

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

Dated June 17, 2026

Ratings:
Moody's: "Aaa"
S&P: "AAA"
(See "Other Information - Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, under existing law, interest on the Bonds is (i) excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and (ii) not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS" herein, including information regarding potential alternative minimum tax consequences for corporations.

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



\$223,150,000*
COLLIN COUNTY, TEXAS
LIMITED TAX PERMANENT IMPROVEMENT BONDS, SERIES 2026

Dated Date: June 15, 2026

Due: February 15, as shown below

Interest Accrues from Delivery Date

PAYMENT TERMS . . . Interest on the \$223,150,000* Collin County, Texas, Limited Tax Permanent Improvement Bonds, Series 2026 (the "Bonds") will accrue from the Delivery Date (defined below) to the initial purchasers shown below (the "Underwriters"), and will be payable February 15, 2027, and on each August 15 and February 15 thereafter until maturity or prior redemption. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds see "The Bonds - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "THE BONDS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapters 1251, 1301, and 1371, Texas Government Code, as amended, Chapter 331, Texas Local Government Code, as amended, a County-wide election held on November 7, 2023 (the "Election") and an order (the "Bond Order") adopted on May 11, 2026 by the Commissioners Court of the County (the "Commissioners Court") in which the Commissioners Court delegated pricing of the Bonds and certain other matters to an "Authorized Officer" who will approve a pricing certificate (the "Pricing Certificate" and, together with the Bond Order, the "Order") which will contain the final terms of sale and complete the sale of the Bonds, and are direct obligations of Collin County, Texas (the "County"), payable from a continuing direct ad valorem tax levied on taxable property within the County, within the limits prescribed by law, as provided by the Order (see "The Bonds – Authority for Issuance").

PURPOSE . . . Proceeds from the sale of the Bonds will be used for (i) designing, developing, constructing, renovating, improving, expanding, and equipping court facilities and juvenile and adult detention facilities, including juvenile probation facilities; (ii) designing, developing, constructing, renovating, improving, extending, expanding and maintaining non-tolled roads and bridges within Collin County, including the acquisition of land and rights-of-way therefor; and including participating in the cost of joint county-state and county-city projects; (iii) acquiring and improving land for park and open space purposes, including joint county-city projects; and (iv) paying the costs of issuing the Bonds (see "Plan of Financing – Purpose").

MATURITY SCHEDULE*

CUSIP Prefix: 194738⁽¹⁾

<u>Amount</u>	<u>(2-15) Maturity</u>	<u>Interest Rate</u>	<u>Initial Yield</u>	<u>CUSIP Suffix⁽¹⁾</u>	<u>Amount</u>	<u>(2-15) Maturity</u>	<u>Interest Rate</u>	<u>Initial Yield</u>	<u>CUSIP Suffix⁽¹⁾</u>
\$ 8,695,000	2027				\$ 10,875,000	2037			
6,935,000	2028				11,430,000	2038			
7,290,000	2029				12,020,000	2039			
7,660,000	2030				12,635,000	2040			
8,055,000	2031				13,280,000	2041			
8,470,000	2032				13,965,000	2042			
8,905,000	2033				14,680,000	2043			
9,360,000	2034				15,430,000	2044			
9,840,000	2035				16,225,000	2045			
10,345,000	2036				17,055,000	2046			

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the County, its Municipal Advisor or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

REDEMPTION . . . The County reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2037, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Bonds – Optional Redemption). If two or more consecutive serial maturities of the Bonds are grouped into a single maturity (the "Term Bonds") by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Order and will be described in the final Official Statement (see "The Bonds – Mandatory Sinking Fund Redemption").

LEGALITY . . . The Bonds are offered for delivery when, as, and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of Bracewell LLP, Bond Counsel, Dallas, Texas (see Appendix C - "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriters by Winstead PC, Dallas, Texas, Counsel for the Underwriters.

DELIVERY . . . It is expected that the Bonds will be available for delivery through The Depository Trust Company on July 30, 2026 (the "Delivery Date").

JEFFERIES

CABRERA CAPITAL MARKETS LLC

FHN FINANCIAL CAPITAL MARKETS

J.P. MORGAN

SAMCO CAPITAL

* Preliminary, subject to change.

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

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction or to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the County and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Underwriters. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

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

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or other matters described herein. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the County's undertaking to provide certain information on a continuing basis.

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

NONE OF THE COUNTY, ITS MUNICIPAL ADVISOR, OR THE UNDERWRITERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC.

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

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

REFERENCES TO WEBSITE ADDRESSES PRESENTED HEREIN ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER'S CONVENIENCE. UNLESS SPECIFIED OTHERWISE, SUCH WEBSITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS FINAL OFFICIAL STATEMENT FOR PURPOSES OF, AND AS THAT TERM IS DEFINED IN, THE RULE.

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

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

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

OFFICIAL STATEMENT SUMMARY

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

- THE COUNTY** The County is a body politic and political subdivision of the State, located in northeast Texas and is a component of the Dallas-Fort Worth Metroplex. The County covers approximately 836 square miles. The City of McKinney is the County Seat.

- THE BONDS** The Bonds are issued as \$223,150,000* Limited Tax Permanent Improvement Bonds, Series 2026 (the "Bonds"). The Bonds mature serially on February 15 in each of the years 2027 through 2046 unless the Underwriters designate one or more maturities as term bonds (see "The Bonds - Description of the Bonds").

- PAYMENT OF INTEREST** Interest on the Bonds will accrue from the Delivery Date, and is payable February 15, 2027, and each August 15 and February 15 thereafter until maturity or prior redemption (see "The Bonds - Description of the Bonds").

- AUTHORITY FOR ISSUANCE** The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapters 1251, 1301 and 1371, Texas Government Code, as amended, Chapter 331, Texas Local Government Code, as amended, a County-wide election held on November 7, 2023 (the "Election") and an order (the "Bond Order") in which the Commissioners Court delegated pricing of the Bonds and certain other matters to an "Authorized Officer" who will approve a pricing certificate (the "Pricing Certificate", and, together with the Bond Order, the "Order"), which will contain the final terms of sale and complete the sale of the Bonds. The Bonds are direct obligations of the County, payable from a continuing direct ad valorem tax levied on all taxable property within the County, within the limits prescribed by law, as provided by the Order (see "The Bonds – Authority for Issuance").

- SECURITY FOR THE BONDS** The Bonds constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the County (see "The Bonds - Security and Source of Payment").

- REDEMPTION** The County reserves the right, at its option, to redeem the Bonds, having stated maturities on and after February 15, 2037, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Bonds - Optional Redemption"). If two or more consecutive serial maturities of the Bonds are grouped into a single maturity (the "Term Bonds") by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Order and will be described in the final Official Statement (see "The Bonds – Mandatory Sinking Fund Redemption").

- TAX EXEMPTION** In the opinion of Bond Counsel, under existing law, interest on the Bonds is (i) excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and (ii) not an item of tax preference for purposes of the alternative minimum tax on individuals. See "Tax Matters" herein, including information regarding potential alternative minimum tax consequences for corporations.

- USE OF PROCEEDS** Proceeds from the sale of the Bonds will be used for (i) designing, developing, constructing, renovating, improving, expanding, and equipping court facilities and juvenile and adult detention facilities, including juvenile probation facilities; (ii) designing, developing, constructing, renovating, improving, extending, expanding and maintaining non-tolled roads and bridges within Collin County, including the acquisition of land and rights-of-way therefor; and including participating in the cost of joint county-state and county-city projects; (iii) acquiring and improving land for park and open space purposes, including joint county-city projects; and (iv) paying the costs of issuing the Bonds (see "Plan of Financing – Purpose").

* Preliminary, subject to change.

RATINGS The Bonds and the presently outstanding tax supported-debt of the County are rated "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by S&P Global Ratings, a Standard & Poor's Financial Services LLC ("S&P"), respectively, without regard to third-party credit enhancement (see "Other Information - Ratings").

BOOK-ENTRY-ONLY SYSTEM..... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds of each series may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "The Bonds - Book-Entry-Only System").

PAYMENT RECORD The County has never defaulted in payment of its general obligation tax debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated County Population	Taxable Assessed Valuation ⁽²⁾	Per Capita Taxable Assessed Valuation	Funded Tax Debt	Per Capita Funded Tax Debt	Ratio of Funded Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections
					Capita Funded Tax Debt	Taxable Assessed Valuation	
2022	1,125,999 ⁽¹⁾	\$ 167,755,086,085	\$ 148,983	\$ 543,675,000	\$ 483	0.32%	99.86%
2023	1,149,101 ⁽¹⁾	196,328,209,361	170,854	721,825,000	628	0.37%	99.82%
2024	1,158,696 ⁽¹⁾	225,503,440,075	194,618	841,715,000	726	0.37%	99.79%
2025	1,195,359 ⁽¹⁾	251,108,780,615	210,070	982,755,000	822	0.39%	99.70%
2026	1,254,658 ⁽¹⁾	270,998,282,005	215,994	1,133,555,000 ⁽³⁾	903 ⁽³⁾	0.42% ⁽³⁾	98.60% ⁽⁴⁾

(1) Source: North Central Texas Council of Governments.

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

(3) Projected; includes all limited and unlimited tax debt of the County and the Bonds. Preliminary, subject to change.

(4) Collections for partial year only, through April 30, 2026.

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COUNTY OFFICIALS, STAFF, AND CONSULTANTS

ELECTED OFFICIALS

<u>Commissioners Court</u>	<u>Term Expires</u>
Chris Hill County Judge	12/31/2026
Susan Fletcher Commissioner, Precinct No. 1	12/31/2028
Cheryl Williams Commissioner, Precinct No. 2	12/31/2026
Darrell Hale Commissioner, Precinct No. 3	12/31/2028
Duncan Webb Commissioner, Precinct No. 4	12/31/2026

OTHER ELECTED AND APPOINTED OFFICIALS

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Yoon Kim	County Administrator	Appointed by Commissioners Court
Russell Schaffner	Deputy County Administrator	Appointed by Commissioners Court
Robert D. Cone	County Auditor	Appointed by District Judges
Monika Arris	Budget Director	Appointed by Commissioners Court
Stacey Kemp	County Clerk	12/31/2026
Scott Grigg	Tax Assessor-Collector	12/31/2028

CONSULTANTS AND ADVISORS

Certified Public Accountants Pattillo, Brown & Hill, L.L.P.
Waco, Texas

Bond Counsel Bracewell LLP
Dallas, Texas

Municipal Advisor Hilltop Securities Inc.
Fort Worth, Texas

For additional information regarding the County, please contact:

Monika Arris Budget Director Collin County 2300 Bloomdale Rd., Suite 4100 McKinney, Texas 75071 (972) 548-4603	or	Robert D. Cone County Auditor Collin County 2300 Bloomdale Rd., Suite 3100 McKinney, Texas 75071 (972) 548-4643	or	Nick Bulaich Hilltop Securities Inc. 777 Main Street, Suite 1525 Fort Worth, Texas 76102 (817) 332-9710
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PRELIMINARY OFFICIAL STATEMENT

RELATING TO

COLLIN COUNTY, TEXAS

\$223,150,000*

LIMITED TAX PERMANENT

IMPROVEMENT BONDS, SERIES 2026

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$223,150,000* Collin County, Texas Limited Tax Permanent Improvement Bonds, Series 2026 (the "Bonds"). Except as otherwise indicated herein, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the bond order (the "Bond Order") adopted by the Commissioners Court of the County (the "Commissioners Court") on May 11, 2026, in which the Commissioners Court delegated pricing of the Bonds and certain other matters to an "Authorized Officer" who will approve a pricing certificate (the "Pricing Certificate" and, together with the Bond Order, the "Order"), which will contain the final terms of sale and complete the sale of the Bonds.

All financial and other information presented in this Official Statement has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future (see "Other Information –Forward-Looking Statements Disclaimer").

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

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Official Statement will be electronically deposited with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org. See "Continuing Disclosure of Information" for a description of the County's undertaking to provide certain information on a continuing basis. Capitalized Terms not otherwise defined shall have the same meanings assigned to them in the Bond Order.

