total repayments	(12,144,766)
<b>Net adjustment</b>	<b><u>\$ (13,724,422)</u></b>
	13,724,422

Governmental funds report pension expense as the amount of the annual required contribution.

However in the Statement of Activities pension cost is determined by the affects of the activity within the pension plan on the net pension liability.

Pension expense	\$ 4,790,105
Required annual contributions	(9,298,291)
<b>Net adjustment</b>	<b><u>\$ (4,508,186)</u></b>
	4,508,186

Some revenues and expense reported in the Statement of Activities, do not require the use of current financial resources, therefore, are not reported as revenue and expenditures in governmental funds:

Decrease in accrued interest on debt	\$ (49,044)
Increase in arbitrage liability	58,193
Decrease in payroll liabilities	(582,733)
Increase in OPEB expense	145,021
Required annual contributions	(73,938)
Decrease in other miscellaneous	249,891
<b>Total adjustment</b>	<b><u>\$ (252,610)</u></b>
	252,610

Change in Net Position of Governmental Activities

**\$ 42,533,089**

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

**BELL COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND**  
**Year Ended September 30, 2024**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Ad valorem taxes	\$ 76,645,500	\$ 76,645,500	\$ 75,482,544	\$ (1,162,956)
Sales tax	37,153,000	37,153,000	34,336,678	(2,816,322)
Leased inmate housing	27,700	27,700	5,005	(22,695)
Fees of office	11,066,100	11,066,100	10,609,398	(456,702)
Fines and forfeits	2,695,000	2,695,000	2,179,754	(515,246)
Intergovernmental	3,958,050	3,958,050	6,001,623	2,043,573
Licenses and permits	4,393,000	4,393,000	4,371,603	(21,397)
Interest and other	6,348,590	6,348,590	8,843,601	2,495,011
<b>TOTAL REVENUES</b>	<b>142,286,940</b>	<b>142,286,940</b>	<b>141,830,206</b>	<b>(456,734)</b>
<b>EXPENDITURES</b>				
General administration	35,402,700	37,332,842	35,537,156	1,795,686
Judicial and legal	26,125,661	26,140,517	25,566,071	574,446
Public safety	64,407,577	67,742,372	64,373,810	3,368,562
Health and human services	1,947,402	3,029,621	2,798,104	231,517
Countywide road and bridge	7,107,886	7,269,516	7,201,391	68,125
Conservation	729,971	705,820	668,850	36,970
<b>TOTAL EXPENDITURES</b>	<b>135,721,197</b>	<b>142,220,688</b>	<b>136,145,382</b>	<b>6,075,306</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>6,565,743</b>	<b>66,252</b>	<b>5,684,824</b>	<b>5,618,572</b>
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers in	1,484,500	1,484,500	1,623,787	139,287
Transfers out	(23,100,243)	(23,144,393)	(17,880,542)	5,263,851
Issuance of debt - subscriptions	-	1,314,248	1,314,248	-
<b>NET OTHER FINANCING SOURCES (USES)</b>	<b>(21,615,743)</b>	<b>(20,345,645)</b>	<b>(14,942,507)</b>	<b>5,403,138</b>
Net change in fund balance	<b><u>\$(15,050,000)</u></b>	<b><u>\$(20,279,393)</u></b>	<b><u>(9,257,683)</u></b>	<b><u>\$ 11,021,710</u></b>
Fund balance at beginning of year			<b><u>72,433,069</u></b>	
Fund balance at end of year			<b><u>\$ 63,175,386</u></b>	

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

**BELL COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**EMERGENCY RENTAL ASSISTANCE GRANT**  
**Year Ended September 30, 2024**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
<b>TOTAL REVENUES</b>	-	-	-	-
<b>EXPENDITURES</b>				
Health and human services	-	-	-	-
<b>TOTAL EXPENDITURES</b>	-	-	-	-
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	-	-	-
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers out	-	-	(4,232)	(4,232)
<b>NET OTHER FINANCING SOURCES (USES)</b>	-	-	(4,232)	(4,232)
Net change in fund balance	\$ -	\$ -	(4,232)	\$ (4,232)
Fund balance at beginning of year			4,232	
Fund balance at end of year			\$ -	

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

**BELL COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**September 30, 2024**

	<b>Private Purpose Trust Fund</b>	<b>Custodial Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 31,413,219
Investments	1,261,271	3,688,612
Accounts receivable	-	<u>10,057,378</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,261,271</u>	<u>\$ 45,159,209</u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 122,794
Due to other governmental units and others	1,017,841	-
<b>TOTAL LIABILITIES</b>	<u>\$ 1,017,841</u>	<u>\$ 122,794</u>
<b>NET POSITION</b>		
Restricted for		
Bail bondman	\$ 243,430	\$ -
Individuals, organizations, other governments	-	<u>45,036,415</u>
<b>TOTAL NET POSITION</b>	<u>\$ 243,430</u>	<u>\$ 45,036,415</u>

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

**BELL COUNTY, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**Year Ended September 30, 2024**

	<b>Private Purpose Trust Fund</b>	<b>Custodial Funds</b>
<b>ADDITIONS</b>		
Contributions:		
Individuals and agencies	\$ 1,458	\$ 10,239,426
Investment earnings:		
Interest, dividends, other	12,570	282,286
Other taxes and fees for other governments	-	91,081,408
License and fees collected for State	-	10,533,015
<b>TOTAL ADDITIONS</b>	<b>14,028</b>	<b>112,136,135</b>
<b>DEDUCTIONS</b>		
Beneficiary payments to individuals	-	9,791,967
Payments to state	-	10,533,015
Administrative expense	76	6,564
Payments to other entities	-	97,295,077
<b>TOTAL DEDUCTIONS</b>	<b>76</b>	<b>117,626,623</b>
Change in net position	13,952	(5,490,488)
Total net position at beginning of year	<u>229,478</u>	<u>50,526,903</u>
<b>Total net position at end of year</b>	<b>\$ 243,430</b>	<b>\$ 45,036,415</b>

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

**BELL COUNTY, TEXAS  
ANNUAL COMPREHENSIVE FINANCIAL REPORT**



**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2024**

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**BELL COUNTY, TEXAS  
ANNUAL COMPREHENSIVE FINANCIAL REPORT**



**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2024**

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Bell County, Texas (the County) chartered in October 1850, operates using a commission form of government under the laws and statutes of the constitution of the State of Texas. The financial statements of the County have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitute GAAP for governmental units. The most significant of these accounting policies are as follows.

**A) FINANCIAL REPORTING ENTITY**

The County provides various services to advance the welfare, health, morals, comfort, safety, and convenience of the County and its inhabitants. In evaluating how to define the County, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the financial reporting entity is determined by applying the criteria set forth in GASB Statement No. 14. The following legally separate entity is as a discretely presented component unit of the County, presented in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. Discretely presented component units are entities that are legally separate from the County, but for which the County is financially accountable or whose relationship with the County is such that exclusion would be misleading or incomplete.

***Discretely Presented Component Unit***

The Bell County Expo, Inc. (Expo) is a non-profit corporation established by the County. For the following reasons, the Expo is a component unit of the County. The Expo manages operations for the benefit of the County's citizens similar to other government operations. The County's annual budget provides for reimbursement of the Expo's operating and capital expenditures. Extraordinary and unusually expensive repairs and maintenance or capital improvements are subject to the County's approval prior to funding. All such improvements approved and made to the Expo become the property of the County. All physical assets under the control of the Expo including all cash on hand or in banks are property of the County.

The County has entered into a management agreement with the Expo, a private non-profit, non-stock and nonmember corporation. The incorporation of the Expo was by direction of the Commissioners' Court of the County and the Commissioners' Court appoints its directors. This agreement, a contract for services, specifies that Expo is an independent contractor managing the premises and other assets that are the County's property. Expo collects revenue for the County and remits collections monthly. Expo provides the County with estimates of expenditures and receives advances from the County to fund these expenditures on a quarterly basis. Expo issues annual audited financial statements. These financial statements depict the operations and financial condition of the Expo, including County funds, which the Expo holds in a fiduciary capacity.

These financial statements are available by contacting Expo, P. O. Box 206, Belton, Texas 76513. The Expo's fund balances are restricted for expenses of operations, maintenance and repair payments or the construction of new buildings and facilities. Due to this component unit's financial accountability and because this component unit does not serve the County exclusively or almost exclusively, Bell County Expo, Inc. has been included in the reporting entity as a discretely presented component unit.

**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2024**

***B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS***

***Government-Wide Financial Statements***

The government-wide financial statements report information on all of the non-fiduciary activities of the Primary Government and its component unit with most of the interfund activities removed. By definition, assets of fiduciary funds are for the benefit of a third party (other local governments, private parties, pension participants, etc.) and are not available for activities or obligations of the County. Accordingly, these funds are not in the government-wide statements. Governmental activities of the primary government, supported by taxes and intergovernmental revenues, are reported separately from the discretely presented component unit, which relies to a significant extent on fees and charges for support.

***Statement of Net Position***

This statement is designed to display the financial position of the reporting entity as of year-end. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and report depreciation expense – the cost of “using up” capital assets – in the Statement of Activities. Net position is divided into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

***Statement of Activities***

This statement demonstrates the degree to which the direct expenses of a given function are offset by program revenues of that function. Therefore, this statement reflects both the gross and net costs per functional category (general administration, judicial and legal, public safety, health and human services, countywide road and bridge, conservation and law library books and services) and the amount otherwise supported by general revenues. Direct expenses (including depreciation) 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 as general revenues. The County does not allocate indirect expenses. The operating grants column reflects grant revenue specific for non-capital operating expenditures while the capital grants column reflects grant revenue specific for capital expenditures.

***Fund Financial Statements***

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.

In the fund financial statements, financial transactions and accounts of the County are organized by fund, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that are comprised of assets, liabilities, fund balance/net position, revenues and expenditures/expenses.

**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2024**

***Budget-to-Actual Comparison Schedules***

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments and have keen interest in following the financial progress of their governments over the course of the year. A budget-to-actual statement for the General Fund and for the Emergency Rental Assistant Grant Fund are presented in the basic financial statement. In addition, budget-to-actual comparison schedules for the General Fund and the County's non-major special revenue funds are presented as supplementary information.

***C) MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION***

**1. Measurement Focus and Basis of Accounting**

***Full Accrual Basis Financial Statements***

The government-wide 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 revenue in the year which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Capital assets and related depreciation are also recorded in these statements. The custodial funds, which use the economic resource measurement focus, use the accrual basis of accounting to recognize assets, liabilities, additions and deductions.

***Modified Accrual Basis Financial Statements***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. In the governmental funds, revenues are recorded as soon as they are susceptible to accrual (both measurable and available). Revenues are available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment has matured and is due. Similarly, expenditures related to claims and judgments and compensated absences are recorded only to the extent that they are expected to be liquidated with expendable available financial resources. Capital assets, with related depreciation, and long-term liabilities are not recorded in these statements.

In applying the susceptible to accrual concept to property taxes and intergovernmental revenues other than grants, the County defines "available" to mean received within 60 days after year-end.

In the State of Texas, central appraisal districts have assumed the responsibility for the collection of property taxes and for distributing those collections to the respective local government. The local governments set their individual tax rates within limits provided by State law. However, collections and pursuit of delinquent taxes are the responsibility of the appraisal district. The County records estimated receivables relating to property taxes when the underlying tax is assessed. Amounts not received within 60 days are reported as unearned revenue. At year-end, unearned revenue relating to property taxes primarily includes amounts related to late filers, delinquent returns and audits, and unallocated withholding, not received within the County's availability period.

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In applying the susceptible to accrual concept to operating and capital grants classified with intergovernmental revenues in the fund financial statements, the County records receivables when the applicable eligibility requirements including time requirements are met. Related revenues are recognized to the extent that cash is expected to be received within one year of year-end. Resources received before the eligibility requirements are met are reported as unearned revenue within governmental funds and unearned revenue in the government-wide financial statements.