DESCRIPTION OF THE COUNTY . . . The County was organized in 1846. The County operates as specified under the Constitution and statutes of the State of Texas (the "State" or "Texas") and is governed by a Commissioners Court consisting of the County Judge and four Commissioners, one for each of four Commissioners' Precincts. The County Judge is elected for a term of four years and the Commissioners for four-year staggered terms. Other major County elected officers include the County Clerk and County Tax Assessor/Collector. 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 the County. For additional demographic information describing the County, see Appendix A attached hereto.

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Bonds will be used for (i) designing, developing, constructing, renovating, improving, expanding, and equipping court facilities and juvenile and adult detention facilities, including juvenile probation facilities; (ii) designing, developing, constructing, renovating, improving, extending, expanding and maintaining non-tolled roads and bridges within Collin County, including the acquisition of land and rights-of-way therefor; and including participating in the cost of joint county-state and county-city projects; (iii) acquiring and improving land for park and open space purposes, including joint county-city projects; and (iv) paying the costs of issuing the Bonds.

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

	<u>The Bonds</u>
<u>Sources of Funds</u>	
Par Amount of Bonds	\$ -
Reoffering Premium	-
Total Sources of Funds	\$ -
<u>Uses of Funds</u>	
Deposit to Construction Fund	\$ -
Costs of Issuance ⁽¹⁾	-
Total Uses of Funds	\$ -

(1) Includes Underwriters' discount

* Preliminary, subject to change.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated June 15, 2026 (the "Dated Date"), and mature on February 15 in each of the years and in the amounts shown on the cover page hereof. Interest will accrue on the Bonds from the Delivery Date to the Underwriters and will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15, 2027, and on each August 15 and February 15 thereafter until maturity or prior redemption. The definitive Bonds 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 ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment by such participating members to the beneficial owners of the Bonds (see "The Bonds - Book-Entry-Only System" herein).

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

AUTHORITY FOR ISSUANCE . . . The Bonds are being issued pursuant to the Constitution and general laws of the State, particularly Chapters 1251, 1301, and 1371, Texas Government Code, as amended, Chapter 331, Texas Local Government Code, as amended, a County-wide election held on November 7, 2023 (the "Election"), and the Order.

SECURITY AND SOURCES OF PAYMENT . . . The Bonds constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property in the County as provided in the Order. The Bonds are payable from the County's \$0.80 constitutional tax rate limit; see "Tax Rate Limitations – General Operations: Limited Tax Bonds, Tax Notes, Time Warrants, and Contractual Obligations" below.

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

General Operations: Limited Tax Bonds, Tax Notes, Time Warrants, and Contractual Obligations... Article VIII, Section 9 of the Texas Constitution imposes a limit of \$0.80 per \$100 of assessed valuation for General Fund, Improvement Fund, Road and Bridge Fund, and Jury Fund purposes, including debt service of limited tax bonds, warrants, tax notes and certificates of obligation issued against such funds. Chapter 1301, Texas Government Code, as amended, limits the amount of limited tax bonds that may be issued for road and bridge purposes to 1 1/2 percent of the taxable assessed valuation of a county. By administrative policy, the Attorney General of Texas will permit allocation of \$0.40 of the constitutional \$0.80 tax rate for the payment of the debt service requirements on the County's limited tax general obligation indebtedness. **The Bonds will be payable from the levy and collection of this tax.**

Road Bonds... An unlimited tax rate is authorized to be voted to pay debt service on road bonds; Article III, Section 52 of the Texas Constitution provides that such debt may not exceed 25% of the County's assessed valuation of real property.

Road Maintenance (Special Road and Bridge Tax)... Under Section 256.052, Texas Transportation Code, a county may adopt an additional ad valorem tax not to exceed \$0.15 on the \$100 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 tax.**

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

See "Table 1 - Valuation, Exemptions and General Obligation Bond Debt" herein for a description of the amount of the County's debt that is secured by the unlimited tax authorized by Article III, Section 52 of the Texas Constitution, and amount of debt secured by the limited tax authorized by Article VIII, Section 9 of the Texas Constitution. See also "Table 11 - Authorized But Unissued Bonds" herein for a description of the County's remaining voted and unissued bond authorization relating to each of such unlimited and limited constitutional taxing authorizations.

OPTIONAL REDEMPTION . . . The County reserves the right, at its option, to redeem the Bonds having stated maturities on and after February 15, 2037 in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2036 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds of a series are to be redeemed, the County may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity of a series are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. IF A BOND (OR ANY PORTION OF THE PRINCIPAL SUM THEREOF) SHALL HAVE BEEN CALLED FOR REDEMPTION AND NOTICE OF SUCH REDEMPTION SHALL HAVE BEEN GIVEN, SUCH BOND (OR THE PRINCIPAL AMOUNT THEREOF TO BE REDEEMED) SHALL BECOME DUE AND PAYABLE ON SUCH REDEMPTION DATE AND INTEREST THEREON SHALL CEASE TO ACCRUE FROM AND AFTER THE REDEMPTION DATE, PROVIDED FUNDS FOR THE PAYMENT OF THE REDEMPTION PRICE AND ACCRUED INTEREST THEREON ARE HELD BY THE PAYING AGENT/REGISTRAR ON THE REDEMPTION DATE.

MANDATORY SINKING FUND REDEMPTION . . . If two or more consecutive serial maturities of the Bonds are grouped into a single maturity (the "Term Bonds") by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Order and will be described in the final Official Statement.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the County shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. IF A BOND (OR ANY PORTION OF ITS PRINCIPAL SUM) SHALL HAVE BEEN DULY CALLED FOR REDEMPTION AND NOTICE OF SUCH REDEMPTION DULY GIVEN, THEN UPON THE REDEMPTION DATE SUCH BOND (OR THE PORTION OF ITS PRINCIPAL SUM TO BE REDEEMED) SHALL BECOME DUE AND PAYABLE, AND, IF MONIES FOR THE PAYMENT OF THE REDEMPTION PRICE ARE HELD FOR THE PURPOSE OF SUCH PAYMENT BY THE PAYING AGENT/REGISTRAR AND ALL OTHER CONDITIONS TO REDEMPTION ARE SATISFIED, INTEREST SHALL CEASE TO ACCRUE AND BE PAYABLE FROM AND AFTER THE REDEMPTION DATE ON THE PRINCIPAL AMOUNT REDEEMED.

The County reserves the right, in the case of an optional redemption to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the County retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the County delivers a certificate of the County to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the County to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

DEFEASANCE . . . The Bond Order provides that the County may discharge its obligations to the registered owners of any or all of the Bonds to pay principal, interest and redemption price thereon (i) by depositing with the Paying Agent/Registrar or other lawfully authorized entity a sum of money equal to the principal of, premium, if any, and all interest to accrue on such Bonds to maturity or redemption or (ii) by depositing with the Paying Agent/Registrar or other lawfully authorized entity amounts sufficient, together with the investment earnings thereon, to provide for the payment and/or redemption of such Bonds; provided that such deposits may be invested and reinvested only in (a) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, and (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the County adopts or approves the proceedings authorizing the issuance of refunding obligations, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; or (iii) any combination of (i) and (ii) above. The foregoing obligations may be in book-entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds, as the case may be. The County may further restrict such eligible securities as deemed appropriate by an Authorized Officer (and if so restricted, the final Official Statement will provide the details).

After firm banking and financial arrangements for the discharge and final payment or redemption (for the Bonds only) of the Bonds have been made as described above, all rights of the County to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the County: (i) in the proceedings providing for the firm banking arrangements, expressly reserves the right to call Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds 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 Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The County and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

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

DTC will act as securities depository for the Bonds. The Bonds of each series will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity and series of the Bonds 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"). Direct Participant and Indirect Participants are referred to herein as "Participants". DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity and series 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 the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the County or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

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

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

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

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

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., 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 Bonds are duly paid and any successor Paying Agent/Registrar shall be a bank or trust company or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, of either series, the County agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

In the event the Book-Entry-Only System should be discontinued, interest on the Bonds will be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest will be paid (i) by check sent by United States mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at the stated maturity or earlier redemption upon presentation to the designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "Book-Entry-Only System" herein. If the date for any payment on the Bonds is a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment will be the next succeeding day which is not such a day, and payment on such date will have the same force and effect as if made on the date payment was due.

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

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

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

BONDHOLDERS' REMEDIES . . . If the County defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Order, the registered owners may seek a writ of mandamus to compel County officials to carry out their legally imposed duties with respect to the Bonds, if there is no other available remedy at law to compel performance of the Bonds or Order and the County's obligations are not uncertain or disputed.

The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The 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.

The Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Chapter 1371, Texas Government Code, as amended ("Chapter 1371") which pertains to the issuance of public securities by issuers such as the County, permits the County to waive sovereign immunity in the proceedings authorizing the issuance of the Bonds. Notwithstanding its reliance upon the provisions of Chapter 1371 in connection with the issuance of the Bonds, the County has not waived the defense of sovereign immunity with respect thereto. Because it is unclear whether the Texas legislature has effectively waived the County's governmental immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the County for breach of the Bonds or covenants set forth in the Order. Even if a judgment against the County could be obtained, it could not be enforced by direct levy and execution against the County's property. Further, the registered owners cannot themselves foreclose on property within the County or sell property within the County to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds.

In addition, 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 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 Bonds are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

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TAX INFORMATION

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 Collin Central Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

Until December 31, 2026, an appraisal district is prohibited from increasing the appraised value of real property during the 2026 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than \$5,320,000 (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. The maximum property value may be increased or decreased by the product of the preceding State fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value.

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 "Tax Information – County and Taxpayer Remedies").

STATE MANDATED HOMESTEAD EXEMPTIONS . . . State law grants, with respect to each county 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 be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED . . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded. Cities, counties and school districts are prohibited from repealing or reducing an optional homestead exemption described in (1), above, that was granted in tax year 2022 through December 31, 2027.

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.

Legislation passed by the Texas Legislature (the “Legislature”) during the 89th Regular Session and approved by the voters provides a person an exemption from taxation by a taxing unit of \$125,000 of the appraised value of the tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit. A person who leases tangible personal property is also entitled to a tax exemption of \$125,000, regardless of where the property is located in the taxing unit.

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. Beginning with the 2026 tax year, all intangible personal property is exempt from State taxation.

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. See “TAX INFORMATION – County Application of Property Tax Code” for descriptions of the County’s tax abatement agreements.

For a discussion of how the various exemptions described above are applied by the County, see “TAX INFORMATION – County Application of Property Tax Code” herein.

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER . . The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the Governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the Governor declares the area to be a disaster area. The Texas Legislature amended Section 11.35 of the Tax Code to clarify that “damage” for purposes of such statute is limited to “physical damage”

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

Owners of certain property with a taxable value in excess of the current year “minimum eligibility amount”, as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$62,883,169 million for the 2026 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 County and provides for taxpayer referenda that could result in the repeal of certain tax increases. See "TAX INFORMATION– Public Hearing and Maintenance and Operations Tax Rate Limitations". The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

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

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

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

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

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

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

"preceding total value" means a taxing unit's current total value in the applicable preceding tax year.

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

"unused increment rate" means the greater of zero and the rate expressed in dollars per \$100 of taxable value calculated by dividing (i) the cumulative difference of the foregone revenue amount, calculated using the difference between a county's voter-approval tax rate and its actual tax rate for each of the preceding three tax years, by (ii) the "current total value" as defined in Section 26.012 of the Property Tax Code, and which may be applied to a county's tax rate when calculating 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) a rate for funding of maintenance and operations expenditures in the current year, which may additionally include the Road and Bridge Maintenance Tax and the Farm-to-Market Road and Flood Control Tax (as such terms are defined below), if levied (collectively, the "maintenance and operations tax rate"), and (2) a rate for funding debt service in the current year (the "debt service tax rate"). Under State law, the assessor for the County must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the County to the Commissioners Court by August 1 or as soon as practicable thereafter.