Charges for services, licenses and permits, fines and penalties, and miscellaneous revenues (except earnings on investments) are generally recorded as revenues when received in cash during the year. At year-end, receivables are recorded for significant amounts due. If such amounts are received in cash after year-end within the County's sixty-day availability period, they are recognized as revenue; if not, such amounts are reported as unearned revenue.

## **2. Financial Statement Presentation**

### ***Major Governmental Funds***

The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except for financial resources required to be accounted for in another fund.

The **Emergency Rental Assistance Grant Fund** accounts for CARES grant monies collected and disbursed for rental and utility assistance to individuals who have experienced hardship due to the COVID-19 pandemic.

The **Capital Projects 2021 Fund** accounts for projects financed by Certificates of Obligation, Series 2021. Projects included are acquisition, construction, enlargement, renovation, repair, and improvements of county facilities to include jail facilities, a diversion center, annex facilities and museum storage. Proceeds will also be used for the purchase of technical and computer equipment, to include a financial management system, and the cost of professional services, furnishings, fixtures and equipment for all projects.

The **Capital Projects ARPA Fund** accounts for a portion of the local government assistance funds received from the American Recovery Plan Act. These funds will be utilized to expand current jail facilities to address the increased jail population due to the closure of many court processes during the COVID-19 pandemic.

Additionally, the County reports the following fund types:

**Nonmajor Governmental Fund Types** - Governmental funds are those through which most governmental functions of the County are financed. The acquisition, use, and balances of the County's expendable financial resources and the related current liabilities (except those, if any, which should be accounted for in proprietary or fiduciary funds) are accounted for through governmental funds. The measurement focus is a determination of financial position and changes in financial position, rather than upon net income determination. The following nonmajor governmental fund types are maintained by the County:

**Special Revenue Funds** - To account for the proceeds of specific revenue sources (other than debt service and capital projects) that are legally restricted or committed to expenditures for specified purposes.

**Capital Projects Funds** - To account for financial resources to be used for the acquisition or construction of major capital facilities.

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**Debt Service Funds** - To account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.

***Fiduciary Fund Type***

The County's fiduciary funds consist of trust and custodial funds as follows:

**Trust and Custodial Funds** - To account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. These include Private Purpose Trust and Custodial Funds.

*Private Purpose Trust Fund* is accounted for using the accrual basis of accounting, whereby revenues are recognized when earned, and expenses are recognized when incurred. All assets and all liabilities associated with the operation of these funds are included on the balance sheet and accounted for using the flow of economic resources measurement focus.

The following is the private purpose trust fund and its respective activity:

***Bail Bond Fund*** - To account for the deposits made by various bail bonding firms in order for those firms to operate in the county.

*Custodial Funds* are custodial in nature, are maintained on the accrual basis, and account for the administering and collection of contributions, taxes and fees for individuals and other entities.

The following is a list of the custodial funds and their respective activities:

***Housing Finance Fund***

To account for funds received on behalf of the Housing Finance Board in connection with the issuance of bonds for low-income housing.

***District Clerk Fund/County Clerk Fund***

To account for funds held in trust in connection with litigation in progress in the County and District Courts and to account for funds held in trust for minors and estates. There are no trust agreements associated with this fund.

***County Attorney Forfeiture Escrow Fund***

To account for funds confiscated by the County Attorney's office during drug or gambling-related raids, arrests, and investigations until such funds are awarded by the Court to local, State or Federal authorities or returned to the defendant.

***Domestic Relations Fund***

To account for the collection and payment of child support and alimony funds, on behalf of the Attorney General, processed by the District Clerk.

***Juvenile Probation and Welfare Fund***

To account for the collection and payment of restitution pursuant to court decrees processed for juvenile cases within the County.

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***Restitution Fund***

To account for the collection and payment of restitution on behalf of the Adult Probation Department of the State of Texas.

***Central Texas Housing Fund***

To account for funds received on behalf of the Central Texas Housing Board in connection with the issuance of bonds for housing.

***County Treasurer Hot Check Fund***

To account for funds collected to cover hot checks and disbursed to claimants.

***Advanced Payment Fund***

To account for funds collected and remitted directly to the State.

***Bell County Organized Crime Seizure Fund***

To account for funds confiscated by the Bell County Organized Crime Seizure Fund during drug-related raids, arrests, and investigations until such monies are awarded by the Court to State or Federal authorities or returned to the defendant.

***District Attorney Drug Seizure Fund #2***

To account for funds confiscated by the District Attorney's Office during drug-related arrest and investigations in 1990 and thereafter, until such monies are awarded by the Court to local, State or Federal authorities or returned to the defendant.

***Bell County Health Facility Development Corporation Fund***

To account for commissions and other revenue generated as a product of the County acting as a conduit for low interest rate, tax exempt bonds for the development of health facilities.

***Bell County Industrial Development Corporation Fund***

To account for revenue generated as a product of the County acting as a conduit for low interest rate bonds for development of industrial corporations.

***DHS Restitution Fund***

To account for the collection and payment of restitution to the Department of Human Services for welfare fraud cases.

***Bell/Lampasas Restitution Fund***

To account for the collection and payment of restitution pursuant to court decrees for juvenile cases within the Lampasas County for the Bell/Lampasas Juvenile Court.

***Land Records Escrow Fund***

To account for funds held in escrow in connection with the recording of documents.

***Local Provider Participation Fund***

To account for the collections from institutional health care providers within the County and for the payments to the state of Texas to provide the nonfederal share of the Medicaid supplemental payment program.

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***Inmate Custodial Fund***

To account for the collections of deposits on behalf of inmates in the Bell County Jail and for the payments from inmates for commissary items and reimbursement of expenditures.

***BellNET Fund***

To account for the collections and payments on behalf of BellNET, Inc., which is a non-profit corporation for the purpose of promoting distance learning and educational opportunities, improving health care and demonstrating new teaching techniques, video conferencing and data exchange.

***Census Project Fund***

To account for funds collected on behalf of a local corporative to fund public education and outreach on Census data collection.

***Budgeting***

Budgets are adopted for the General Fund, Debt Service Funds and all Special Revenue Funds with the exception of the Emergency Rental Assistance Grant, Adopt a Road Fund, Veterans Financial Assistance Grant, Indigent Defense Grant, ASR Project and LEOSE Training and Travel Fund. An operating budget is legally adopted each year at the category level within each department on the same modified accrual basis used to reflect actual revenues and expenditures. The Commissioners' Court is authorized to transfer budgeted amounts between departments or accounts. Expenditures may not legally exceed appropriations on a departmental level; however, this is not strictly enforced by the Commissioners' Court. Budgeted amounts are as originally adopted or as amended by the Commissioners' Court. Commissioners' Court approval is sought and obtained for all budget amendments; no amendments can be made without the approval of the Commissioners' Court.

During the year ended September 30, 2024, there were multiple amendments material in relation to the original budget. Contract services for weather-related debris clean-up totaled \$ 1.1 million, early ordering of FY25 vehicles due to on-going supply chain issues totaled \$ 2.6 million, mid-year pay increases for the Unified pay scale salary study totaled \$ 1.1 million, and roof replacements due to hail damage totaled \$ 1.25 million.

***Encumbrances***

Encumbrance accounting, whereby purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve a portion of the applicable appropriation, is employed during the fiscal year as an extension of the formal budgetary control in the General, Special Revenue, and any Capital Projects Funds. Although appropriations lapse at year-end, it is the County's intention to honor such commitments. The amounts of these commitments are included in the appropriate classification of fund balance depending on the restrictions of the revenue that will be used for the expenditure.

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Encumbrances by major funds and nonmajor funds in the aggregate are shown below:

	<u>Encumbrances</u>
Major Funds:	
General Fund	\$ 3,375,444
2021 Capital Projects Fund	1,021,540
Capital Projects ARPA Fund	<u>6,528,563</u>
	<u>10,925,547</u>
Nonmajor Funds:	<u>6,254,834</u>
Totals	<u>\$ 17,180,381</u>

**D) ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY**

**1. Cash and Cash Equivalents**

Cash and cash equivalents include all cash available upon demand or having a maturity date of less than three months.

**2. Deposits and Investments**

The County's depository agreement requires collateralization of all demand deposits and time deposits (certificates of deposit). State statutes require that the collateral be governmental securities or letters of credit. All deposits of the County were collateralized by letters of credit as of September 30, 2024.

Investments in government pools are recorded at amortized cost. All other investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in current transaction between willing parties.

**3. Accounts Receivable and Credit Risk**

Substantially all accounts receivable as of September 30, 2024 are due from other governmental units for inmate lodging, sales taxes, and other governmental services. Receivables of the County are generally from the State of Texas and other governmental units that are collected within 60 days of year-end.

**4. Inventories and Prepaid Items**

Inventories, which are expended as they are consumed, are stated at cost. Cost is determined for inventories of Road & Bridge Fund supplies using the FIFO method.

Prepaid balances are for payments made by the County in the current year to provide services occurring in the subsequent fiscal year and are recorded as prepaid items in both government-wide and fund financial statements.

The County uses the consumption method to recognize inventories and prepaids. Reported inventories and prepaid items in governmental funds are offset by a fund balance reserve, which indicates that they do not constitute available spendable resources even though they are a component of net current position.

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## **5. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$ 5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, including capital assets received in a service concession arrangement, are reported at acquisition value, not fair value.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	5 - 70
Building	5 - 75
Vehicles	7 - 20
Furniture and equipment	10 - 25
Machinery and equipment	10 - 20

\* Prior to October 1, 2009, the longest asset life in these categories was 50 years.

## **6. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet 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); accordingly, this expense/expenditure is recorded as an outflow of resources in future period(s).

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

- Deferred amount on refunding – A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Difference between projected and actual earnings on pension plan – A deferred amount results from the difference between the projected and the actual pension plan earning and is deferred and amortized over a five-year period.
- Changes in actuarial assumptions used to determine OPEB liability – This is the difference caused by a change in assumptions from the prior year and is deferred and amortized over a five-year period.
- Pension contributions subsequent to the measurement date – A deferred amount results from contributions made after the measurement date and recognized in the following fiscal year.
- Difference between the expected and actual pension experience – This difference is deferred and amortized over a five-year period.

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In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future period(s) and, accordingly, this revenue will be recognized as an inflow of resources in future period(s).

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

- Difference between the expected and actual pension experience – This difference is deferred and amortized over a five-year period.
- Changes in actuarial assumptions used to determine pension liability - This is the difference caused by a change in assumptions from the prior year and is deferred and amortized over a five-year period.
- Difference between the expected and actual OPEB experience – This difference is deferred and amortized over a five-year period.
- Changes in actuarial assumptions used to determine OPEB liability – This is the difference based by a change in assumptions from the prior year and is deferred and amortized over a five- year period.
- Lease related – Lease revenue is deferred and will be recognized over the term of the individual leases.

**7. Compensated Absences**

Full-time employees accumulate two weeks (three weeks with over five years of service) of vacation that must be used by December 31 each year. Sick leave benefits are earned by full-time employees at a rate of ten hours per month and may be accumulated up to 960 hours. In the event of termination, an employee with at least one year but less than five years continuous service is paid for all accumulated vacation days up to the amount of vacation accrued as of January 1 of the year of termination, less any hours taken between January 1 and the date of termination up to two weeks. Likewise, an employee with over five years of service is paid for all accumulated vacation days up to the amount of vacation accrued as of January 1 of the year of termination, less any hours taken between January 1 and the date of termination up to three weeks.

There is no liability accrued as all vacation lapses on December 31 of each year and the amount would not be material. In the event of termination, unused sick leave is not paid. A liability for these amounts is reported in governmental funds only if they have matured, for example, because of employee resignations and retirements.