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

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

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

If a county's adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the county must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a county does not qualify as a special taxing unit, if a county's adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the county's voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the county would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

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

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

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

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

DEBT TAX RATE LIMITATIONS . . . All taxable property within the County is subject to the assessment, levy and collection by the County of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax supported debt, within the limits prescribed by law. Article VIII, Section 9 of the Texas Constitution imposes a limit of \$0.80 per \$100 assessed valuation for all purposes of a county's General Fund, Permanent Improvement Fund, Road and Bridge Fund and Jury Fund, including debt service on bonds or other debt issued against such funds. Administratively, the Attorney General of Texas will not approve limited tax obligations in an amount which produces debt service requirements exceeding that which can be paid from \$0.40 of the foregoing \$0.80 maximum tax rate, as calculated at the time of issuance.

Article III, Section 52 of the Texas Constitution authorizes the County to levy a direct, continuing ad valorem tax on all taxable property within the County, without limit as to rate or amount to pay the principal of and interest on the County's road bonds if approved by the voters in the County. The principal amount of unlimited tax road bonds issued by the County and outstanding at any point in time, aggregated with outstanding unlimited tax debt of certain road districts located within the County cannot exceed 25% of the assessed valuation of all real property located in the County.

Article VIII, Section 9 of the Texas Constitution and State statutes authorize the County to levy a special Road and Bridge Fund Tax (the "Road and Bridge Maintenance Tax") in an amount not to exceed \$0.15 per \$100 assessed valuation, no part of which may be used for debt service, if approved by the voters.

Article VIII, Section 1-a of the Texas Constitution and State statutes permit the County to levy a tax for Farm-to-Market Road and Flood Control purposes (the "Farm-to-Market Road and Flood Control Tax") in an amount not to exceed \$0.30 per \$100 assessed valuation after the mandatory \$3,000 homestead exemption, if approved by the voters. There is no allocation prescribed by statutes between debt service and maintenance.

Section 1301.003, Texas Government Code, as amended, limits the amount of limited tax obligations of counties issued pursuant to such authority for those certain purposes as follows:

Courthouse	2% of Taxable Assessed Valuation
Jail	1 1/2% of Taxable Assessed Valuation
Courthouse and Jail	3 1/2% of Taxable Assessed Valuation
Bridge	1 1/2% of Taxable Assessed Valuation

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

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

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

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

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, the penalty remains at 12%, and accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest penalty is to compensate the taxing unit for revenue lost because of the delinquency. In addition, if an account is delinquent in July, an attorney’s collection fee of up to 20% may be added to the total tax penalty and interest charge (the County currently assesses a 15% charge for legal costs incurred collecting delinquent taxes). 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.

2025 REGULAR AND SPECIAL LEGISLATIVE SESSIONS . . .

The regular session of the 89th Texas Legislature convened on January 14, 2025 and concluded on June 2, 2025 (the “89th Regular Session”). The Legislature meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor may call one or more special sessions, at the Governor’s discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Governor has called and the Legislature has concluded two special sessions since the conclusion of the 89th Regular Session.

During the 89th Regular Session, the Legislature adopted a general appropriations act and legislation affecting ad valorem taxation procedures and the procedures of issuing debt affecting counties among other legislation affecting counties. Adopted legislation affecting ad valorem taxation procedures includes legislation that (i) changes the procedure for the adoption of and imposes limits on the amount of an M&O tax increase that may be adopted in response to declared disasters, (ii) makes technical modifications to the tax rate setting process, and (iii) makes intangible personal property exempt from ad valorem taxation. The County is reviewing the impact of the legislation approved during the 89th Regular Session and the two called special sessions and cannot make any representations regarding the likelihood of future legislative sessions or the full impact of the legislation approved during the 89th Regular Session or the two called special sessions at this time.

COUNTY APPLICATION OF PROPERTY TAX CODE . . . The County grants a \$30,000 exemption to the market value of the residence homestead of persons 65 years of age or older and \$20,000 for the disabled.

The County has granted the local-option additional exemption of 5% of the market value of residence homesteads.

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

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

The County has adopted the tax freeze on residence homesteads of disabled persons and persons over 65 which was implemented in the 2004 tax year. As a result of the adoption of the freeze, total County taxes on the residence homestead of a disabled person or persons 65 years of age or older residing in the County are at the level of taxes billed for the County's 2004-05 fiscal year, or to the amount of taxes imposed in the year such residence qualified for such exemption. In order to qualify for the exemption, a taxpayer must make application to the Appraisal District. The County has not made a comprehensive study regarding the impact that the freeze has had or will have on the taxable assessed value of the County in future years, but as the population of the County ages, the freeze is expected to have a greater impact on the County's ad valorem tax revenues.

The County does not tax nonbusiness personal property, and the County collects its own taxes.

The County does not permit split payments of taxes or discounts for early payment of taxes, although State law permits such measures on a local-option basis.

The County has exempted Freeport Property from taxation.

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

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

The Commissioners Court has adopted a tax abatement policy that reflects the options available under Chapter 312 of the Texas Tax Code ("Chapter 312"). In general, the County requires municipalities that propose County participation in abatement agreements to initiate the application and review process and to make compliance reports to the County. Most County tax abatements extend for the full ten year term permitted by Chapter 312 and include abatements of ad valorem taxes on 50% of qualifying properties, although the County has negotiated for greater or lesser amounts of tax abatement, depending upon the extent of economic development offered by an abatement applicant.

The County also participates in fourteen TIRZs, one each with the Cities of Allen, Celina, Fairview, Farmersville, Frisco, Lavon, Melissa and Plano; two each with the Town of Prosper, City of McKinney and City of Richardson. The County has not created a TIRZ.

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TABLE 1 - VALUATION, EXEMPTIONS, AND GENERAL OBLIGATION BOND DEBT

2025/26 Market Valuation Established by the Collin Central Appraisal District (excluding totally exempt property)		\$ 312,625,031,145
Less Exemptions/Reductions at 100% Market Value:		
Over 65 and Disabled	\$ 2,142,583,046	
Disabled Veterans Exemptions	2,342,033,791	
Tax Abatements	2,327,080,222	
Homestead Exemption	7,579,110,993	
Freeport Exemption	1,795,015,410	
Pollution Control Property	53,150,109	
Circuit Breaker Limitation	807,441,657	
Historical Exemption	92,243,544	
Homestead Cap Adjustment	7,270,457,118	
Agricultural Productivity, Open Space Land Use Reductions	15,944,110,916	
Other	<u>1,273,522,334</u>	<u>41,626,749,140</u>
2025/26 Net Taxable Assessed Valuation		\$ 270,998,282,005
County Funded Debt Payable from Ad Valorem Taxes (as of 4-30-26)		
Limited Tax Debt	\$ 903,085,000	
Unlimited Tax Debt	7,320,000	
The Bonds	<u>223,150,000</u> ⁽¹⁾	
Funded Debt Payable from Ad Valorem Taxes		\$ 1,133,555,000
Interest and Sinking Fund (as of 4-30-26)		\$ 18,543,228
Ratio General Obligation Debt to Taxable Assessed Valuation		0.42%
2026 Estimated Population - 1,254,658 Per Capita Taxable Assessed Valuation - \$215,994 Per Capita Funded Debt Payable from Ad Valorem Taxes - \$903		

⁽¹⁾ Preliminary, subject to change.

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TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2026		2025		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 191,218,035,356	61.17%	\$ 182,786,877,938	61.69%	\$ 170,926,233,960	62.50%
Real, Residential, Multi-Family	25,250,639,229	8.08%	24,439,679,834	8.25%	22,410,635,617	8.19%
Real, Vacant Lots/Tracts	3,790,355,625	1.21%	3,554,190,192	1.20%	3,204,774,055	1.17%
Real, Acreage (Land Only)	16,016,561,928	5.12%	14,319,607,959	4.83%	13,066,783,148	4.78%
Real, Farm and Ranch Improvements	3,541,914,628	1.13%	3,396,580,992	1.15%	3,975,436,234	1.45%
Real, Commercial and Industrial	48,498,279,902	15.51%	45,709,605,548	15.43%	41,939,984,843	15.34%
Real and Intangible Personal, Utilities	2,346,548,871	0.75%	2,265,971,012	0.76%	2,156,361,268	0.79%
Tangible Personal, Business	15,988,333,434	5.11%	14,720,500,077	4.97%	12,062,527,215	4.41%
Tangible Personal, Other	180,525,771	0.06%	185,942,185	0.06%	160,570,943	0.06%
Inventory	3,956,796,783	1.27%	3,351,924,536	1.13%	3,117,308,055	1.14%
Special Inventory Tax	535,025,329	0.17%	495,592,569	0.17%	466,799,218	0.17%
Prorated	1,302,014,289	0.42%	1,061,131,217	0.36%	-	0.00%
Total Appraised Value Before Exemptions	\$ 312,625,031,145	100.00%	\$ 296,287,604,059	100.00%	\$ 273,487,414,556	100.00%
Less: Total Exemption/Reductions	(41,626,749,140)		(45,178,823,444)		(47,983,974,481)	
Taxable Assessed Value	\$ 270,998,282,005		\$ 251,108,780,615		\$ 225,503,440,075	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2023		2022	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 145,206,595,786	62.05%	\$ 108,223,566,755	58.27%
Real, Residential, Multi-Family	18,675,424,925	7.98%	15,971,054,766	8.60%
Real, Vacant Lots/Tracts	2,993,576,684	1.28%	2,532,442,992	1.36%
Real, Acreage (Land Only)	10,862,956,375	4.64%	9,020,691,874	4.86%
Real, Farm and Ranch Improvements	3,261,762,723	1.39%	2,284,471,024	1.23%
Real, Commercial and Industrial	37,917,863,267	16.20%	34,192,395,391	18.41%
Real and Intangible Personal, Utilities	1,974,901,216	0.84%	1,896,606,236	1.02%
Tangible Personal, Business	10,249,023,287	4.38%	9,156,071,546	4.93%
Tangible Personal, Other	155,382,261	0.07%	120,340,152	0.06%
Inventory	2,300,052,693	0.98%	2,042,588,862	1.10%
Special Inventory Tax	399,752,220	0.17%	289,093,425	0.16%
Total Appraised Value Before Exemptions	\$ 233,997,291,437	100.00%	\$ 185,729,323,023	100.00%
Less: Total Exemptions/Reductions	(37,669,082,076)		(17,974,236,938)	
Taxable Assessed Value	\$ 196,328,209,361		\$ 167,755,086,085	

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

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TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	Tax Debt Outstanding at End of Year	Ratio Tax Debt to Taxable Assessed Valuation	Funded Debt Per Capita ⁽³⁾
2022	1,125,999	\$ 167,755,086,085	\$ 148,983	\$ 543,675,000	0.32%	\$ 483
2023	1,149,101	196,328,209,361	170,854	721,825,000	0.37%	628
2024	1,158,696	225,503,440,075	194,618	841,715,000	0.37%	726
2025	1,195,359	251,108,780,615	210,070	982,755,000	0.39%	822
2026	1,254,658	270,998,282,005	215,994	1,133,555,000 ⁽³⁾	0.42% ⁽³⁾	903 ⁽³⁾

(1) Source: North Central Texas Council of Governments.

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

(3) Projected; includes the Bonds. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY, AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy (Expressed in Thousands)	% Current Collections	% Total Collections
2022	\$ 0.168087	\$0.116836	\$ 0.051251	\$ 277,752	99.40%	99.86%
2023	0.152443	0.108172	0.044271	293,176	99.84%	99.82%
2024	0.149343	0.107493	0.041850	326,715	100.09%	99.79%
2025	0.149343	0.108387	0.040956	360,944	99.70%	99.70%
2026	0.149343	0.107452	0.041891	381,037	98.22% ⁽¹⁾	98.60% ⁽¹⁾

(1) Collections for partial year only, through April 30, 2026.