**8. 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. Bond premiums and discounts are deferred and are amortized over the life of the bonds using the effective interest method. Bonds Payable are reported net of the applicable bond premium or discount.

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

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**9. Net Pension Asset/Liability**

In the government-wide financial statements, net pension asset/liability, which is the difference between the total pension liability and the fiduciary net position, is recorded in the current fiscal year as of the valuation date. Deferrals are recorded in the current fiscal year for the difference in investment earnings, the difference in experience, difference in actuarial assumptions and the contributions made after the valuation date. Texas County & District Retirement System (TCDRS) calculates the pension expense for the County.

Pension expense is the sum of the following:

1. Change in net pension liability from prior year;
2. Contributions made during the current fiscal year;
3. Recognition of prior year contributions made after the valuation date;
4. Deferral of current year contributions made after the valuation date;
5. Less the deferrals of the difference in investment earnings; and
6. Adjusted for the deferrals of the difference in experience.

In the fund financial statements, governmental fund types recognize employer contributions, which are composed of normal cost and amortization of unfunded prior service cost, during the fiscal year they are made.

**10. Other Post-Employment Benefits**

It is the policy of the County to fund a portion of the cost for post-employment health and dental insurance for participating retired employees. The amount funded is capped at \$ 180 per month for health insurance and \$ 9 per month for dental insurance. The retired employees may no longer participate when they become eligible for Medicare.

**11. Net Position**

In the government-wide financial statements, net position is restricted when there are limitations imposed on its use, either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The categories of net position are presented as:

1. Investment in Capital Assets – Capital Assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets, and increased by unspent bond proceeds..
2. Restricted for Debt Service – restricted for the retirement of debt.
3. Restricted for Capital Projects – funds that are restricted for future capital improvements.
4. Unrestricted – funds with no limitations imposed on the use.

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## **12. Fund Balance**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy 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:

- Non-spendable – Includes amounts that are not in spendable form or are required to be intact.
- Restricted – Includes amounts that are restricted by external creditors, grantors, or contributors, or restricted by legal constitutional provisions.
- Committed – Includes amounts committed by the Commissioners' Court, by resolution of the Court, and modified or rescinded by the Court.
- Assigned – Includes amounts assigned by specific uses, authorized by the Commissioners' Court. The Court establishes these assignments by passage of a resolution either through adoption or by amendment of the budget as intended for specific purposes.
- Unassigned – This is the residual classification used for those amounts not assigned to another category in the General Fund. Deficit fund balances in other governmental funds are also presented as unassigned.

The County is committed to maintaining a prudent level of financial resources to maintain a high bond rating and to protect the County from the effects of fluctuations in revenues and unpredicted expenditures. The County's Minimum Fund Balance Policy for General Fund requires a reserve to be maintained at a minimum amount equal to three (3) months current operating expenditures. Because amounts in the non-spendable, restricted, committed, and assigned categories are subject to varying constraints on their use, the reserve consists of balances that are otherwise unassigned. The County's current Minimum Fund Balance Policy was adopted on September 12, 2011.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, with unrestricted resources utilized as needed. When unrestricted resources are needed, the County's policy is to use committed amounts first, followed by assigned amounts and then unassigned amounts as needed.

## **13. Leases**

The County is a lessee for noncancellable leases of copier and tower antenna site equipment. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

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 uses its estimated incremental borrowing rate as the discount rate for leases.

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The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and 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.

The County is a lessor for noncancelable leases of buildings and a parcel of land.

The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

The County uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

#### **14. Subscription-Based Information Technology Arrangements (SBITAs)**

The County is a lessee for some noncancelable lease of certain subscription-based information technology arrangements. The County recognizes a SBITA liability and an intangible right-to-use subscription asset in the government wide financial statements.

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

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Key estimates and judgements related to SBITA arrangements include how the County determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription 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 SBITA arrangements.

The subscription term includes the noncancellable period of the SBITA arrangement. Subscription payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise. In determining the subscription term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the subscription term if the SBITA arrangement is reasonably certain to be extended (or not terminated).

The County monitors changes in circumstances that would require a remeasurement of its SBITA arrangement and will re-measure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

SBITA assets are reported with other capital assets and SBITA liability are reported with long-term debt on the statement of net position.

Assets and liabilities arising from a SBITA arrangement are initially measured on a present value basis. SBITA liabilities include the net present value of the following contract payments:

- Fixed payments,
- Amounts expected to be payable by the County under residual value guarantees,
- The exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- Payments of penalties for terminating the subscription arrangement, if the subscription term reflects the County exercising that option.

Subscription payments to be made under reasonably certain extension options are also included in the measurement of the liability. Extension and termination options are included in some subscription arrangements across the County.

The subscription payments are discounted using the interest rate implicit in the subscription contract. If that rate cannot be readily determined, which is generally the case for subscription arrangements in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

Variable payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate), initially measured using the index or rate as of the commencement of the subscription term.

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**15. Transactions Between Funds**

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Transfers of a recurring or routine nature that have been legally authorized are treated as transfers and are included in the results of operations.

**16. Federal and State Grants**

Revenues from federal and state grants are recognized as actual expenditures are incurred, limited to the amount of the total grant award. Shared revenues are recognized based on the fiscal period to which the entitlements received apply.

**17. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Specifically, the actuarial calculations used to determine the annual required contributions and related liabilities of the County's retirement plan and other post-employment obligations are based on assumptions about the possibility of events far into the future. Accordingly, actual results could differ from those estimates.

***E) NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS***

The GASB has issued the following statements, which will become effective in future periods.

Statement No. 100, *Accounting Changes and Error Corrections* – This Statement is an amendment of GASB Statement No. 62 and provides enhancements accounting and financial reporting requirements for accounting changes and error corrections. To provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. If applicable, this Statement will be implemented by the County in fiscal year 2025.

Statement No. 101, *Compensated Absences* – This Statement's objective is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. It is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. If applicable, this Statement will be implemented by the County in fiscal year 2025.

Statement No. 102, *Certain Risk Disclosures* – This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within twelve months of the date the financial statements are issued. If applicable, this Statement will be implemented in fiscal year 2025.

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Statement No. 103, Financial Reporting Model Improvements – 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. If applicable, this Statement will be implemented in fiscal year 2026.

Statement No. 104, Disclosure of Certain Capital Assets – This statement requires certain type of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement 87, Leases, intangible right-to-use assets recognized in accordance with Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capita assets note disclosures. Subscription assets recognized in accordance with Statement 96, Subscription-Based Information Technology Arrangements, also should be disclosed separately. In addition, this statement requires intangible assets other than those three types to be disclosed separately by major class. If applicable, this Statement will be implemented in fiscal year 2026.

The impacts of these statements have not yet been determined.

**NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

***Budgetary Data***

The Commissioners' Court adopts an "appropriated budget" for the General Fund. The County is required to present the adopted and final amended budgeted revenues and expenditures for this fund. The County compares the final amended budget to actual revenues and expenditures. General Fund and Major Special Revenue Fund Budget reports appear on pages 32 - 33.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to September 30, the County prepares a budget for the next succeeding fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Commissioners is then called for adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to October 1, the budget is legally enacted through passage of a resolution by the Commissioners' Court. Once a budget is approved, amendments require approval of a majority of the members of the Commissioners' Court. Amendments are presented to the Commissioners' Court at its regular meetings. Each amendment must have Court approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Court, and are not made after fiscal year end. Because the Court has a policy of careful budgetary control, several amendments were necessary during the year.
4. Each budget is controlled by the official or department head of each department. Budgeted amounts are as amended by the Court. All budget appropriations lapse at year-end.

**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE III. NOTES ON FUND FINANCIAL STATEMENTS**

**A) CASH AND INVESTMENTS**

**1. Deposits**

*Legal and Contractual Provisions Governing Deposits and Investments*

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. This policy must address (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) for pooled fund groups, the maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds.

The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

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

As of September 30, 2024, the County's deposit balances were as follows:

	Primary Government	Component Unit	Total Reporting Entity
Total Bank Balance Deposits	\$ 5,923,993	\$ 2,299,591	\$ 8,223,584
Carrying Amount	<u>\$ 5,334,396</u>	<u>\$ 2,311,855</u>	<u>\$ 7,646,251</u>

Foreign Currency Risk – The County's deposits are not exposed to foreign currency risk.

Custodial Credit Risk – The County's investment policy requires all funds to be fully collateralized. The policies of the Bell County Expo, Inc., a discretely presented component unit, also require full collateralization. As of September 30, 2024, all the deposits for both Bell County and Bell County Expo, Inc. were collateralized by securities held in a joint custody account with PNC Bank at The Federal Reserve Bank of Kansas City.

**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**2. Investments**

As of September 30, 2024, the County had the following investments:

	Carrying Amount	Fair Value
<b>Primary Government</b>		
Certificates of Deposit	\$ 15,181,856	\$ 15,181,856
Agencies	4,981,152	4,981,152
Investment pool: TexPool	<u>125,481,187</u>	<u>125,481,187</u>
Total investments	<u><u>\$ 145,644,195</u></u>	<u><u>\$ 145,644,195</u></u>

Funds of Bell County are invested in accordance with federal and state laws and Bell County's investment policy. The County invests according to the investment strategies for each fund as they are adopted by Commissioners' Court. Investments include restricted unspent proceeds in capital project funds and restricted investments in debt service funds. Fiduciary fund cash is properly collateralized, and investments of the fiduciary funds are invested in TexPool. Their fair value on September 30, 2024 amounted to \$ 31,470,445.

The managed public funds investment pool represents the County's investment in Texas Local Government Investment Pool (TexPool). Authorized investments of TexPool include obligations of the U.S. or its agencies, direct obligations of the State of Texas or its agencies, certificates of deposit, repurchase agreements, no load money market mutual funds, and highly rated commercial paper. On September 30, 2024, the fair value of the County's investments in TexPool equaled its carrying value.

TexPool does not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. Additionally, TexPool does not impose any liquidity fees or redemption gates.

TexPool has been established for governmental entities in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both Participants in TexPool and other persons who do not have a business relationship with TexPool. Finally, TexPool is rated AAA by Standard & Poor's. Following criteria for GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, TexPool carries investments at amortized cost, which approximates fair value. The County's fair value position is the same as the value of TexPool shares.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
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As of September 30, 2024, the County has the recurring fair value measurements for agencies and marketable Certificates of Deposit of \$ 20,163,008 valued using quoted prices for similar assets in active markets (Level 2 inputs).

Interest Rate Risk – In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to less than nine months. As of September 30, 2024, the weighted average maturity of the County's investment portfolio was 63 days.

Other Credit Risk Exposure – The County's direct investment in debt securities consists of debt securities of the U. S. Government and obligations of the U. S. government agencies that are implicitly guaranteed by the U. S. government. The County also invests in external investment pools that invest in debt securities.

Foreign Currency Risk – The County's investments are not exposed to foreign currency risk.

Credit Risk – In compliance with the County's Investment Policy, as of September 30, 2024, the County is authorized by statute to invest in obligations of the United States or its agencies and instrumentalities. Federal Agency Obligations held on September 30, 2024 by Bell County included Federal National Mortgage Association (FNMA), Federal Home Loan Banks (FHLB), and Federal Farm Credit Banks (FFCB), all of which were rated by Moody's as Aaa and by Standard & Poor's at AA+.

Custodial Risk – The County's policy requires investments, other than investment pools and money market mutual funds, to be held by a third-party custodian bank. All the County's investments, other than investment pools, were held by the County's third-party custodian bank in the County's name.

***B) ACCOUNTS RECEIVABLES***

Receivables on September 30, 2024, were as follows:

	General Fund	Emergency Rental Assistance	Nonmajor Governmental Funds	Total
<b>Governmental Activities:</b>				
<i>Accounts receivable, net:</i>				
Sales tax receivable	\$ 5,843,149	\$ -	\$ -	\$ 5,843,149
Grants receivable	1,185,869		349,584	1,535,453
Fines & fees	942,369	-	950	943,319
Intergovernmental and other	1,330,158	1,836	250,766	1,582,760
<b>Total Accounts receivable, net</b>	<b>\$ 9,301,545</b>	<b>\$ 1,836</b>	<b>\$ 601,300</b>	<b>\$ 9,904,681</b>
<i>Delinquent taxes receivable, net:</i>				
Delinquent receivables	\$ 2,242,469	\$ -	\$ 683,570	\$ 2,926,039
Allowance for bad debts	(563,802)	-	(177,099)	(740,901)
<b>Total Delinquent taxes receivable, net</b>	<b>\$ 1,678,667</b>	<b>\$ -</b>	<b>\$ 506,471</b>	<b>\$ 2,185,138</b>
<i>Lease receivable, net</i>	<b>\$ 2,575,284</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,575,284</b>

**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2024**

**C) DUE FROM/TO OTHER FUNDS**

The purpose of the interfund balances is mainly for cash flow concerns, and the amounts are to be repaid in the current year.

Individual interfund receivable and payable balances on September 30, 2024 were due from/to other funds as follows:

Due to:	Due From					Total
	Emergency Rental Assistance Grant	Capital Projects 2021 Fund	Capital Projects ARPA Fund	Nonmajor Governmental Funds		
General Fund	\$ 18,450	\$ 207,780	\$ 3,669,190	\$ 9,494,147	\$ 13,389,567	
Nonmajor Governmental Funds	-	-	-	4,686,316	4,686,316	
<b>Total</b>	<b>\$ 18,450</b>	<b>\$ 207,780</b>	<b>\$ 3,669,190</b>	<b>\$ 14,180,463</b>	<b>\$ 18,075,883</b>	

**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**D) FUND BALANCES**

The major components of the County's governmental fund balance as of September 30, 2024 are as follows:

Description	General	Capital	Capital	Nonmajor	Total
		Projects	Projects		
	2021 Fund	ARPA Fund	Governmental		
<b>Nonspendable:</b>					
Inventory and prepaid items	\$ 1,551,034	\$ 2,500	\$ -	\$ 154,418	\$ 1,707,952
	<u>1,551,034</u>	<u>2,500</u>	<u>-</u>	<u>154,418</u>	<u>1,707,952</u>
<b>Restricted for:</b>					
Adult probation programs	-	-	-	3,136,706	3,136,706
Animal control	-	-	-	26,931	26,931
Aquifer storage & recovery maintenance	-	-	-	259	259
Building renovations	-	-	-	391,961	391,961
Cemetery	-	-	-	-	-
Community assistance programs	-	-	-	25,434	25,434
Conservation	-	-	-	40,769	40,769
Court record preservation	-	-	-	2,705,474	2,705,474
Court reporter service	179,537	-	-	-	179,537
Court technology	-	-	-	1,439,098	1,439,098
Debt service	-	-	-	3,429,053	3,429,053
District clerk preservation	476,627	-	-	-	476,627
Diversion building	-	-	-	-	-
Drug court	-	-	-	214,351	214,351
Elections	-	-	-	75,679	75,679
Health and welfare	-	-	-	1,645	1,645
Indigent health	-	-	-	249,343	249,343
Inmate commissary	-	-	-	708,941	708,941
Jail expansion/renovations	-	692,572	4,109,115	-	4,801,687
Judicial and legal	-	-	-	486,741	486,741
Juvenile probation	-	-	-	338,575	338,575
Killeen annex	-	12,772,500	-	-	12,772,500
LEOSE Training and Travel	-	-	-	104,896	104,896
Law library books and services	-	-	-	882,951	882,951
Museum expansion/renovations	-	-	-	-	-
Public safety	-	-	-	177,911	177,911
Road construction and maintenance	-	-	-	14,167,821	14,167,821
Technology enhancements	-	34,599	-	435,459	470,058
Temple annex	-	1,576,123	-	-	1,576,123
Veterans	-	-	-	-	-
Voter registration	26,693	-	-	-	26,693
	<u>682,857</u>	<u>15,075,794</u>	<u>4,109,115</u>	<u>29,039,998</u>	<u>48,907,764</u>
<b>Committed for:</b>					
Conservation	-	-	-	551,146	551,146
	<u>-</u>	<u>-</u>	<u>-</u>	<u>551,146</u>	<u>551,146</u>

**BELL COUNTY, TEXAS**  
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<b>Description</b>	<b>General</b>	<b>Capital</b>	<b>Capital</b>	<b>Nonmajor</b>	<b>Total</b>
		<b>Projects</b>	<b>ARPA Fund</b>		
<i>Assigned for:</i>					
Record retention	-	-	-	-	-
Record management	-	-	-	-	-
District clerk preservation	-	-	-	-	-
Courthouse security	-	-	-	-	-
Court reporter service	-	-	-	-	-
Family protection	-	-	-	-	-
Voter registration	-	-	-	-	-
Bridge construction and maintenance	-	-	-	2,524,050	2,524,050
Capital projects	1,000,000	-	-	3,513,828	4,513,828
Communication center	-	-	-	5,557,203	5,557,203
Conservation	-	-	-	140,166	140,166
Health and welfare	-	-	-	-	-
Indigent health	-	-	-	75,255	75,255
Judicial and legal	-	-	-	11,478	11,478
Law library books and services	-	-	-	497,974	497,974
Debt service	-	-	-	-	-
Museum	-	-	-	-	-
Public safety	1,000,000	-	-	-	1,000,000
Road construction and maintenance	-	-	-	423,068	423,068
Technology enhancements	-	-	-	1,418,100	1,418,100
	2,000,000	-	-	14,161,122	16,161,122
Unassigned	58,941,495	-	-	-	58,941,495
<b>TOTAL FUND BALANCES</b>	<b>\$ 63,175,386</b>	<b>\$ 15,078,294</b>	<b>\$ 4,109,115</b>	<b>\$ 43,906,684</b>	<b>\$ 126,269,479</b>

**E) PROPERTY AND SALES TAX**

**1. Property Tax**

The County levies taxes on real and personal property within the County on October 1 of each year. This is also the lien date. Such taxes become delinquent the following February 1. Interest and penalty of 7, 9, 11, 13, 15, and 18% are assessed for payments received in February, March, April, May, June, and July, respectively. The assessed valuation of taxable property as of January 1, 2023 in the County was \$ 47,524,603,243. The County grants exemptions authorized by state law for disabled veterans and homesteads; therefore, the assessed values to which the tax rates are applied are less than the 100% valuation. Also, effective January 1, 2004, a new state law allowed a county, city, or junior college district to limit taxes for homeowners who are either disabled or 65 or older, commonly called a tax ceiling.

**BELL COUNTY, TEXAS**  
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In June 2004, the Commissioners' Court adopted the tax ceiling for disabled and 65 or older. For Bell County, the ceiling was established with the 2004 taxes billed in the fall of 2004. As a result, starting with the taxes billed in the fall of 2005, those property owners eligible for the limitation did not receive an increase in property taxes due to either reappraisals or a tax increase.

A new property tax exemption for 100% disabled veterans, HB 3613, was passed by the Texas Legislature during the spring of 2009 and became effective on September 1, 2009. The first tax year impacted by the new statute was 2009 (fiscal year 2009-2010). To be eligible for the exemption, an applicant must receive approval to receive 100% disability compensation from the United States Department of Veterans Affairs.

In 2015, the Texas Legislature added Section 140.011 to the local Government Code that a county or city in which a United States military installation is wholly or partly located may be entitled to a disabled veteran assistance payment from the state. This payment reimburses the local counties or cities disproportionately affected by the 100% disabled veteran's property tax exemptions. For Bell County, the total number of individuals eligible for the exemption was 13,510 and total lost property tax revenue was \$ 12,347,015 for fiscal year 2024. The State provided a reimbursement to Bell County based on formula and an allocation percentage of lost revenue totaling \$ 2,504,567.

The tax rate for the 2023 tax roll was \$ 0.3125 per \$ 100 of assessed value; it was designated \$ 0.2914 for the General Fund including the payment of principal and interest on general obligation long-term debt and \$ 0.0211 for the Special Revenue Fund for the maintenance of roads and bridges.

Taxes receivable are reduced by an allowance for estimated uncollectible taxes. Revenues from property taxes are recognized in the current year to the extent they are available to finance current year expenditures. Amounts not available are deferred.

The County is permitted by Article VIII, Section 9 of the State of Texas Constitution to levy taxes up to \$.80 per \$ 100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt, and \$.15 per \$ 100 of assessed valuation for maintenance of public roads and bridges. The County has a tax margin of \$.6375 and can levy additional taxes of approximately \$ 226,259,159 for general governmental services and maintenance for roads and bridges based upon the present assessed valuation before the limit is reached. However, under current legislation, when a proposed tax rate exceeds the rollback rate or the effective rate, whichever is lower, the Commissioners' Court must vote to place a proposal to adopt the rate on the agenda of a future meeting as an action item. If the motion passes, the Commissioners' Court must schedule two public hearings on the proposal.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Special Revenue Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**2. Sales and Use Tax**

Sales and use tax are authorized under state law with the County's levy equal to 0.50% of taxable sales and uses. The Texas Comptroller of Public Accounts collects all sales and use taxes on behalf of the County, remitting to the County monthly, all taxes collected less a 2% service fee.

The State of Texas utilizes origin-based sourcing for county sales and use tax. Under this approach, sales and use tax is sourced to the taxing jurisdiction in which the selling business is located regardless of where in the state the purchaser resides, or the product is shipped. Origin sourcing can produce large individual sales and use taxpayers to specific jurisdictions. As a result, sales and use tax can fluctuate not only due to general economic factors but also due to relocations of business between taxing jurisdictions. The identity of and the amount paid by individual sales and use taxpayers is strictly confidential under state law.

**F) TRANSFERS**

Transfers of financial resources among funds are recognized in all funds affected in the accounting period in which the transfer arose. Interfund transfers are legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended. During the year ended September 30, 2024, interfund transfers are as follows:

	Transfers in				
	General Fund	Capital Projects County Construction	Nonmajor Governmental	Total	
<b>Transfers out:</b>					
General Fund	\$ -	\$ 10,000,000	\$ 7,880,542	\$ 17,880,542	
Emergency Rental Assistance Fund	4,232	-	-	4,232	
Nonmajor Governmental Funds	1,619,555	-	1,039,143	2,658,698	
<b>Total</b>	<b>\$ 1,623,787</b>	<b>\$ 10,000,000</b>	<b>\$ 8,919,685</b>	<b>\$ 20,543,472</b>	

The purpose of the transfers is to fund operational deficits in the receiving fund.

Transfers are primarily used to move funds from:

- The General fund to Capital Projects County Construction Fund for planned pay as you go capital expenditures.
- The Hotel Occupancy Tax Fund to General Fund to offset payment to Bell County Expo for operations to promote tourism.
- The General Fund to various funds for grant matches and/or assigned funds for programs with outside and/or legal restrictions/designations. The largest of these are allocations to the Communication Center for operations, The National School Lunch Program to match grant funds and to the Communication Center Special Projects Fund for equipment upgrades.