TABLE 5 - TAX RATE DISTRIBUTION ANALYSIS

	Tax Year				
	2025	2024	2023	2022	2021
Limited Constitutional Taxes ⁽¹⁾					
Operating Fund	\$ 0.107493	\$ 0.106420	\$ 0.106420	\$ 0.107120	\$ 0.115507
Limited Tax Debt Service Fund	0.040378	0.039825	0.038284	0.035129	0.035045
Total Limited Constitutional Tax Rate	\$ 0.147871	\$ 0.146245	\$ 0.144704	\$ 0.142249	\$ 0.150552
Unlimited Constitutional Taxes ⁽²⁾					
Road & Bridge Fund	\$ 0.000000	\$ 0.000000	\$ 0.000000	\$ 0.000000	\$ 0.000000
Permanent Improvement Fund	0.000894	0.001073	0.001073	0.001052	0.001329
Unlimited Tax Debt Service Fund	0.000578	0.002025	0.003566	0.009142	0.016206
Total Tax Rate	\$ 0.149343	\$ 0.149343	\$ 0.149343	\$ 0.152443	\$ 0.168087

(1) Taxes levied pursuant to Article VIII, Section 9 of the Texas Constitution, limited to \$0.80 per \$100 of taxable assessed valuation for general operations and limited tax debt.

(2) To support debt issued pursuant to Article III, Section 52 of the Texas Constitution.

TABLE 6 - TEN LARGEST TAXPAYERS

Name of Taxpayer	2025/26 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Oncor Electric Delivery Company	\$ 803,350,900	0.30%
Toyota Motor North America Inc	631,000,000	0.23%
Texas Instruments Inc.	616,137,665	0.23%
JP Morgan Chase Bank NA	612,012,510	0.23%
Legacy West Investors LLC	476,808,667	0.18%
Coreweave Inc.	441,213,771	0.16%
Atmos Energy/Mid-Tex Distribution	435,529,428	0.16%
JFSF Edgewood 1-3 LLC	427,854,528	0.16%
Bank of America NA	382,899,108	0.14%
Liberty Mutual Plano LLC	373,704,372	0.14%
	<u>\$ 5,200,510,949</u>	<u>1.92%</u>

TABLE 7 - TAX ADEQUACY ⁽¹⁾

2026 Principal and Interest Requirements	\$ 114,643,123
\$0.0428 Tax Rate at 99% Collection Produces	\$ 114,827,392
Average Annual Principal and Interest Requirements, 2026 - 2046	\$ 85,854,989
\$0.0321 Tax Rate at 99% Collection Produces	\$ 86,120,544
Maximum Principal and Interest Requirements, 2026	\$ 114,643,123
\$0.0428 Tax Rate at 99% Collection Produces	\$ 114,827,392

(1) For all tax supported indebtedness (limited and unlimited), including the Bonds. Preliminary, subject to change.

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TABLE 8 - ESTIMATED CONSOLIDATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the County are paid out of ad valorem taxes levied by such entities on property within their boundaries and 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 of such report, 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.

	2025/26 Taxable Assessed Value	2025/26 Tax Rate	Total Funded Debt	Estimated % Applicable	County's Overlapping Funded Debt 4-30-26
Governmental Subdivision					
Collin County	\$ 270,998,282,005	\$ 0.149343	\$ 1,133,555,000 ⁽¹⁾	100.00%	\$ 1,133,555,000 ⁽¹⁾
Special Districts					
Blue Meadow Municipal Utility District No. 3	\$ 17,118,942	\$ 1.000000	\$ 3,125,000	100.00%	\$ 3,125,000
Collin County Community College District	245,013,219,037	0.081000	438,250,000	100.00%	438,250,000
Collin County Municipal Utility District No. 1	2,007,341,613	0.890000	178,915,000	100.00%	178,915,000
Collin County Municipal Utility District No. 2	975,228,108	1.000000	130,465,000	100.00%	130,465,000
Collin County Municipal Utility District No. 4	208,778,464	1.000000	26,385,000	63.29%	16,699,067
Collin County Municipal Utility District No. 5	51,829,051	1.100000	4,970,000	1.31%	65,107
Collin County Municipal Utility District No. 10	40,977,471	1.000000	6,485,000	100.00%	6,485,000
Collin County Municipal Utility District CR412	119,475,882	1.000000	12,715,000	100.00%	12,715,000
Collin County Water Control and Improvement District No. 3	1,148,808,454	0.894000	97,350,000	100.00%	97,350,000
East Fork Fresh Water Supply District #1-A	88,286,512	0.850000	10,935,000	100.00%	10,935,000
Elvon Municipal Utility District #1A	170,475,994	1.200000	24,925,000	100.00%	24,925,000
Lakehaven Municipal Utility District	231,623,449	1.200000	22,140,000	100.00%	22,140,000
LC Municipal Utility District No. 1	28,087,342	1.000000	5,540,000	100.00%	5,540,000
Magnolia Pointe Municipal Utility District No. 1	626,153,942	0.950000	81,425,000	71.87%	58,520,148
McKinney Municipal Utility District No. 1	1,048,244,373	0.985000	118,765,000	100.00%	118,765,000
McKinney Municipal Utility District No. 2	615,630,148	1.050000	81,705,000	100.00%	81,705,000
North Parkway Municipal Management District No. 1 (Defined Area No. 1)	355,821,784	0.408000	23,415,000	100.00%	23,415,000
Riverfield Municipal Utility District No. 1	107,138,144	1.000000	14,505,000	8.77%	1,272,089
Uptown Municipal Utility District No. 1	126,328,216	0.800000	24,325,000	13.11%	3,189,008
Van Alstyne Municipal Utility District No. 3	83,583,218	1.000000	9,210,000	51.36%	4,730,256
Total Districts					\$ 1,239,205,673
Cities					
Allen	\$ 23,225,184,012	\$ 0.415000	\$ 191,120,000	100.00%	\$ 191,120,000
Anna	4,424,556,187	0.525000	257,590,000	100.00%	257,590,000
Blue Ridge	127,181,973	0.430000	1,425,000	100.00%	1,425,000
Celina	10,882,286,288	0.576000	602,610,000	84.12%	506,915,532
Fairview	3,584,724,117	0.317000	20,190,000	100.00%	20,190,000
Farmersville	529,980,603	0.725000	16,910,000	100.00%	16,910,000
Josephine	356,278,186	0.468000	33,835,000	98.18%	33,219,203
Lavon	1,498,688,045	0.420000	26,595,000	100.00%	26,595,000
Lucas	2,750,744,512	0.256000	14,335,000	100.00%	14,335,000
McKinney	45,117,213,609	0.412000	483,240,000	100.00%	483,240,000
Melissa	4,653,964,110	0.454000	147,045,000	100.00%	147,045,000
Murphy	3,976,787,636	0.358000	46,085,000	100.00%	46,085,000
Parker	2,127,073,972	0.310000	5,525,000	100.00%	5,525,000
Princeton	4,788,891,687	0.440000	153,500,000	100.00%	153,500,000
Prosper	12,139,251,181	0.505000	238,130,000	69.70%	165,976,610
Wylie	9,158,685,376	0.543000	52,175,000	95.12%	49,628,860
County-Line Cities					
Carrollton	\$ 23,831,352,108	\$ 0.538000	\$ 201,225,000	0.82%	\$ 1,650,045
Dallas	22,456,133,434	0.699000	2,544,258,469	3.89%	98,971,654
Frisco	55,623,205,716	0.426000	1,288,480,000	62.02%	799,115,296
Garland	27,055,675,630	0.690000	593,380,000	0.16%	949,408
Plano	65,391,050,143	0.438000	632,410,000	96.27%	608,821,107
Richardson	26,096,090,397	0.542000	415,840,000	48.66%	202,347,744
Royse City	2,955,567,414	0.578000	110,400,000	16.54%	18,260,160
Sachse	4,792,220,735	0.650000	68,630,000	37.63%	25,825,469
Van Alstyne	1,096,715,738	0.554000	74,250,000	0.02%	14,850
Total Cities					\$ 3,875,255,938

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

	2025/26 Taxable Assessed Value	2025/26 Tax Rate	Total Funded Debt	Estimated % Applicable	County's Overlapping Funded Debt 4-30-26
<u>School Districts</u>					
Allen ISD	\$ 23,158,440,256	\$ 1.126000	\$ 661,129,039	100.00%	661,129,039
Anna ISD	4,040,708,127	1.240000	465,278,846	100.00%	465,278,846
Farmersville ISD	1,356,005,642	1.215000	126,550,000	100.00%	126,550,000
Lovejoy ISD	3,712,118,076	1.255000	175,075,000	100.00%	175,075,000
McKinney ISD	26,988,468,200	1.104000	338,220,000	100.00%	338,220,000
Melissa ISD	4,765,082,248	1.225000	585,255,000	100.00%	585,255,000
Plano ISD	67,949,269,533	1.040000	1,291,905,000	100.00%	1,291,905,000
Princeton ISD	5,426,504,998	1.207000	661,274,480	100.00%	661,274,480
Wylie ISD	10,115,909,796	1.175000	629,119,927	100.00%	629,119,927
<u>County-Line School Districts</u>					
Bland ISD	\$ 450,326,641	\$ 0.857000	\$ 11,685,000	6.86%	\$ 801,591
Blue Ridge ISD	538,609,939	1.245000	59,765,000	95.98%	57,362,447
Celina ISD	6,363,387,948	1.209000	650,420,000	83.37%	542,255,154
Community ISD	3,106,956,481	1.208000	425,055,000	93.75%	398,489,063
Frisco ISD	66,038,934,562	1.019000	2,009,983,257	69.59%	1,398,747,349
Leonard ISD	440,118,552	1.225000	37,650,000	5.48%	2,063,220
Prosper ISD	24,715,150,151	1.214000	2,647,121,426	79.19%	2,096,255,457
Rockwall ISD	15,418,117,064	1.067000	903,942,666	0.01%	90,394
Royse City ISD	4,797,810,039	1.255000	685,934,558	8.31%	57,001,162
Trenton ISD	520,468,372	1.207000	60,010,000	3.95%	2,370,395
Van Alstyne ISD	2,237,953,187	1.175000	242,390,000	6.65%	16,118,935
Whitewright ISD	465,063,353	0.978000	16,860,000	2.40%	404,640
Total School Districts					\$ 9,505,767,098
Total Direct and Overlapping Funded Debt					\$ 15,753,783,710
Ratio of Direct and Overlapping Funded Debt to Taxable Assessed Valuation					6.43%

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TABLE 9 – PRO FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year	Unlimited Tax		Limited Tax		The Bonds ⁽¹⁾		Total	% of
Ending 9/30	Outstanding Debt		Outstanding Debt		Outstanding Debt		Debt Service	Principal Retired
	Principal	Interest	Principal	Interest	Principal	Interest		
2026	\$ 6,555,000	\$ 441,563	\$ 65,795,000	\$ 41,851,561	\$ -	\$ -	\$ 114,643,123	
2027	2,600,000	225,688	49,080,000	38,938,466	8,695,000	11,405,021	110,944,174	
2028	2,705,000	119,588	45,555,000	36,793,813	6,935,000	10,549,375	102,657,775	
2029	2,015,000	32,744	45,745,000	34,727,857	7,290,000	10,193,750	100,004,351	
2030	-	-	49,695,000	32,583,299	7,660,000	9,820,000	99,758,299	24.90%
2031	-	-	51,940,000	30,361,863	8,055,000	9,427,125	99,783,988	
2032	-	-	51,860,000	28,099,450	8,470,000	9,014,000	97,443,450	
2033	-	-	51,980,000	25,768,881	8,905,000	8,579,625	95,233,506	
2034	-	-	52,495,000	23,401,669	9,360,000	8,123,000	93,379,669	
2035	-	-	52,920,000	21,056,694	9,840,000	7,643,000	91,459,694	50.27%
2036	-	-	52,635,000	18,748,894	10,345,000	7,138,375	88,867,269	
2037	-	-	54,835,000	16,398,238	10,875,000	6,607,875	88,716,113	
2038	-	-	57,305,000	13,931,034	11,430,000	6,050,250	88,716,284	
2039	-	-	59,850,000	11,388,325	12,020,000	5,464,000	88,722,325	
2040	-	-	53,770,000	8,936,894	12,635,000	4,847,625	80,189,519	78.10%
2041	-	-	46,995,000	6,673,825	13,280,000	4,199,750	71,148,575	
2042	-	-	44,215,000	4,638,275	13,965,000	3,518,625	66,336,900	
2043	-	-	42,010,000	2,788,700	14,680,000	2,802,500	62,281,200	
2044	-	-	26,035,000	1,296,325	15,430,000	2,049,750	44,811,075	
2045	-	-	14,165,000	354,125	16,225,000	1,258,375	32,002,500	98.59%
2046	-	-	-	-	17,055,000	426,375	17,481,375	100.00%
Totals	<u>\$ 13,875,000</u>	<u>\$ 819,581</u>	<u>\$ 968,880,000</u>	<u>\$ 398,738,187</u>	<u>\$ 223,150,000</u>	<u>\$ 129,118,396</u>	<u>\$ 1,734,581,164</u>	

(1) Average life of the issue – 11.572 years. Interest on the Bonds has been calculated at the average rate of 4.18% for purposes of illustration. Preliminary, subject to change.