**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE IV. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

A summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and total net position for governmental activities as shown on the government-wide statement of net position is presented in an accompanying schedule to the governmental funds balance sheet. The asset and liability elements which comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

A summary reconciliation of the difference between net changes in fund balances as reflected on the governmental funds statement of revenues, expenditures, and changes in fund balances and net changes in net position for governmental activities as shown on the government-wide statement of activities is presented in an accompanying schedule to the governmental funds statement of revenues, expenditures, and changes in fund balances. The revenue and expense elements which comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2024**

**NOTE V. NOTES ON GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**A) CAPITAL ASSETS**

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

	Beginning Balance	Additions	Reclassifications/ Deletions	Ending Balance
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 12,774,188	\$ 2,488,335	\$ -	\$ 15,262,523
Historical buildings	6,021,854	-	-	6,021,854
Construction in Progress	86,385,805	34,168,033	(6,224,697)	114,329,141
Total capital assets not being depreciated	105,181,847	36,656,368	(6,224,697)	135,613,518
Capital assets being depreciated/amortized:				
Infrastructure	232,255,451	4,225,525	-	236,480,976
Buildings	234,721,508	7,650,188	(223,295)	242,148,401
Vehicles	13,107,955	2,379,218	(516,961)	14,970,212
Furniture and Equipment	27,941,579	109,352	(310,256)	27,740,675
Machinery and Equipment	42,975,425	1,436,963	(240,042)	44,172,346
Intangible Assets				
Subscription Assets	9,764,690	1,314,248	(625,264)	10,453,674
Lease Assets - Building	311,250	-	-	311,250
Lease Assets - Furniture and Equipment	777,088	-	(777,088)	-
Total capital assets being depreciated/amortized	561,854,946	17,115,494	(2,692,906)	576,277,534
Less Accumulated Depreciation/Amortization for:				
Infrastructure	(146,613,509)	(6,888,723)	-	(153,502,232)
Buildings	(69,182,025)	(4,555,884)	64,384	(73,673,525)
Vehicles	(8,154,385)	(1,162,316)	485,983	(8,830,718)
Furniture and Equipment	(17,650,302)	(1,729,147)	13,247	(19,366,202)
Machinery and Equipment	(34,316,742)	(1,631,466)	509,298	(35,438,910)
Intangible Assets				
Subscription Assets	(1,337,640)	(953,254)	625,264	(1,665,630)
Lease Assets - Building	(106,054)	(47,228)	-	(153,282)
Lease Assets - Furniture and Equipment	(582,816)	(194,272)	777,088	-
Total Accumulated Depreciation/Amortization	(277,943,473)	(17,162,290)	2,475,264	(292,630,499)
Total capital assets being depreciated/amortized, net	283,911,473	(46,796)	(217,642)	283,647,035
Total Governmental Activities Capital				
Assets, Net	<u>\$ 389,093,320</u>	<u>\$ 36,609,572</u>	<u>\$ (6,442,339)</u>	<u>\$ 419,260,553</u>

**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
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Depreciation/amortization expense was charged to governmental activities as follows:

General Administration	\$ 6,006,209
Judicial and Legal	43,618
Public Safety	3,326,357
Health and Human Services	52,005
Countywide Road and Bridge	7,710,108
Conservation	<u>23,993</u>
 Total Depreciation/Amortization Expense	 <u>\$ 17,162,290</u>

**B) DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

**1. Deferred Amounts on Refunding**

The following is a summary of deferred amounts on refunding for the year ended September 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Governmental Activities:</b>				
General obligation bonds	\$ 1,511,461	\$ -	\$ (465,234)	\$ 1,046,227
Total Governmental Activities	<u>\$ 1,511,461</u>	<u>\$ -</u>	<u>\$ (465,234)</u>	<u>\$ 1,046,227</u>

**2. Deferred Amounts Related to Pension and OPEB**

The following is a summary of deferred outflows (inflows) of resources resulting from the pension reporting for the year ended September 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Actual Versus Assumptions:</b>				
Projected versus actual earnings	\$ 5,840,013	\$ -	\$ (4,639,881)	\$ 1,200,132
Changes in actuarial assumptions	4,491,614	-	(4,491,614)	-
Expected versus actual experience	122,127	-	(122,127)	-
Changes in actuarial assumptions	(1,617,108)	271,264	-	(1,345,844)
Expected versus actual experience	(192,517)	89,483	-	(103,034)
Total Governmental Activities	<u>\$ 8,644,129</u>	<u>\$ 360,747</u>	<u>\$ (9,253,622)</u>	<u>\$ (248,746)</u>
 <i>Contributions after measurement date</i>	 <u>\$ 7,034,613</u>	<u>\$ 7,824,032</u>	<u>\$ (7,034,613)</u>	<u>\$ 7,824,032</u>

**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
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Amounts currently reported as deferred outflows (inflows) of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense</u>
2024	\$ (3,388,515)
2025	(1,871,433)
2026	7,362,059
2027	(2,350,857)
<b>Total</b>	<b><u>\$ (248,746)</u></b>

The following is a summary of deferred outflows (inflows) of resources resulting from OPEB reporting for the year ended September 30, 2024:

<i>Actual Versus Assumptions:</i>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Changes in actuarial assumptions	\$ -	\$ 69,658	\$ -	\$ 69,658
Expected versus actual experience	- -	207,790	- -	207,790
Expected versus actual experience	(2,549)	- -	(45,261)	(47,810)
Changes in actuarial assumptions	<u>(45,490)</u>	<u>- -</u>	<u>(37,165)</u>	<u>(82,655)</u>
<b>Total Governmental Activities</b>	<b><u>\$ (48,039)</u></b>	<b><u>\$ 277,448</u></b>	<b><u>\$ (82,426)</u></b>	<b><u>\$ 146,983</u></b>

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

<u>Year Ending September 30,</u>	<u>Pension Expense</u>
2025	\$ 16,217
2026	19,350
2027	13,553
2028	(7,796)
2029	5,592
Thereafter	<u>100,067</u>
<b>Total</b>	<b><u>\$ 146,983</u></b>

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**3. Deferred Amounts Related to Leases**

The following is a summary of deferred inflows of resources resulting from lease activity reporting for the year ended September 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance
<b><i>Governmental Activities:</i></b>				
Building leases	\$ 2,533,351	\$ -	\$ (177,385)	\$ 2,355,966
Land leases	3,656	-	(1,441)	2,215
Tower leases	57,437	-	(9,555)	47,882
<b>Total Governmental Activities</b>	<b>\$ 2,594,444</b>	<b>\$ -</b>	<b>\$ (188,381)</b>	<b>\$ 2,406,063</b>

**C) LEASES**

**1. Lease Receivable**

During fiscal year 2024, the County leased various buildings to third parties. The lease terms range from approximately five to nineteen years. The County will receive monthly or annual payments ranging from \$ 438 to \$ 18,000. The County recognized \$ 185,055 in lease revenue and \$ 104,756 in interest revenue during the current fiscal year related to the building leases.

As of September 30, 2024, the County's receivable for all lease payments was \$ 2,569,968. The County also has a deferred inflow of resources associated with leases that will be recognized as revenue over the lease terms. As of September 30, 2024, the balance of the deferred inflow of resources was \$ 2,406,063.

**2. Lease Payable**

During the current fiscal year, the County leased copier and tower antenna site equipment. The lease terms range from approximately four to seven years. As of September 30, 2024, the value of the lease liability was \$ 170,595. The value of the right-to-use assets as of the end of the current fiscal year was \$ 1,311,250 and had accumulated amortization of \$ 153,282.

Detailed information related to the leases can be found in Note V. E) for Noncurrent Liabilities.

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**D) NONCURRENT LIABILITIES**

Long-term activity for the year ended September 30, 2024 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Governmental Activities:</b>					
<i>Bonds (a)</i>					
Limited Tax Notes:					
Public Offering	\$ 52,825,000	\$ -	\$ (6,110,000)	\$ 46,715,000	\$ 6,075,000
Direct Placement	8,815,000	-	(3,535,000)	5,280,000	1,915,000
Certificates of Obligation:					
Public Offering	65,525,000	-	(2,405,000)	63,120,000	3,290,000
Direct Placement	7,825,000	-	(560,000)	7,265,000	1,745,000
Plus deferred amount:					
Issuance premiums	12,884,186	-	(1,753,849)	11,130,337	1,347,988
Lease Liability	413,931	-	(243,336)	170,595	48,575
Subscription Liability	6,593,558	1,314,248	(777,226)	7,130,580	872,762
Net Pension Liability					
Benefits Obligation (b)	30,027,189	-	(12,611,644)	17,415,545	-
Other Post-employment					
Benefit Liability	889,535	266,105	-	1,155,640	140,656
<b>Total Governmental Activities</b>	<b>\$185,798,399</b>	<b>\$ 1,580,353</b>	<b>\$ (27,996,055)</b>	<b>\$ 159,382,697</b>	<b>\$ 15,434,981</b>

*Funding for Liquidation: a - Debt Service; b - General Fund*

**E) BONDS**

Bonded debt at September 30, 2024, is composed of the following individual components:

**Limited Tax Notes:**

\$ 11,265,000 Limited Tax Refunding Bonds, Series 2015 due February 15, 2026

payable in annual principal installments ranging from \$ 1,205,000 to

\$ 1,625,000, interest at 3.0% to 5.0% \$ 3,180,000

\$ 19,985,000 Limited Tax Refunding Bonds, Series 2019 due February 15, 2030

payable in annual principal installments ranging from \$ 250,000 to

\$ 2,725,000, interest at 3.0% to 5.0% 10,805,000

\$ 12,460,000 Limited Tax Refunding Bonds, Series 2021 due August 15, 2031

payable in annual principal installments ranging from \$ 805,000 to

\$ 1,295,000, interest at 5.0% 7,495,000

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\$ 26,650,000 Taxable Refunding Bonds, Series 2021A due August 15, 2032 payable in annual principal installments ranging from \$ 340,000 to \$ 3,675,000, interest ranging from .15% at 1.63%	<u>25,235,000</u>
<i>Subtotal Limited Tax Notes, Public Offerings</i>	<u>46,715,000</u>
\$ 15,725,000 Limited Tax Refunding Bonds, Series 2017 due February 15, 2030 payable in annual principal installments ranging from \$ 95,000 to \$ 2,025,000, interest at 2.07%	<u>5,280,000</u>
<i>Subtotal Limited Tax Notes, Direct Placement</i>	<u>5,280,000</u>
<b>Subtotal Limited Tax Notes</b>	<u><b>51,995,000</b></u>
<i>Certificates of Obligation:</i>	
\$ 31,105,000 Combination Tax and Revenue Certificates of Obligation, Series 2015 due August 15, 2025, payable in annual installments ranging from \$ 80,000 to \$ 3,610,000; interest at 2.0% to 5.0%	1,690,000
\$ 64,900,000 Combination Tax and Revenue Certificates of Obligation, Series 2021 due February 15, 2041 payable in annual principal installments ranging from \$ 795,000 to \$ 4,790,000, interest ranging from 2.0% to 5.0%	<u>61,430,000</u>
<i>Subtotal Certificates of Obligation, Public Offerings</i>	<u>63,120,000</u>
\$ 10,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2018 due August 15, 2028 payable in annual principal installments ranging from \$ 135,000 to \$ 1,890,000, interest at 2.69%	<u>7,265,000</u>
<i>Subtotal Certificates of Obligation, Direct Placement</i>	<u>7,265,000</u>
<b>Subtotal Certificates of Obligation</b>	<u><b>70,385,000</b></u>
<b>Total Long-Term Bonded Debt</b>	<u><b>\$ 122,380,000</b></u>

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Debt service requirements to maturity for governmental activities are as follows:

Year Ending September 30,	Governmental Activities				Total Bond Principal and Interest	
	Public Offering Bonds		Direct Placements Bonds			
	Principal	Interest	Principal	Interest		
2025	\$ 9,365,000	\$ 3,491,328	\$ 3,660,000	\$ 284,904	\$ 16,801,232	
2026	9,750,000	3,104,260	3,750,000	197,858	16,802,118	
2027	10,035,000	2,776,680	2,440,000	123,211	15,374,891	
2028	10,395,000	2,403,738	2,500,000	61,191	15,359,929	
2029	8,275,000	2,074,758	95,000	3,053	10,447,811	
2030 - 2034	31,270,000	6,510,467	100,000	1,035	37,881,502	
2035 - 2039	21,300,000	3,031,175	-	-	24,331,175	
2040 - 2041	9,445,000	285,375	-	-	9,730,375	
<b>Totals</b>	<b>\$ 109,835,000</b>	<b>\$ 23,677,781</b>	<b>\$ 12,545,000</b>	<b>\$ 671,252</b>	<b>\$ 146,729,033</b>	

The County is subject to certain statutes of the Texas Constitution, which limit the amount of net bonded debt (exclusive of revenue bonds). The County may have outstanding up to 25% of the assessed value of real property. On September 30, 2024, the statutory limit for the County was \$ 8,872,908,196 providing a debt margin of \$ 8,732,096,684.