TABLE 10 - INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/26		\$ 114,643,123	
Estimated Interest and Sinking Fund, 9/30/25	\$ 4,907,731		
Investment Revenues	780,000		
Budgeted Interest and Sinking Fund Tax Levy	108,986,771		<u>114,674,502</u>
Estimated Balance, 9/30/26	\$ 31,379		

TABLE 11 - AUTHORIZED BUT UNISSUED BONDS

Purpose	Date Authorized	Amount Authorized ⁽¹⁾	Amount	Amount	Unissued Balance
			Previously Issued	Being Issued ⁽²⁾	
Proposition A Court and Detention Facilities	11/7/2023	\$ 261,864,179	\$ 221,292,000	\$ 40,572,179	\$ -
Proposition B Animal Shelter Facility	11/7/2023	5,700,000	5,700,000	-	-
Proposition C Medical Examiner Facility	11/7/2023	13,360,685	9,500,000	-	3,860,685
Proposition D Park and Open Space	11/7/2023	22,450,000	10,450,000	4,000,000	8,000,000
Proposition E Road and Bridge	11/7/2023	380,000,000	163,900,000	199,100,000	17,000,000
		<u>\$ 683,374,864</u>	<u>\$ 410,842,000</u>	<u>\$ 243,672,179</u>	<u>\$ 28,860,685</u>

(1) Article VIII, Section 9 indebtedness (limited tax).

(2) Includes premium generated on the Bonds and allocated to voted authorization. Preliminary, subject to change.

ANTICIPATED ISSUANCE OF ADDITIONAL GENERAL OBLIGATION DEBT . . . The Commissioners Court annually adopts a capital improvement plan (the "CIP") as part of the County's annual budget. The CIP is made for planning purposes and may identify projects that will be deferred or omitted entirely in future years. In addition, as conditions change, new projects may be added that are not currently identified. The improvements included in the CIP are generally funded from a blend of bond proceeds, reserves or current year revenue sources. Most of the planned expenditures will be funded with proceeds of prior bond issues. As shown in Table 11, after the issuance of the Bonds, the County will have \$28,860,685* of authorized but unissued bonds.

TABLE 12 – OTHER OBLIGATIONS**Operating Leases**

As lessor, the Health Care Foundation has a number of non-cancelable operating leases with minimum future rental revenues in aggregate of \$3,926,594. The buildings are carried at a book value of \$4,673,670 with accumulated depreciation of \$7,173,950. Future minimum rental revenue applicable to the operating leases are as follows:

Fiscal Year Ending September 30,	HCF Contractual Future Rental Revenues
2026	\$ 1,181,342
2027	1,089,935
2028	913,884
2029	741,433
Total	<u>\$ 3,926,594</u>

Collin County leases office space under operating leases that expire over periods of up to five years. Most of the leases are non-cancelable and renewal options are available. The aggregate total of these lease obligations is \$1,962,131 for the year ended September 30, 2025. As of September 30, 2025, future minimum rental obligations applicable to the operating leases are as follows:

Fiscal Year Ending September 30,	Contractual Future Rental Obligations
2026	\$ 548,196
2027	590,800
2028	425,445
2029	397,690
Total	<u>\$ 1,962,131</u>

* Preliminary, subject to change.

LEASE LIABILITY

A summary of lease payable, as of September 30, 2025, for governmental activities are as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Liability	Amounts Outstanding 9/30/24	Princ Amounts Due Within One Year
Governmental activities:					
Right to Use:					
Buildings	0.435%	2021	\$ 1,236,248	\$ -	\$ -
Equipment	3.445%	2022	547,131	284,884	148,018
Equipment	3.445%	2022	8,867	5,152	2,677
Equipment	3.445%	2022	32,248	14,911	7,152
Total governmental activities				<u>\$ 304,947</u>	<u>\$ 157,847</u>

The future principal and interest lease payments as of September 30, 2025, are as follows for governmental activities:

Year Ended September 30,	Governmental Activities		
	Principal	Interest	Total Requirements
2026	\$ 149,275	\$ 8,572	\$ 157,847
2027	154,485	3,361	157,846
2028	1,187	5	1,192
2029	-	-	-
2030	-	-	-
Totals	<u>\$ 304,947</u>	<u>\$ 11,938</u>	<u>\$ 316,885</u>

SUBSCRIPTION LIABILITY

A summary of subscription payables, as of September 30, 2025, for governmental activities are as follows:

Purpose of Subscriptions	Interest Rate	Initial Year of Subscription	Amount of Initial Liability	Amounts Outstanding 9/30/24	Princ Amounts Due Within One Year
Governmental activities:					
Right to Use:					
Subscriptions	3.049%	2024	\$ 800,037	\$ 321,208	\$ 331,002
Subscriptions	3.107%	2022	115,250	-	-
Subscriptions	2.570%	2024	1,024,018	-	-
Subscriptions	3.049%	2025	6,587,735	5,407,314	1,180,421
Subscriptions	3.049%	2025	1,367,985	326,476	170,741
Total governmental activities				<u>\$ 6,054,998</u>	<u>\$ 1,682,164</u>

The future principal and interest lease payments as of September 30, 2025, are as follows for governmental activities:

Year Ended September 30,	Governmental Activities		
	Principal	Interest	Total Requirements
2026	\$ 1,506,706	\$ 175,458	\$ 1,682,164
2027	1,212,484	138,677	1,351,162
2028	1,078,712	101,709	1,180,421
2029	1,111,602	68,819	1,180,421
2030	1,145,494	34,926	1,180,420
Totals	<u>\$ 6,054,998</u>	<u>\$ 519,589</u>	<u>\$ 6,574,586</u>

PENSION FUND . . . The County Employee Pension Plan (“CEPP”) provides retirement, disability and death benefits for all of its full-time employees through an agent multiple-employer defined benefit pension plan in the Texas County and District Retirement System (“TCDRS”). The Board of Trustees is responsible for the administration of the statewide agent multi-employer public employee defined benefit pension retirement system consisting of nearly 870 public employee defined benefit pension plans. TCERS in the aggregate issues an annual comprehensive financial report (“ACFR”) on a calendar year basis. The ACFR is available upon written request from the board of trustees at P. O. Box 2034, Austin, Texas 78768-2034 or can be viewed at www.tcds.org.

The plan provisions are adopted by the governing body of the employer, within the options available in the State statutes governing the TCERS (“TCERS Act”). Members employed by Collin County can retire at age 60 and above with eight or more years of service, with 30 years of service, regardless of age, or when the sum of their age and years of service equal 75 or more. Members are vested after eight years of employment but must leave their accumulated contributions in the plan until retirement to receive any employer-financed benefit.

BENEFITS PROVIDED. . . TCERS provides retirement, disability and death benefits for all full-time employees. Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest at a fixed 7% rate per annum, 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 TCERS Act so that the resulting benefits can be expected to be adequately financed by the employer’s contribution commitment. 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 TCERS Act.

Benefit terms provide for cost-of-living adjustments to each employee’s retirement allowance subsequent to the employee’s retirement date. The Commissioners Court chooses to provide a cost of-living adjustment every third year. The amount of the adjustment is also determined every third year by the Commissioners Court.

EMPLOYEES COVERED BY BENEFIT TERMS. . . As of December 31, 2024, the plan had 4,532 members of which 1,938 are depositing members and 1,520 are inactive members entitled but not yet receiving benefits. As of December 31, 2024 there were 1,074 retired employees receiving benefits from the program averaging \$2,743 per month per retired employee.

CONTRIBUTIONS. . . The County elected the annually determined contribution rate (variable rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The required actuarial rate for calendar years 2024 and 2025, was 7.58% and 7.49%, respectively. However, the County contributed an amount of 10.00% and 10.00%, respectively. The contribution rate payable by the employee members for the calendar years of 2025 and 2024 was 7.0% as adopted by the governing body of the County. The employee contribution rate and the County’s contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act. If a plan has had adverse experience, the TCDRS Act has provisions that allow the employer to contribute a fixed supplemental contribution rate determined by the System’s actuary above the regular rate for 25 years or to reduce benefits earned in the future.

NET PENSION LIABILITY. . . The County’s net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

ACTUARIAL ASSUMPTIONS. . . The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Real Rate of Return	5.00%
Inflation	2.50%
Investment rate of return	7.50%
Salary Increases	4.70%

Updated mortality assumptions were adopted in the actuarial valuation of December 31, 2024. All other actuarial assumptions that determined the total pension liability as of December 31, 2024, were based on the results of an actuarial experience study for the period of January 1, 2017, through December 31, 2020. Mortality rates are as follows:

Depositing members	135% of the Pub-2010 Active Employee Mortality Table for males and 120% PUB-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub02010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

All actuarial assumptions that determined the total pension liability as of December 31, 2024 were based on the results of a public sector actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB 68. The economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting and revised assumptions were adopted. These revisions included reductions in the investment return, wage growth, and maximum payroll growth assumptions. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

The long-term expected rate of return on pension plan investments is 7.60%. The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected longterm real returns and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2025 information for a 10-year time horizon. The valuation assumption for long-term expected return is reassessed at a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting.

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

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

(1) Target asset allocation adopted at the March 2023 TCDRS Board Meeting.

(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.3%, per Cliffwater's 2023 capital market assumptions.

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

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

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

DISCOUNT RATE. . . The Discount rate used to calculate the total pension asset was 7.60%. This rate reflects the long-term rate of return funding valuation assumption of 7.50% plus a 0.10% adjustment to be gross of the administration expenses. The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balance at 12/31/2023	\$ 786,281,942	\$ 854,118,434	\$ (67,836,492)
Changed for the year			
Service cost	19,842,831	-	19,842,831
Interest on total pension liability ⁽¹⁾	59,910,377	-	59,910,377
Effect of economic/demographic gains or losses	5,685,312	-	5,685,312
Effect of plan changes ⁽²⁾	-	-	-
Refund of contributions	(1,571,373)	(1,571,373)	-
Benefit payments	(34,754,448)	(34,754,448)	-
Administrative expenses	-	(506,338)	506,338
Member contributions	-	10,856,229	(10,856,229)
Net investment income	-	86,850,541	(86,850,541)
Employer contributions	-	15,459,538	(15,459,538)
Other ⁽³⁾	-	(298,043)	298,043
Balance at 12/31/2024	<u>835,394,641</u>	<u>930,154,540</u>	<u>(94,759,899)</u>

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

(2) No plan changes valued.