The general obligation debt of the County and all local governmental units which provide services within the County's boundaries, and which must be borne by properties in the County (commonly called overlapping debt) is summarized below:

Units	Net Bonded Debt Outstanding	Percentage Applicable to Bell County	Amount of Overlapping Debt
Bell County	\$ 140,811,512	100.00%	\$ 140,811,512
School Districts	1,484,019,432	91.48%	1,357,519,315
Colleges	116,990	100.00%	116,990
Water and Utility Districts	102,962,912	550.91%	567,237,112
Cities	568,788,669	18.10%	102,962,912
	<b>\$ 2,296,699,515</b>		<b>\$ 2,168,647,841</b>

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The County is required by its long-term debt agreements to establish and maintain separate interest and sinking funds at the County's depository bank for each issuance of long-term debt obligation. Further, all ad valorem taxes levied and collected for payment of long-term debt shall be deposited, as collected, to the individual interest and sinking fund accounts. The County has complied with this in all its debt issues. The County's treatment of the debt service activity is allowed by the Texas Constitution, Article VIII, Section 9, which states that a County may put all tax money in the General Fund, without regards to the purpose or source of the tax.

The following is a summary of long-term debt transactions of the County for the year ended September 30, 2024. Such long-term debt is to be retired from General Fund revenues, primarily ad valorem taxes.

	Limited Tax Notes	Certificates of Obligation	Total General Long-Term Debt
<b>Primary Government</b>			
<b>Long-term debt at October 1, 2023</b>	<b>\$ 61,640,000</b>	<b>\$ 73,350,000</b>	<b>\$ 134,990,000</b>
<i>Retired long-term debt:</i>			
Series 2015 Limited Tax Refunding Bonds	(1,500,000)	-	(1,500,000)
Series 2015 Combination Tax and Revenue Certificates of Obligation	-	(1,610,000)	(1,610,000)
Series 2019 Limited Tax Refunding Bonds	(2,230,000)	-	(2,230,000)
Series 2021 Limited Tax Refunding Bonds	(1,880,000)	-	(1,880,000)
Series 2021A Tax Refunding Bonds	(500,000)	-	(500,000)
Series 2021 Combination Tax & Revenue Certificates of Obligation	-	(795,000)	(795,000)
<b>Sub-Total Public Offerings</b>	<b>(6,110,000)</b>	<b>(2,405,000)</b>	<b>(8,515,000)</b>
Series 2013 Limited Tax Refunding Bonds	(1,650,000)	-	(1,650,000)
Series 2017 Limited Tax Refunding Bonds	(1,885,000)	-	(1,885,000)
Series 2018 Combination Tax and Revenue Certificates of Obligation	-	(560,000)	(560,000)
<b>Sub-Total Direct Placement</b>	<b>(3,535,000)</b>	<b>(560,000)</b>	<b>(4,095,000)</b>
<b>Total Retired long-term debt</b>	<b>(9,645,000)</b>	<b>(2,965,000)</b>	<b>(12,610,000)</b>
<b>Long-term debt at September 30, 2024</b>	<b>\$ 51,995,000</b>	<b>\$ 70,385,000</b>	<b>\$ 122,380,000</b>

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***F) LEASE LIABILITIES***

Lease Liability at September 30, 2024, is composed of the following individual components:

\$ 198,451 2021 Tower Antenna Site Lease with monthly payments of \$ 2,199 through 2027; interest at 0.65%	\$ 92,656
\$ 109,968 2022 Tower Antenna Lease with monthly payments of \$ 1,526 through 2028; interest at 2.72%	76,883
\$ 2,832 2023 Copier Lease with monthly payments of \$ 82 through 2024; interest at 3.12%	<u>1,056</u>
<b><i>Total Lease Liability</i></b>	<b><u>\$ 170,595</u></b>

Lease liability requirements to maturity for governmental activities are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	
2025	\$ 48,669	\$ 2,220	
2026	49,666	1,524	
2027	49,876	809	
2028	22,384	204	
<b>Totals</b>	<b>\$ 170,595</b>	<b>\$ 4,757</b>	

***G) SUBSCRIPTION LIABILITIES***

Subscription Liability at September 30, 2024, is composed of the following individual components:

\$ 423,738 2022 Axon Subscription with annual payments of \$ 106,997 through 2025; interest at 0.46%	\$ 106,175
\$ 6,538,775 2023 Workday Subscription with annual payments averaging \$ 598,628 through 2037; interest at 4.35%	6,097,860
\$ 186,346 2023 Cartegraph Subscription with annual payments averaging \$ 64,229 through 2025; interest at 3.38%	63,475
\$ 1,314,248, 2024 Microsoft Subscription with annual payments averaging \$ 451,180 through 2027; interest at 3.02%	<u>863,070</u>
<b><i>Total Subscription Liability</i></b>	<b><u>\$ 7,130,580</u></b>

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Subscription liability requirements to maturity for governmental activities are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	
2025	\$ 872,762	\$ 300,164	
2026	754,754	271,672	
2027	342,365	244,387	
2028	369,292	229,194	
2029	397,652	212,806	
2030-2034	2,468,617	771,761	
2035-2037	1,925,138	174,896	
<b>Totals</b>	<b>\$ 7,130,580</b>	<b>\$ 2,204,880</b>	

***H) PENSION PLANS***

**1. Plan Description**

Bell County, Texas provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County & 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. TCDRS in the aggregate issues an annual comprehensive financial report (Comprehensive Report) on a calendar year basis. The Comprehensive Report is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or at the website [www.TCDRS.org](http://www.TCDRS.org).

The plan provisions are adopted by the Commissioners' Court, 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 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 employee's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

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**2. Contributions**

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 13.8% for the months of the accounting year in 2023, and 13.82% for the months of the accounting year in 2024. The general fund and all special revenue funds containing payroll expenditures are responsible for liquidating the net pension obligation.

The contribution rate payable by the employee members for calendar year 2023 and 2024 is the rate of 7% as adopted by the governing body of the employer.

For the County's accounting year ended September 30, 2024, the annual required employer contributions to the TCDRS plan for its employees was \$ 9,298,291 and the actual contributions were \$ 9,298,291. The annual required employer contributions were actuarially determined as a percent of the covered payroll of the participating employees based on the actuarial valuations as of December 31, 2022 and December 31, 2023.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

**3. Employees Covered by the Plan**

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

Retirees or beneficiaries currently receiving benefits	786
Inactive employees entitled to but not yet receiving benefits	1263
Active employees	<u>1,215</u>
	<u><u>3,264</u></u>

**4. Net Pension Liability/(Asset)**

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

**BELL COUNTY, TEXAS**  
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**5. Actuarial Methods and Assumptions**

All actuarial assumptions that determined the total pension liability as of December 31, 2023 were based on the results of an actuarial experience study for periods 2017-2020, except where required to be different by GASB 68.

***Changes of Assumptions and Plan Provisions***

Since the prior measurement date, changes of assumptions included the incorporation of new mortality assumptions. Additionally, new annuity purchase rates were reflected for benefits earned after 2017.

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	
Recognition of economic/ demographic gains or losses	Straight-Line Amortization over Expected Working Life
Recognition of assumption changes or inputs	Straight-Line Amortization over Expected Working Life
Asset Valuation Method	
Smoothing period	5 year
Recognition method	Non-asymptotic
Inflation	2.50%
Investment Rate of Return	7.60% (Gross of administrative expenses)

***Valuation Timing***

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

***Salary Increases***

The annual salary increases rate assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion, and longevity component that on average approximates 1.7% per year for a career employee.

***Cost-of-Living Adjustments***

Cost-of-living adjustments for Bell County are not considered substantively automatic under GASB Statement No. 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.

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***Retirement Age***

Assumptions about when members eligible for service retirement will actually retire are based on an Annual Rate of Service Retirement Table as found in the Bell County TCDRS GASB 68 Report prepared by Milliman, Inc. In addition to this assumption, members are assumed to retire (100% probability) at the later of age 60 or the earliest retirement eligibility. Retirement is assumed to occur immediately for all eligible members ages 75 or older. The average age of service retirement for recent retirees is 61.

***Turnover***

New employees are assumed to replace any terminated members and have similar entry ages.

***Mortality***

The mortality rate for current members is based on 135% of the Pub 2010 Retirees Table for males and 120% of the Pub 2010 Retirees Table for females. Both projected with 100% of the MP-2021 Ultimate scale after 2010.

**6. Long-Term Rate of Investment Return**

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term time horizon; the most recent analysis was reviewed in March 2021. 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.

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**7. Target Allocation and Rates of Return by Asset Class**

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.

Asset Class	Target Allocation <sup>(1)</sup>	Geometric Real Rate of Return <sup>(2)</sup>
US Equities	11.50%	4.75%
Global Equities	2.50%	4.75%
International Equities - Developed	5.00%	4.75%
International Equities - Emerging	6.00%	4.75%
Investment-Grade Bonds	3.00%	2.35%
Strategic Credit	9.00%	3.65%
Direct Lending	16.00%	7.25%
Distressed Debt <sup>(3)</sup>	4.00%	6.90%
REIT Equities	2.00%	4.10%
Master Limited Partnerships (MLPs)	2.00%	5.20%
Private Real Estate Partnerships <sup>(4)</sup>	6.00%	5.70%
Private Equity <sup>(5)</sup>	25.00%	7.75%
Hedge Funds	6.00%	3.25%
Cash Equivalents	2.00%	0.60%

<sup>(1)</sup> Target asset allocation adopted at the March 2024 TCDRS Board meeting.

<sup>(2)</sup> Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.2%,  
per Cliffwater's 2023 capital market assumptions.

<sup>(3)</sup> Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

<sup>(5)</sup> Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

**8. Discount Rate**

TCDRS has determined that the projected fiduciary net position is sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years. Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net position liability of Bell County is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, TCDRS has used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

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**9. Sensitivity Analysis**

The following presents the net pension liability of the County, calculated using the discount rate of 7.60%, as well as what the Bell County net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.60%) or 1.00% higher (8.60%) than the current rate.

	Total Amounts		
	1%	Current	1%
	Decrease	Discount Rate	Increase
		7.60%	8.60%
Total pension liability	\$ 440,634,848	\$ 390,728,443	\$ 348,882,190
Fiduciary net position	<u>373,312,898</u>	<u>373,312,898</u>	<u>373,312,898</u>
Net pension liability (asset)	<u><u>\$ 67,321,950</u></u>	<u><u>\$ 17,415,545</u></u>	<u><u>\$ (24,430,708)</u></u>

**10. Deferred Amounts Related to Pensions**

Deferred amounts related to pensions are disclosed at Note V. B) 2.

**BELL COUNTY, TEXAS**  
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**11. Changes in the Net Pension Liability/(Asset)**

	Increase (Decrease)		
	Total Pension Liability/(Assets) (a)	Fiduciary Net Position (b)	Net Pension Liability/(Assets) (a) - (b)
Balances as of December 31, 2022	\$ 349,337,323	\$ 319,310,134	\$ 30,027,189
Service cost	9,501,690	-	9,501,690
Interest on total pension liability <sup>(1)</sup>	28,367,187	-	28,367,187
Effect of economic/demographic gains or losses	(333,784)	-	(333,784)
Effect of plan split <sup>(2)</sup>	24,591,183	24,591,183	-
Refund of contributions	(1,420,755)	(1,420,755)	-
Benefit payments	(19,314,401)	(19,314,401)	-
Administrative expenses	-	(194,931)	194,931
Member contributions	-	5,079,615	(5,079,615)
Net investment income	-	37,506,996	(37,506,996)
Employer contributions	-	7,824,032	(7,824,032)
Other <sup>(3)</sup>	-	(68,975)	68,975
 Balances as of December 31, 2023	 <u>\$ 390,728,443</u>	 <u>\$ 373,312,898</u>	 <u>\$ 17,415,545</u>

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

(2) *Effect of plan split with Bell County Health*

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

**12. Breakdown of Pension Expense**

	January 1, 2023 to December 31, 2023
Service cost	\$ 9,501,690
Interest on total pension liability	28,367,187
Administrative expenses	194,931
Member contributions	(5,079,615)
Expected investment return net of investment expenses	(25,752,715)
Recognition of deferred inflows/outflows of resources	-
Recognition of economic/demographic gains or losses	(588,158)
Recognition of assumption changes or inputs	4,704,761
Recognition of investment gains or losses	(6,703,300)
Other	145,324
 Pension Expense	 <u>\$ 4,790,105</u>

**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2024**

**13. Contributions Payable as of Year End**

Contributions subsequent to the measurement date of December 31, 2023 totaling \$ 7,824,032 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2024 and will be recognized in the County's financial statements as of September 30, 2025.

***I) OTHER POST-EMPLOYMENT BENEFITS***

**1. Plan Description**

In addition to providing pension benefits through the Texas County and District Retirement System, the County, effective January 1, 1991, agreed to administer and make available post-employment group health care benefits to retired employees at a cost to the retired employee and at no cost to the County through a single employer defined benefit plan. Effective October 1, 1998, the County began contributing to the post-employee benefit. For the fiscal year 2023, the County contributed \$ 180 per month for health insurance and \$ 9.07 per month for dental insurance for each participating retired employee. This amount is capped for County contribution and any increases are the responsibility of the retiree.

Additional family health coverage is available if paid for by the retired employee. This benefit is available to retired employees eligible to draw monthly retirement checks from TCDRS and who applied to TCDRS for benefits. Benefits are available until such employees become eligible for Medicare.

**2. Contributions**

Local Government Code Section 157.101 assigns the authority to establish and amend benefit provisions to the Commissioners' Court. The County is under no legal obligation to pay these premiums, and the decision to provide these benefits is made by the Commissioners' Court on a year-to-year basis.

The rates are set annually by the Commissioners' Court. The plan is funded on a pay-as-you-go basis; accordingly, there is no separate financial reporting for the plan, as an irrevocable trust has not been established to fund this obligation. For the year ended, September 30, 2024, the County contributed \$ 73,938 while the retirees' contributions were \$ 190,875 for a total contribution of \$ 264,813. The general fund is responsible for liquidating the liability for other post-employment benefits.

**3. Employee Covered by the Plan**

Membership data in the plan at September 30, 2024, based on the latest actuarial valuation consists of the following:

Retirees or beneficiaries currently receiving benefits	56
Active employees entitled, Not Fully Eligible	873
Active employees, Fully Eligible	<u>101</u>
	<u><u>1,030</u></u>

**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2024**

**4. Total OPEB Liability**

The County's Total OPEB Liability (TOL) was measured as of September 30, 2024 and was determined by an actuarial valuation as of that date. On September 30, 2024, the County's Total OPEB Liability was \$ 1,155,640.

**5. Actuarial Methods and Assumptions**

The following are the actuarial methods and assumptions used to determine plan liabilities.

***Actuarial Methods:***

Valuation Date:	October 1, 2023
Measurement Date:	September 30, 2024
Actuarial Cost Method:	Entry Age Normal, Level Percent of Pay
Amortization Method:	Closed, straight-line for average remaining service period

***Actuarial Assumptions:***

Investment Rate of Return:			
Discount Rate (Unfunded)	4.22%		
Payroll Growth:	3.50%		
Health Care Cost Trend Rates:			
	<b>Fiscal Year</b>	<b>Pre-65</b>	<b>Post-65</b>
	2024-2025	6.00%	N/A
	2025-2026	5.50%	N/A
	2026+	5.00%	N/A
Employee Contribution Trend Rates:	Employee contribution rates are assumed to increase at the rates equal to the difference of the premiums, projected with trend, and the employer contributions.		
Mortality Table:	PubG.H.-2010 Employee and Retiree Mortality for Males and Females, projected generationally using Scale MP-2021.		

Withdrawal Rates:

<b>Age</b>	<b>Male</b>	<b>Female</b>
20	9.80%	14.40%
30	3.70%	4.50%
40	1.20%	2.30%
50	0.20%	0.30%
60	0.00%	0.00%

**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2024**

Retirement Rates:

Age	Rate
55-59	2%
60-61	5%
62-64	15%
65	100%

Fiscal 2024 Monthly Premium Rates:

	EE	EE+SP	EE+CH	FAM
Scott & White Preferred Option	\$ 655.55	\$ 1,618.74	\$ 1,148.01	\$ 1,968.16
Scott & White HMO Option	833.18	2,057.37	1,459.09	2,501.47
Ameritas Dental/Vision Base	19.56	69.48	69.48	69.48
Ameritas Dental/Vision Buy-Up	28.24	92.40	92.40	92.40

Participation:

100% of all the active and retired participants that are eligible are assumed to participate in the plan

Administrative Expenses:

Implicitly included in Per Capita Cost

Medicare Eligibility:

All participants are assumed to be Medicare eligible upon reaching age 65

Full Attribution Age:

Age at which retirement rate is 100% once eligibility has been fulfilled (Age 65)

***Changes in Actuarial Methods and Assumptions Since Last Valuation:***

- The discount rate was changed to the rates shown above.
- Composite withdrawal rates were determined assuming 50% male gender composition.
- Premiums for coverage were updated to the amounts shown in participation above.
- There were no other changes in assumptions since last valuation.

**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2024**

**6. Sensitivity Analysis**

The following presents the total OPEB liability of the County, calculated using the discount rate of 4.22%, as well as what the Bell County total OPEB liability would be if it were calculated using a discount rate that is 1.00% lower (3.22%) or 1.00% higher (5.22%) than the current rate:

	1% Decrease 3.22%	Current Discount Rate 4.22%	1% Increase 5.22%
Total OPEB liability	<u>\$ 1,101,204</u>	<u>\$ 1,155,640</u>	<u>\$ 1,213,925</u>

The following presents the total OPEB liability of the County, calculated using the healthcare cost trend rate of 6%, as well as what the Bell County total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1.00% lower (5%) or 1.00% higher (7%) than the current rate:

	1% Decrease 5.00%	Current Healthcare Trend Rate 6.00%	1% Increase 7.00%
Total OPEB liability	<u>\$ 1,086,697</u>	<u>\$ 1,155,640</u>	<u>\$ 1,234,337</u>

**7. Deferred Amounts Related to OPEB**

Deferred amounts related to OPEB are disclosed at Note V. C) 2.

**8. Changes in the Total OPEB Liability**

Total OPEB Liability at October 1, 2023	\$ 889,535
Service Cost	74,630
Interest Cost	45,268
Employer Contributions	<u>(73,938)</u>
Increase (Decrease)	<u>45,960</u>
Deferred (Inflows) and Outflows	
Experience	189,715
Assumption Changes	<u>30,430</u>
Total Deferred (Inflows) and Outflows	<u>220,145</u>
Total OPEB Liability at September 30, 2024	<u>\$ 1,155,640</u>

**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2024**

**Breakdown of OPEB Expense**

Service Cost	
Beginning of Year Service Cost	\$ 71,608
Interest at 0.0422 on Service Cost to end of year	<u>3,022</u>
Total Service Cost	74,630
Interest on average Total OPEB Liability for the year	45,268
Amortization of Deferred (Inflows)/Outflows	
Experience (Gain)/Loss	27,184
Assumption Changes	<u>(2,061)</u>
Total Amortization	<u>25,123</u>
Net OPEB Expense	<u><u>\$ 145,021</u></u>

**NOTE VI. OTHER INFORMATION**

**A) TAX ABATEMENTS**

The County enters into property tax abatement agreements with local companies or individuals under the state Property Redevelopment and Tax Abatement Act, Chapter 312, as well as its own guidelines and criteria, which are required under the Act and were adopted by the Commissioners' Court on November 15, 2021.

Under the Act, including its guidelines and criteria, the County may grant property tax abatements for economic projects meeting one of the following criteria:

- To retain local jobs and/or increase the number and diversity of high-quality jobs that offer attractive wages and benefits;
- To encourage additional unsubsidized private development in Bell County, either directly or indirectly through "spin off" development (without the use of tax abatements);
- To facilitate the development process and to achieve development of sites that would not be developed without tax abatement assistance;
- To encourage redevelopment of commercial and industrial areas that result in high quality redevelopment, private investment, and an increase in the County tax base;
- To offset increase cost of redevelopment (i.e., contaminated site clean-up) over and above the cost normally incurred in development;

**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2024**

- To provide infrastructure necessary to accommodate economic development; or
- To meet public policy goals, as adopted by Bell County from time to time.

Request for abatements are generally not considered if submitted after the project is already substantially underway or complete.

In the event that the local companies or individuals become delinquent on the ad valorem taxes owed to Bell County and/or violate any of the terms and conditions of the abatement agreement, and fail to cure during the cure period, the agreement then may be terminated and all taxes previously abated, by virtue of the agreement, shall be recaptured and paid within thirty (30) days of the termination. Tax abatement rights may not be sold, assigned, or leased without the approval of the County.

**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2024**

The following is a list of local companies and individuals with which the County has entered into tax abatement agreements:

FY First Abated	Local Company/Individual	2024 Abated Value	Term of Abatement	Abatement Percentage	Commitment by Recipient
2016	BKV-BPP Power LLC.	124,684,850	10 Years	50% of real property	Construct new electric power generating facility; create 20 new jobs
2017	Panda Temple Power II, LLC.	103,177,025	10 Years	65% of real property	Construct new electric power generating facility
2021	Cargill, Inc.	14,620,537	10 years	100% yr 1-5, 50% yr 6-10 of real property	Construct real property improvements; create approximately 33 new jobs
2022	Niagara Bottling, LLC./Tanglefoot Properties, LLC.	41,034,565	10 years	50% to 100% of real property	Construct real property improvements; create 49 new jobs
TBD	Block 015 Arcadia, LLC	-	10 years	50% to 100% of real property	Develop performing arts center; create and maintain 3-4 full time jobs and 12-14 part time jobs
TBD	Block 015 Boering, LLC	-	10 years	50% to 100% of real property	Develop residential and retail center; create and maintain 8-13 new jobs
TBD	East Penn Manufacturing Co.	-	5 years	50% on improvements of real property	Construct real property improvements; create 266 new jobs
TBD	Thomas Biodiesel, LLC	-	10 years	50% to 100% of real property	Construct new manufacturing facility; create and maintain 28 new jobs
TBD	Wilsonart, LLC	-	10 years	20% to 80% of real property	Construct new office building; create 45 new jobs
TBD	CSC Group, LP/USA	-	5 Years	90% to 20% of real property	Construct 50,000 Sqft warehouse building; create 17 new jobs when open and 4 additional new jobs in 2022
TBD	Big Elm Solar, LLC	-	10 years	PILOT amounts Yr 1-4 \$1,553/MW Yr 5-7 \$1,584/MW Yr 8-10 \$1,641/MW	Construction of solar electricity generation facility that will involve 300 jobs. Completed project will create 2-3 new jobs
TBD	8minute Solar Energy, LLC	-	10 years	PILOT amounts Yr 1-10 \$1,292/MW	Construction of solar electricity generation facility that will involve 350 jobs. Completed project will create 2-3 new jobs