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

SENSITIVITY OF THE NET PENSION ASSET TO CHANGES IN THE DISCOUNT RATE. . . The following presents the net pension asset of the County, calculated using the discount rate of 7.60%, as well as what the County net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total Pension Liability	\$ 948,953,690	\$ 835,394,641	\$ 740,462,034
Fiduciary net position	930,154,540	930,154,540	930,154,540
Net pension liability/ (asset)	\$ 18,799,150	\$ (94,759,899)	\$ (189,692,506)

FINANCIAL INFORMATION

TABLE 13 - CHANGES IN NET ASSETS

	Fiscal Year Ended September 30,				
	2025	2024	2023	2022	2021
Revenues:					
Program Revenues:					
Charges for Services	\$ 72,516,528	\$ 67,833,017	\$ 63,260,606	\$ 61,871,141	\$ 61,698,940
Operating Grants and Contributions	405,456,316	201,947,683	30,255,660	28,359,680	114,444,157
Capital Grants and Contributions	186,211,989	19,819,750	3,764,095	10,355,389	4,132,686
Total Program Revenues	\$ 664,184,833	\$ 289,600,450	\$ 97,280,361	\$ 100,586,210	\$ 180,275,783
General Revenues:					
Taxes	\$ 367,932,453	\$ 336,519,107	\$ 303,678,781	\$ 284,576,453	\$ 273,764,376
Unrestricted Investment Earnings	51,305,729	49,746,332	41,112,271	(4,833,139)	1,196,328
Gain (Loss) on Sale of Assets	17,166	-	-	-	-
Miscellaneous	638,030	935,801	1,233,478	492,196	229,005
Total General Revenues	\$ 419,893,378	\$ 387,201,239	\$ 346,024,530	\$ 280,235,510	\$ 275,189,709
Total Revenues	\$ 1,084,078,211	\$ 676,801,689	\$ 443,304,891	\$ 380,821,720	\$ 455,465,492
Expenses:					
General Administration	\$ 54,811,693	\$ 53,361,971	\$ 69,804,886	\$ 58,606,917	\$ 44,533,445
Judicial	34,144,843	30,963,469	26,056,020	21,831,102	24,755,616
Financial Administration	18,458,433	17,399,087	15,096,595	12,739,873	14,180,025
Legal	19,662,007	17,843,478	15,643,677	13,405,911	16,400,340
Public Facilities	24,724,950	20,305,922	23,703,872	19,287,811	20,042,990
Equipment Services	4,638,403	3,899,565	3,285,206	3,968,071	3,477,123
Public Safety	117,097,857	106,110,063	87,119,792	68,900,225	64,605,691
Public Transportation	272,982,048	77,728,973	64,710,835	53,647,872	49,764,938
Health and Welfare	302,216,165	144,029,903	34,823,741	29,447,114	113,967,832
Culture and Recreation	2,659,905	2,842,250	2,334,137	2,095,172	3,150,401
Conservation	323,985	306,870	272,337	228,772	257,448
Debt Service, Interest and Fiscal Charges	39,054,620	27,461,008	17,240,879	14,907,857	13,340,219
Total Expenses - Before Transfers	\$ 890,774,909	\$ 502,252,559	\$ 360,091,977	\$ 299,066,697	\$ 368,476,068
Change in Net Position	\$ 193,303,305	\$ 174,549,131	\$ 83,212,914	\$ 81,755,023	\$ 86,989,424
Adjustments	-	-	-	-	(4,354,177)
Net Position as of October 1	1,148,182,714	973,633,583	890,420,669	808,665,646	726,030,399
Net Position as of September 30	\$ 1,341,486,019	\$ 1,148,182,714	\$ 973,633,583	\$ 890,420,669	\$ 808,665,646

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TABLE 13A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

Revenues	Fiscal Year Ended September 30,				
	2025	2024	2023	2022	2021
Taxes	\$ 262,579,644	\$ 237,216,055	\$ 209,359,086	\$ 193,504,103	\$ 187,658,045
License and Permits	643,797	721,547	636,992	719,103	766,451
Federal and State Funds	9,853,097	9,623,939	9,729,233	8,451,393	6,942,038
Fees and Charges for Services	27,086,050	26,470,783	25,289,200	26,221,575	26,354,342
Fines and Forfeitures	1,711,682	1,333,719	1,304,945	1,260,580	1,066,906
Rental Revenues	262,341	272,766	309,894	316,823	286,632
Interest	17,722,844	21,443,867	13,649,559	(4,680,185)	463,854
Miscellaneous	1,422,840	1,220,573	1,289,986	688,781	396,502
Total Revenues	\$ 321,282,295	\$ 298,303,249	\$ 261,568,895	\$ 226,482,173	\$ 223,934,770
Expenditures					
General Administration	\$ 44,709,750	\$ 41,513,909	\$ 60,385,421	\$ 56,838,674	\$ 37,344,678
Judicial	32,944,799	29,718,713	25,550,186	23,878,379	23,144,368
Financial Administration	19,517,865	18,064,842	15,825,638	14,996,188	14,490,056
Legal	20,163,414	18,287,385	16,283,209	16,153,871	16,132,687
Public Facilities	15,698,173	14,380,263	12,480,884	11,439,045	11,323,173
Equipment Services	2,707,118	2,682,808	2,388,275	3,141,432	2,126,987
Public Safety	113,523,569	100,240,957	84,346,875	77,125,898	60,028,499
Public Health and Welfare	37,026,108	29,002,519	25,459,165	21,459,624	20,349,473
Culture and Recreation	1,226,055	1,111,287	1,003,865	920,213	909,854
Conservation	339,903	313,917	270,207	284,602	256,865
Principal Retirement	3,550,656	1,063,278	7,758,784	306,894	-
Capital Outlay	18,519,606	10,976,961	1,121,876	7,797,589	8,017,158
Interest and Fiscal Charges	33,648	37,619	-	-	-
Total Expenditures	\$ 309,960,664	\$ 267,394,458	\$ 252,874,385	\$ 234,342,409	\$ 194,123,798
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,321,631	\$ 30,908,791	\$ 8,694,510	\$ (7,860,236)	\$ 29,810,972
Other Financing Sources (Uses)					
Sale of Capital and Non-Capital Assets	\$ 827,929	\$ 289,706	\$ 417,702	\$ 375,782	\$ 331,968
Operating Transfers In	-	7,160,000	310,000	321,755	473,288
Operating Transfers Out	(64,321,466) ⁽¹⁾	(3,933,468)	(3,662,276)	(2,391,679)	(3,111,718)
Issuance of leases	-	8,867	584,875	-	-
Issuance of subscriptions	7,955,720	1,824,054	1,411,893	-	-
Total Other Financing Sources (Uses)	\$ (55,537,817)	\$ 5,349,159	\$ (937,806)	\$ (1,694,142)	\$ (2,306,462)
Net Change in Fund Balances	\$ (44,216,186)	\$ 36,257,950	\$ 7,756,704	\$ (9,554,378)	\$ 27,504,510
Beginning Fund Balance	383,523,466	347,265,516	339,508,812	349,063,190	321,558,680
Ending Fund Balance	\$ 339,307,280	\$ 383,523,466	\$ 347,265,516	\$ 339,508,812	\$ 349,063,190

(1) Transfer out of the General Fund totaling \$62,276,304 was transferred to the Collin County Toll Road Authority (“CCTRA”) Fund in order to reclassify the fund as part of governmental funds.

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

FINANCIAL POLICIES

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

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

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

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

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

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

INVESTMENTS . . . The County invests its investable funds in investments authorized by Texas law (including specifically Chapter 2256, Texas Government Code, as amended, the "PFIA") 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 the PFIA, the County is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (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 is 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 ("FDIC") or by 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) certificates of deposit that are issued by a state or national bank domiciled in the State, a savings bank domiciled in the State, or a state or federal credit union domiciled in the State and are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for County deposits, (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for County deposits or a) where the funds are invested by an investing entity through: (i) a broker that has its main office or a branch office in this State and is selected from a list adopted by the County; or (ii) a depository institution that has its main office or a branch office in this State and that is selected by the County; (b) where the broker or the depository institution selected by the County under (a) 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; (iii) 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 (iv) the County appoints the

depository institution selected by the County under (a), an entity described by Section 2257.041(d), or a clearing broker-dealer registered with the United States Securities and Exchange Commission (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 issued for the account of the County; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State; (9) 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 (6) 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 (6) above, clauses (11) through (13) below, 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; (10) 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; (11) commercial paper with a stated maturity of 365 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 U.S. or state bank; (12) no-loan money market mutual funds registered with and regulated by the SEC that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share; and (13) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent. 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 in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph. The County also is authorized by the PFIA to invest its funds in certificates of deposit issued by one or more federally insured depository institutions, wherever located, in accordance with procedures set forth in the PFIA.

The County may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent rating by at least one nationally recognized rating service and meet other requirements listed in Section 2256.016 of the PFIA.

Notwithstanding the preceding, the County may not invest in obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest; or collateralized mortgage obligations that have a stated final maturity date of greater than ten years or the interest rate of which is determined by an index that adjusts opposite to the changes in a market index. The County may not invest in the aggregate more than 15% of its monthly average fund balance, excluding bond proceeds, reserves, and other funds held for debt service, in mutual funds described in clause (13) above, and may not invest any portion of bond proceeds, reserves, and funds held for debt service in mutual funds described in clause (13) above. Nor may the County invest its funds or funds under its control, including bond proceeds, reserves, and other funds held for debt service, in any one mutual fund described in clauses (12) or (13) above in an amount that exceeds 10% of the total assets of the mutual fund. The County must also restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement proceeds to no greater than the term of the reverse repurchase agreement.

INVESTMENT POLICIES . . . Under State law, the County is required to invest its funds under a written investment policy that primarily emphasizes safety of principal and liquidity; that addresses investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for County funds, maximum allowable stated maturity of any individual investment, and the maximum average dollar-weighted maturity allowed for pooled fund groups. All County funds must be invested in accordance with a formally adopted "Investment Strategy Statement" which specifically addresses each fund's or each group of funds' investment. Each Investment Strategy Statement will describe the investment objectives for the fund or group of funds in question to address specifically: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.

Under State law, County 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." No person may invest County funds without express written authority from the Commissioners Court. At least quarterly, the investment officers of the County must submit an investment report to the Commissioners Court which is prepared jointly and signed by all investment officers and which meets the reporting requirements of Section 2256.023 of the PFlA.

ADDITIONAL PROVISIONS . . . Under State law, the County is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the County to disclose the relationship and file a statement with the Texas Ethics Commission and the Commissioners Court; (4) require the qualified representative of firms offering to engage in an investment transaction with the County to: (a) receive and review the County's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the County and the business organization that are not authorized by the County's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the County's entire portfolio 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) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (8) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the County.

The County's investment policy requires that its funds be invested in accordance with State law. The County generally invests in public fund investment pools or obligations of the United States or its agencies and instrumentalities.

TABLE 14 - CURRENT INVESTMENTS

As of April 30, 2026, the County's investable funds were invested in the following categories:

Description	Percent	Book Value	Market Value
Local Government Investment Pools ⁽¹⁾	66.90%	\$ 1,080,293,485	\$ 1,080,293,485
Money Market	14.56%	235,164,142	235,164,142
Certificates of Deposit	0.48%	7,828,895	7,828,895
U.S. Agency Securities	4.62%	74,560,846	85,637,757
U.S. Treasuries	4.45%	71,907,574	60,131,222
Non-marketable U.S. Treasuries (SLGS)	6.87%	110,949,578	110,949,578
Municipal Bonds	2.12%	34,191,412	34,033,040
	<u>100.00%</u>	<u>\$ 1,614,895,930</u>	<u>\$ 1,614,038,117</u>

No funds of the County are invested in equity securities or derivative securities (i.e., securities whose rate of return is determined by reference to some other instrument, index or commodity), and therefore the County has not sustained any losses in the market value of its portfolio during the recent economic downturn.

(1) One of the local government investment pools used by the County is TexSTAR, which is co-administered by Hilltop Securities Asset Management Inc., a Hilltop Holdings Company, an affiliate of Hilltop Securities, the County's municipal advisor.

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TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

TAX EXEMPTION . . . In the opinion of Bracewell LLP, Bond Counsel, under existing law, interest on the Bonds is (i) excludable from gross income for federal income tax purposes under section 103 of the Code and (ii) not an item of tax preference 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 Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The County has covenanted in the Order 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 excludability from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the County, and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the County, and such other parties, 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 should be determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such includability occurs.

Bond Counsel will express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Order upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

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 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 Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds regardless of the ultimate outcome of the audit.

ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

Collateral Tax Consequences

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited to those noted below. Therefore, prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

An "applicable corporation" (as defined in section 59(k) of the Code) may be subject to a 15% alternative minimum tax imposed under section 55 of the Code on its "adjusted financial statement income" (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation's "adjusted financial statement income," ownership of the Bonds could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds.

Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

If an issue price of a maturity of the Bonds exceeds the stated redemption price payable at maturity of such Bonds, such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of Original Issue Discount Bonds

The issue price of a maturity of the Bonds may be less than the stated redemption price payable at maturity of such Bonds (the "Original Issue Discount Bonds"), the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. Generally, 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 Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption "Collateral Tax Consequences" generally applies, and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond 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 Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Initial Purchaser has purchased the Bonds for contemporaneous sale to the public and (ii) all of the Original Issue Discount Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the cover page of this Official Statement. Neither the County nor Bond Counsel has made any investigation or offers any comfort that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond accrues 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 Bonds 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 Bond 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 (i) 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 (ii) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Bonds 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 Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds 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 Bonds.

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently-enacted, proposed, pending or future legislation.

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 respective series of the Bonds. The County is required to observe the agreement for so long as it remains obligated to advance funds to pay the respective series of the Bonds. Under each agreement, the County will be obligated to provide certain updated financial information and operating data annually, and timely notice of 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 on an annual basis in an electronic format that is prescribed by the MSRB and available via the Electronic Municipal Market Access System ("EMMA") at www.emma.msrb.org. 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 under Tables numbered 1 through 7 and 9 through 14 and in Appendix B. The County will update and provide the annual financial information appearing in the numbered tables described in the preceding sentence within six months after the end of each fiscal year ending in and after 2026 and, if not submitted as part of the annual financial information, the County will provide its audited annual financial statement when and if available, and in any event, within 12 months after the end of each fiscal year. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the County will file unaudited financial statements within such 12 month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes 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 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 identified above or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

The County's current fiscal year end is September 30. Accordingly, the County must provide updated information included in Tables 1 through 7 and 9 through 14 by the last day of March in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) by September 30 in each year, unless the County changes its fiscal year. If the County changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the County otherwise would be required to provide financial information and operating data as set forth above.

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

For these purposes, (A) any event described in the immediately preceding clause (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 of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets of business of the County, and (B) the County intends the words used in clauses (15) and (16) in the immediately preceding paragraph to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

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 Bonds at any future date. The County disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the County to comply with its agreement.

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

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the previous five years, the County believes it has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OTHER INFORMATION

RATINGS

The Bonds and the presently outstanding tax supported debt of the County are rated "Aaa" by Moody's Investor Services Inc. and "AAA" S&P Global Ratings Inc., respectively, without regard to third-party credit enhancement. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the County makes no representation as to the appropriateness of the ratings. The ratings are not a recommendation to buy, sell or hold the Bonds and may be subject to revision or withdrawal at any time. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds.

LITIGATION

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

At the time of the initial delivery of the Bonds, the County will provide the Underwriters with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the respective series of the Bonds or that affects the payment and security of the respective series of the Bonds or in any other manner questioning the issuance, sale or delivery of the respective series of the Bonds.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the PFIA requires that the Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the County has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL MATTERS

The County will furnish to the Underwriters a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the approving legal opinions of the Attorney General of the State of Texas to the effect that the Initial Bond is a valid and legally binding obligation of the County, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel to the effect that the Bonds have been issued in compliance with the provisions of the Order and are valid and legally binding obligations of the County and the interest on the Bonds is excludable from gross income for federal income tax purposes under existing law and 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. Though they represent the Municipal Advisor and Underwriters from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by the County and only represents the County in connection with the issuance of the Bonds. Bond Counsel 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 Bonds and the Order in this Official Statement under the captions "Plan of Financing" (except for the subcaption "Sources and Uses of Proceeds"), "The Bonds" (except for the subcaptions "Book-Entry-Only System" and "Bondholders' Remedies"), "Tax Matters" and "Continuing Disclosure of Information" (except for the subcaption "Compliance with Prior Undertakings") and the subcaptions "-Registration and Qualification of Bonds for Sale", "-Legal Investments and Eligibility to Secure Public Funds in Texas", and "-Legal Matters" (except for the last sentence herein) under the caption "Other Information", and such firm is of the opinion that the information relating to the Bonds and the Order contained therein fairly and accurately describe the provisions thereof. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by Winstead PC, Dallas, Texas, Counsel to the Underwriters. The legal fees to be paid to Underwriters' Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from County records, audited financial statements and other sources which the County believes 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 orders contained in this Official Statement are made subject to all of the provisions of such statutes, documents and orders. 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.

MUNICIPAL ADVISOR

Hilltop Securities Inc. ("HilltopSecurities") is employed as "Municipal Advisor" to the County in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. HilltopSecurities, in its capacity as Municipal Advisor, has relied on the opinion of Bond Counsel and 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 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the County, at an underwriting discount of \$ _____ from the initial offering prices to the public. Such Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including such Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds and such public offering prices may be changed, from time to time, by such Underwriters.

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

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

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

J.P. Morgan Securities LLC (“JPMS”), an Underwriter of the Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement” and together, the “Dealer Agreements”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase the Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any of the Bonds that such firm sells.

SAMCO Capital Markets Inc. (“SAMCO”), an Underwriter of the Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “Fidelity”). Under this distribution agreement, SAMCO may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, SAMCO will compensate Fidelity for its selling efforts.

FORWARD-LOOKING STATEMENTS DISCLAIMER

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

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

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 orders contained in this Official Statement are made subject to all of the provisions of such statutes, documents and orders. 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.

In the Order, the Commissioners Court authorized the Authorized Officer to approve, for and on behalf of the County, (i) the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and (ii) the Underwriters' use of this Official Statement in connection with the public offering and the sale of the Bonds, all of which the Authorized Officer will approve in the Pricing Certificate.

Authorized Officer
Collin County, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE COUNTY

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LOCATION . . . Collin County, Texas, is located in Northeast Texas immediately north and adjacent to Dallas County, and approximately 15 miles from downtown Dallas. The County is an important component of the Dallas-Fort Worth Consolidated Metropolitan Statistical Area. The 836 square miles comprising the County represent a dynamic growth area in the Metroplex, and includes the Cities of Plano, McKinney (County Seat), Allen, Frisco, and Wylie.

POPULATION . . . Significant increases in population and economic growth have occurred during the past two decades. County population at the 1960 census was 41,247 . . . at the 1970 census, 66,920 . . . at the 1980 census, 144,576 . . . at the 1990 census, 264,036 . . . at the 2000 census, 496,806, at the 2010 census, 782,341, and the 2026 estimated population is 1,254,658.

ECONOMY . . . The economic base consists of various manufacturing, computer technology, electronics, oil and gas research, and agriculture. Major industries with headquarters or divisions located within the County include petroleum research, telecommunication, computer technology, electronics, retail, the food industry, and insurance institutions. The County has a civilian employed labor force up from the prior year to 680,301. Some of the major employers in Collin County are as follows:

<u>Company</u>	<u>Estimated Number of Employees</u>
State Farm Insurance Corporate Office	14,000
JP Morgan Chase	11,261
Frisco Independent School District	8,850
Bank of America	6,566
Capital One Finance	5,649
Richardson Independent School District	5,600
Blue Cross Blue Shield of Texas	5,300
Toyota North American HQ	4,938
Raytheon Intelligence and Space	4,500
University of Texas Dallas	3,971

LABOR AND EMPLOYMENT ANALYSIS . . . Economic growth and development during the past decade in the County, and the immediate surrounding area, has provided a high rate of employment for the available labor force. Statistical data (annual average) for the County is as follows:

	February	<u>Average Annual</u>				
	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Civilian Labor Force	703,063	703,565	680,301	644,705	625,323	599,164
Employed	674,058	676,281	654,384	622,134	605,500	573,302
Unemployed	29,005	27,284	25,917	22,571	19,823	25,862
Percent Unemployed	4.13%	3.88%	3.81%	3.50%	3.17%	4.32%

Source: Economic Research and Analysis Department estimates - Texas Employment Commission.

EDUCATION . . . The following are the major colleges and universities located within a 60-mile radius of the County.

Austin College	Sherman, Texas
Collin County Community College District	Plano, Texas
Dallas County Community College System	Dallas County, Texas
Texas A&M - Commerce	Commerce, Texas
Grayson County Junior College	Denison, Texas
Southern Methodist University	Dallas, Texas
Texas Christian University	Fort Worth, Texas
Texas Woman's University	Denton, Texas
University of Dallas	Dallas, Texas
University of North Texas	Denton, Texas
University of Texas at Arlington	Arlington, Texas
University of Texas at Dallas	Dallas, Texas

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APPENDIX B

EXCERPTS FROM THE
COLLIN COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2025

The information contained in this Appendix consists of excerpts from the Collin County, Texas Annual Financial Report for the Year Ended September 30, 2025, 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

Honorable County Judge and Members of the
Commissioners' Court of Collin County
McKinney, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Collin County, Texas ("the County") as of and for the year ended September 30, 2025, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note I to the basic financial statements, during the year ended September 30, 2025, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

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.

OFFICE LOCATIONS

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

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 due date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information be presented to supplement the basic financial statements. Such information, 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 combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are 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 comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section, but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2026, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Waco, Texas
March 31, 2026



MANAGEMENT DISCUSSION AND ANALYSIS



Management's Discussion and Analysis

As management of Collin County, Texas (the County) we offer readers of the County's Annual Comprehensive Financial Report this narrative overview and analysis of the financial activities of Collin County for the fiscal year ended September 30, 2025. The financial statements, footnotes, and required supplementary information should be reviewed in conjunction with this discussion and analysis.

Financial Highlights

Highlights for Government-Wide Financial Statements

The government-wide financial statements report information about the County as a whole using the economic resources measurement focus and accrual basis of accounting.

- County assets and deferred outflows exceeded liabilities and deferred inflows (net position) by \$1,341 million on a government-wide basis at September 30, 2025, an increase of approximately \$193 million from 2024.
- For 2025, revenues of the County amounted to \$1,084 million. The main revenue sources were property (ad valorem) and mixed beverage taxes (\$368 million), charges for services (\$73 million), and operating grants (\$405 million). These three revenue sources accounted for 33.9%, 6.7% and 37.4%, respectively, or 78% of total government wide activity revenues.
- Total expenses were \$891 million. The functional areas with the largest expense amounts were public safety (\$117 million), general administration (\$55 million), public transportation (\$273 million), and health and welfare (\$302 million).
- Net capital assets were \$797 million as of September 30, 2025, which was an increase of \$131 million from the prior year.
- During fiscal year 2025, the County re-evaluated the classification of the Collin County Toll Road Authority (CCTRA), which had previously been reported as an enterprise fund within business-type activities. Management determined that the activity did not meet the criteria for enterprise fund reporting, as it would not recover costs through user fees and was not self-sustaining in nature. Accordingly, the CCTRA was reclassified and its assets, liabilities, and activities are now reported within governmental activities and the appropriate governmental funds. This change reduced business-type activity and improved the alignment of the County's financial reporting with the underlying economic substance of the activity. This change represents a reclassification of reporting and did not result in a restatement of prior year financial statements.

Highlights for Fund Financial Statements

The fund financial statements detail information about the County's most significant funds using the current financial resources measurement focus and modified accrual basis of accounting.

- The County's governmental funds reported a current operational increase in fund balances of \$44 million during fiscal year 2025, as compared to an increase of \$227 million during fiscal year 2024. The 2025 increase was primarily due to debt issuance of \$228 million.
- The General Fund reported a fund balance of \$339.3 million as of September 30, 2025, a decrease of \$44 million from September 30, 2024. General Fund revenues of \$321 million increased by \$23 million or 8%, and General Fund expenditures of \$310 million increased by about \$43 million or 16% from 2024. As a result, General Fund revenues exceeded expenditures by \$11 million before considering net additional financing uses of (\$56 million).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$277 million, or approximately 89% of the total General Fund expenditures.