**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2024**

FY First Abated	Local Company/Individual	2024 Abated Value	Term of Abatement	Abatement Percentage	Commitment by Recipient
TBD	Revol Greens, TX, LLC	-	7 years	90% - 30% of real property	Construct new facility; create 100 jobs 6 months after completion
TBD	LJT Texas	-	7 years	50% of real property	Construct a manufacturing building; create 30 jobs
TBD	Polmer, LLC	-	10 years	75% of real and personal property	Construct new facility; create 40 jobs
TBD	Five Wells Solar Center, LLC	-	10 years	PILOT amounts Generation Yr 1-10 \$1,380/MW Storage Yr 1-10 \$572/MW	Construction of solar electricity generation and storage facility that will involve 350 jobs. Completed project will create 2 new jobs
TBD	Limewood	-	10 years	PILOT amounts Generation Yr 1-10 \$1,380/MW Storage Yr 1-10 \$572/MWh	Construction of solar electricity generation and storage facility that will involve 225 jobs. Completed project will create 1 new jobs
TBD	OCI Stillhouse Solar, LLC.	-	10 years	PILOT amounts Generation Yr 1-10 \$1,330/MW	Construction of solar electricity generation facility that will involve 350 jobs. Completed project will create 2 new jobs
TBD	Big Elm Storage	-	10 years	PILOT amounts Storage Yr 1-10 \$572/MWh	Construction of solar electricity storage facility that will involve 300 jobs. Completed project will create 2-3 new jobs
TBD	Bell 1 Solar and Storage	-	10 years	PILOT amounts Generation Yr 1-10 \$1,380/MW Storage Yr 1-10 \$569/2MWh	Construction of solar electricity generation and storage facility that will involve 200-500 jobs. Completed project will create 1 new jobs
TBD	Gransolar	-	10 years	PILOT amounts Generation Yr 1-10 \$1,340/MW	Construction of solar electricity generation facility that will involve 200 jobs. Completed project will create 2 new full-time and 5 part-time jobs
TBD	Petunia Solar Storage	-	10 years	PILOT amounts Storage either Yr 1-10 \$657/MWh Yr 1-10 \$624/2MWh	Construction of solar electricity storage facility that will involve 30-50 jobs.

**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2024**

***B) DEFERRED COMPENSATION PLAN***

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. In 1998, the County implemented the requirements of GASB Statement No. 32, "Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". In accordance with this statement and recent tax law changes, the County has amended their trust agreement, which establishes that all assets and income of the trust are for the exclusive benefit of eligible employees and their beneficiaries. Due to the implementation of these changes, the County does not have any fiduciary responsibility or administrative duties relating to the deferred compensation plan other than remitting employees' contributions to the trustee. Accordingly, the County has not presented the assets and income from the plan in these financial statements.

Deferred compensation investments are held by an outside trustee. Plan investments are chosen by the individual (employee) participant and include mutual funds whose focus is on stocks, bonds, treasury securities, money market-type investments or a combination of these.

The plan, available to all permanent County employees, permits them to defer until future years an appropriate deferral amount of annual gross earnings not to exceed amount per the following categories: Regular deferrals \$ 23,000, Age 50 and Over \$ 30,500, and Retirement Catch Up \$ 46,000.

The Retirement Catch Up allows the employee to increase the deferral amount up to two times the maximum contribution limit if the employee is within three years of normal retirement age under the plan and has not contributed the maximum in the past. The maximum contribution is allowed through the Special 457 Catch-up provision but cannot be used in the same year as Age 50 Catch-up.

The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

***C) RISK MANAGEMENT***

The County is a member of the Texas Association of Counties Risk Pool (the Pool). The Pool was created for the purpose of providing coverage against risks which are inherent in operating a political subdivision. The County pays annual premiums to the Pool for unemployment and workers' compensation coverage. The County's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will provide coverage through commercial companies' reinsurance contracts. The Pool agrees to handle all unemployment and workers' compensation claims and provide any defense as is necessary. The Pool makes available to the County loss control services to assist the County in following a plan of loss control that may result in reduced losses. The County agrees that it will cooperate in instituting all reasonable loss control recommendations made by the Pool. The County also carries commercial insurance on all other risks of loss, including liability, property, employee health, and accident insurance.

The County has experienced no significant reductions in coverage through the Pool over the past year.

There have been no insurance settlements exceeding Pool and commercial coverage for any of the past three years.

**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2024**

**D) COMMITMENTS AND CONTINGENCIES**

**1. Grants**

The County participates in a number of state and federal financial assistance programs. Although the County grant programs have been audited in accordance with the provisions of the Single Audit Act of 1984 through September 30, 2024, these programs are subject to further financial and compliance audits. The management of the County expects the amount, if any, of expenditures which may be disallowed by the granting agencies to be immaterial.

**2. Construction/Projects in Progress**

At September 30, 2024, the County had the following construction contracts and projects in progress:

Project Description	Date Signed	Funding Source	Contract Amount	Expended To Date	Committed
Jail Diversion Remodel	June 2021	Capital Project 2021	\$ 1,291,718	\$ 1,095,193	\$ 196,525
Loop Jail Facility Expansion - Minimum Security	November 2021	Capital Project 2021	11,991,129	11,506,210	484,919
RV Park, Stock Pens Addition & Fence	November 2021	General Fund	1,286,896	1,267,256	19,640
Killeen Annex Facility - Architect Only	March 2022	Capital Project 2021	400,000	327,500	72,500
Loop Jail Facility Expansion - Tower	June 2022	Capital Project 2021	99,840,290	96,272,209	3,568,081
Engineer Office - Architect Only	June 2022	General Fund	124,410	110,651	13,759
Radio Expansion Project	October 2023	Capital Project 2021	3,518,884	1,626,193	1,892,691
Expo Arena Seating Project	February 2024	General Fund	1,029,517	926,565	102,952
			<u>\$ 119,482,844</u>	<u>\$ 113,131,777</u>	<u>\$ 6,351,067</u>

**3. Litigation**

A number of claims against the County are pending with respect to various matters arising in normal course of the County's operations. The Commissioners' Court and the County's legal counsel are of the opinion that the claims will not have a material effect on the County's financial statements.

**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2024**

**E) RELATED ORGANIZATIONS**

The following related organizations are excluded from the financial reporting entity because the County's accountability does not extend beyond making appointments. Audited financial statements, if any, are available from the respective organizations. A brief description is provided for each organization to clarify its relationship with the County.

*Local School Districts* in Bell County have their own locally elected Board of Trustees and are not subject to oversight by the Commissioners' Court. The local school districts are not controlled by the County, nor dependent on it for funding, financing deficits, or receiving surpluses. Each school district adopts its own budget and collects its taxes, utilizing the Tax Appraisal District of Bell County.

*The Tax Appraisal District of Bell County* was created by authority of Senate Bill 621, known as the Property Tax Code, of the 66th Legislature of the State of Texas. The District is controlled by a Board of Directors whose members are elected by the governing bodies of various taxing units within Bell County. Management is accountable to this Board of Directors, rather than to the Commissioners' Court.

Under the Property Tax Code, the Appraisal District is required to appraise all real and personal property in Bell County and may provide other services such as preparation of tax rolls, billings, and tax collection services. A taxing unit may assess and collect taxes only from the appraisal roll prepared by the Appraisal District. Taxing units are charged a proportionate amount of the District's budget for services rendered to the taxing units.

The County has contracted with the Appraisal District to collect ad valorem taxes on behalf of the County. The Appraisal District received \$ 1,149,505 for these services in fiscal year 2024.

*The Bell County Museum Association, Inc.* (The Museum) was incorporated in Texas in 1996 as a non-profit corporation for the purpose of providing educational and outreach programs and preserving artifacts of Bell County. The Museum assists in managing operations for the benefit of the County's citizens similar to other government operations.

**F) CONDUIT DEBT OBLIGATIONS**

From time to time, the County has utilized its various conduit finance corporations, Bell County Housing Finance Corporation (HFC) and Bell County Health Facilities Development Corporation (HFDC), to issue Revenue Bonds to provide assistance to industrial, housing and healthcare development entities for the acquisition and construction of facilities deemed to be in the public interest. In every case, the Revenue Bonds issued are special limited obligations of the issuing conduit finance corporation and are secured by either the property financed and/or are payable solely from payments received under loan agreements with the borrowing entities. In every case, where the County has facilitated the issuance of such conduit Revenue Bonds, neither the County, the State of Texas nor any other political subdivision thereof is obligated in any manner, including specifically the levy of ad valorem taxes, for repayment of the Revenue Bonds. Such Revenue Bonds do not constitute a debt or a pledge of the full faith and credit of the issuing conduit finance corporation, the County or the State of Texas and, accordingly, have not been reported in the accompanying financial statements.

**BELL COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2024**

As of September 30, 2024, the County had outstanding HFC and HFDC Revenue Bonds, issued in various series, equal to \$ 37,642,614.

A breakdown of the various projects for which such Revenue Bonds were issued has been provided in the following table.

<b>Outstanding Conduit Debt</b> <b>As of September 30, 2024</b>		<b>Amount</b> <b>Outstanding</b>
<b>Issuer Name</b>	<b>Description</b>	<b>Amount</b> <b>Outstanding</b>
Bell County HFC	Bell Oaks Apartments	\$ 19,206,400
Bell County HFC	Wayman Manor Apartments	<u>18,436,214</u>
TOTAL CONDUIT DEBT		<u>\$ 37,642,614</u>

Source: The Municipal Advisory Council of Texas

***G) ARBITRAGE***

Bell County has a contract with Hilltop Securities, to perform arbitrage rebate calculations for all of the County's debt issues. Based on the County's summary of rebatable arbitrage and yield restriction all calculations indicate an arbitrage liability; therefore, there is a \$ 58,193 accrual recorded in the September 30, 2024 government-wide statements.

***H) SUBSEQUENT EVENTS***

Management has reviewed and evaluated events and transactions through March 28, 2025, the date of the independent auditor's report. No events occurred that required recording or disclosure in the 2024 financial statement.

BELL COUNTY, TEXAS  
ANNUAL COMPREHENSIVE FINANCIAL REPORT



**APPENDIX C**

**FORM OF BOND COUNSEL'S OPINION**

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Highway, Suite 490  
Austin, Texas 78731  
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February 25, 2026

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- Austin
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Bell County, Texas  
Combination Tax and Revenue Certificates of Obligation, Series 2026

Ladies and Gentlemen:

We have acted as bond counsel to Bell County, Texas (the "County") in connection with the issuance of \$ \_\_\_\_\_ aggregate principal amount of certificates of obligation designated as "Bell County, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026" (the "Certificates"). The Certificates are authorized by an Order adopted by the Commissioners Court of the County (the "Commissioners Court") on February 2, 2026 (the "Certificate Order") and a pricing certificate executed on February 5, 2026 (the "Pricing Certificate" and together with the Certificate Order, the "Order"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Order.

In such connection, we have reviewed the Order, the tax certificate of the County dated the date hereof (the "Tax Certificate"), certificates of the County, and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the original delivery of the Certificates on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Certificates on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Certificates has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Order and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Certificates to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Certificates, the Order and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement,

February 25, 2026

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fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against issuers in the State of Texas. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Certificates constitute the valid and binding obligations of the County.

2. The Commissioners Court has the power to (a) levy and pledge a direct and continuing ad valorem tax, within the limits prescribed by law, upon taxable property located within the County and (b) pledge the revenues, not to exceed \$10,000, derived from the County's juvenile justice center, which taxes and revenues have been pledged irrevocably to pay the principal of and interest on the Certificates.

3. Interest on the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Certificates is not a specific preference item for purposes of the alternative minimum tax imposed on individuals.

We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Certificates.

Respectfully yours,

NAMAN HOWELL SMITH & LEE, PLLC