General Financial Highlights

- The County, as part of its transportation and parks plan, provides financing to its cities to assist in road construction and parks to meet continuing population growth. In fiscal year 2025, the County's Deferred Contributions nets \$30

million for the completion of projects (primarily roads) for other governmental entities. Although the County will not maintain or own those roads, it continues to be responsible for paying the debt incurred for construction.

- In 2025, the County issued Limited Tax Permanent Improvement and Refunding Bonds in the amount of \$220,280,000. This was approved by the voters in the 2023 bond election. During 2025, Collin County's Commissioner Court also authorized a Tax Notes issuance in the amount of \$7,920,000.

Overview of the Financial Statements

Management's Discussion and Analysis is presented as an introduction to the County's basic financial statements. The basic financial statements include the government-wide financial statements, the fund financial statements, and the accompanying notes. Also included is supplementary information, which is required in addition to the basic financial statements.

Government-wide Financial Statements

Government-wide financial statements are designed to provide a broad overview of County finances in a manner similar to a private-sector business, using full-accrual accounting for all transactions and activities.

The *statement of net position* provides information on all County assets and deferred outflows minus liabilities and deferred inflows; the difference between the two is reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the County is improving or declining.

The *statement of activities* presents information showing how the net position of the County changed during the fiscal year presented herein. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Under this presentation, using full accrual accounting, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, paid time off earned but not used, etc.).

The government-wide financial statements distinguish functions of the County that are primarily supported by taxes. If appropriate, the statements would also present revenues from governmental activities that are most like a private enterprise. That is, the intent of the activity is to recover all or a significant portion of its costs of operations through the charging of user fees and activity charges. Governmental activities of the County, supported primarily by taxes, include general government, judicial, public safety, public works, health and welfare, culture and recreation, and debt service.

The County created its first enterprise fund in 2009 to record the activity of the Collin County Toll Road Authority. The County Commissioners Court is also the Trustee for the Collin County Toll Road Authority. The Toll Road Authority was established to build and maintain an Outer Loop tolled roadway in the northern and eastern portions of the County. During fiscal year 2025, the County re-evaluated this classification and determined that the CCTRA does not meet the criteria for enterprise fund reporting. Accordingly, its assets, liabilities, and activities have been reclassified and are now reported within governmental activities and appropriate governmental funds. This change aligns the County's financial reporting with the underlying financing structure of the Outer Loop project, which is supported by governmental resources rather than user fees.

The County operates an animal shelter that works with local cities and unincorporated areas of the County to handle the disposition of unwanted and abandoned animals, which is accounted for in the Animal Safety Fund. Each participating city, as well as the County, pays a pro rata share of the operating expenses and construction costs. In 2015 the Animal Safety Fund was reported as an enterprise fund for the first time.

Government-wide financial statements include not only the activities of the County itself (known as the primary government), but also those of legally separate blended-component units: the Collin County Health Care Foundation and the Collin County Housing Finance Corporation. The County Commissioners act as the Board of Trustees for component units whose activities are blended with those of the primary government because it functions as part of county government.

Fund Financial Statements

A *fund* is a grouping of related accounts used to control and account for resources segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to both ensure and demonstrate

compliance with legal requirements. All funds of the County can be divided into one of three categories: governmental funds, proprietary 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. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. The nature of such inflows and outflows may be useful in evaluating near-term financial requirements.

Because the focus of governmental funds is more narrow than that of the government-wide financial statements, the reader may find it useful in comparing information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, one may come to better understand the differences in the long-term financial activity of the County. Such comparison may also be used to distinguish the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances include reconciliations useful in comparing the *governmental funds* and *government-wide activities*.

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for periods that begin after June 15, 2011. The objective of GASB 54 is to enhance the usefulness of fund balance information by 1) clarifying existing governmental fund type definitions, and 2) providing clarity to fund balance classifications that can be more consistently applied. Collin County implemented GASB 54 reporting as of September 30, 2011, in accordance with GASB requirements.

GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The classifications are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. Restricted or committed specific revenue sources should comprise a *substantial portion of the fund's resources*.

GASB 54 requires fund balance to be reported by purpose or function of restriction, using one of the following five categories:

- **Non-spendable** - Generally means the asset is not expected to be converted to cash, such as inventories; the asset can also be related to monies legally or contractually required to be maintained intact, such as a debt service reserve fund.
- **Restricted** - Resources whose use is constrained by either externally imposed (i.e., creditors, contributors, grantors, or laws of other governments), or imposed by law through constitutional provisions of enabling legislation, such as authorization to assess, levy, charge, or otherwise mandate payment of resources. This includes a *legally enforceable* requirement that resources be used only for the specific purpose.
- **Committed** - Constraints imposed by formal action of the Collin County Commissioners Court to set aside, by court order, a commitment of specific use of resources. Constraints can only be removed or changed by taking the same type of action employed to commit those amounts.
- **Assigned** - An amount intended to be used for a specific purpose, but the amount is neither restricted nor committed. Intent may be expressed by the Commissioners Court or by an official or group to which the governing body has delegated the authority to assign amounts. Assigned fund balance includes all remaining amounts reported in governmental funds, other than the General Fund, that are not classified as non-spendable, restricted, or committed. Collin County has no assigned fund balance in 2025.
- **Unassigned** - Residual amount for the General Fund; it is the fund balance that has not been restricted, committed, or assigned. The General Fund is the only fund that reports a positive unassigned fund balance amount. The only classification that can report a negative fund balance is the unassigned category.

The County maintains individual governmental funds. 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 following major funds:

- General Fund
- General Road and Bridge Special Revenue Fund
- Health Care Foundation Special Revenue Fund
- Local Provider Participation Fund
- Grants Fund
- Debt Service Fund
- 2018 Permanent Improvement Capital Projects Fund
- 2023 Permanent Improvement Capital Projects Fund

Each of these funds is classified as a major fund for 2025. Financial results from the other governmental funds (non-major funds) are combined into a single, aggregated presentation and included in the total. Individual fund data for each of the non-major governmental funds is provided in the combining and individual fund statements and schedules.

The County adopts an annual appropriated budget for most of its governmental funds. A budgetary comparison statement is provided for county governmental funds where a budget is adopted to demonstrate compliance with the approved budget. (Exceptions are funds where either a project life budget is adopted in Capital Projects Funds or funds where the Commissioners Court does not have the authority to adopt a budget such as grant funds). Budgetary comparison statements for major governmental funds are presented as required for additional supplementary information in the basic financial statements. Budgetary comparison statements for all governmental funds are included in the accompanying information to the fund financial statements.

Proprietary Funds

The County reports seven proprietary-type funds. The Animal Safety Fund is the County's only enterprise fund. The remaining six funds are reported as internal service funds (see list below). Internal service funds are used to accumulate and allocate costs internally among various county functions. The internal service funds provide benefits to the County and to various governmental functions they support, which is why they have been included within governmental activities in the government-wide financial statements. The County uses internal service funds to account for the following activities:

- County Insurance
- Workers Compensation Insurance
- Flexible Benefits
- Unemployment Assessment
- Employee Insurance
- Employee Paid Benefits

The proprietary funds are combined into a single, aggregated presentation for both enterprise funds and internal service funds in the proprietary fund financial statements. Proprietary funds are accounted for on the full-accrual method of accounting. Individual fund data for the proprietary funds is provided in the combining and individual fund statements and schedules.

Fiduciary Funds

County Custodial Funds consist of several fiduciary funds. Fiduciary funds are the separate accounts and transactions related to money received that is collected for and remitted to another entity. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs.

Notes to Financial Statements

The Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes disclose other pertinent information that, when taken in whole with the financial statements, provide a more detailed picture of the state of the finances of the County.

Other Information

In addition to the basic financial statements and accompanying notes to those financial statements, certain required supplementary information schedules are also presented in this report with additional information regarding the results of the County’s financial activities.

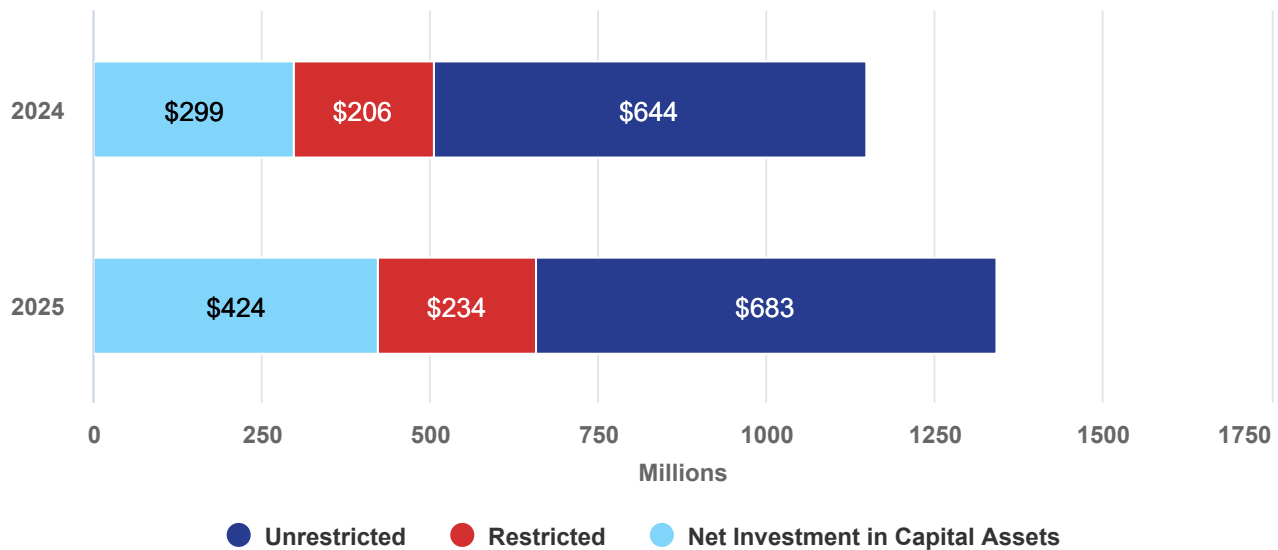
The combining statements and individual fund schedules are presented immediately following the required supplementary information.

Unaudited statistical information is provided for trend and historical analysis.

Government-Wide Financial Analysis

Net position of the County as of September 30, 2025 and 2024, is summarized and analyzed below:

**Composition of Net Position
As of September 30**



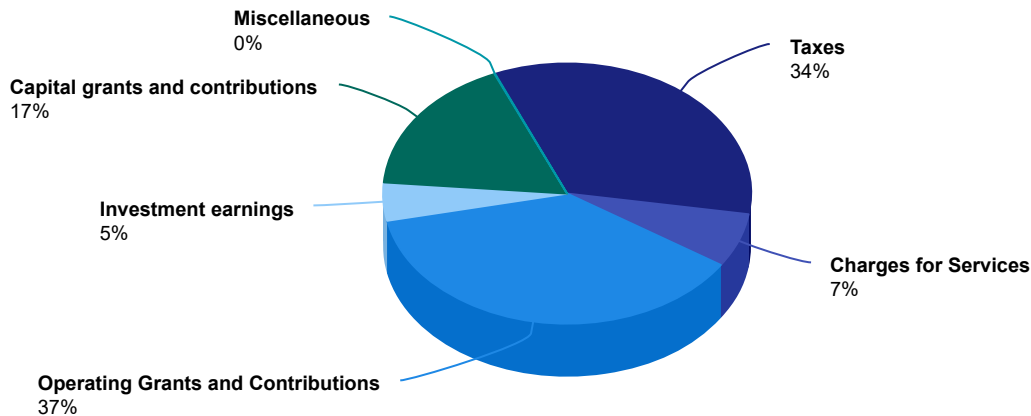
**Statement of Net Position
As of September 30
(\$ in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current Assets	\$ 1,722,370	\$ 1,736,891	\$ 2,787	\$ (166,710)	\$ 1,725,157	\$ 1,570,181
Net Pension Asset	94,760	67,836	-	-	94,760	67,836
Capital Assets	796,032	492,684	1,394	173,451	797,426	666,135
Total assets	<u>2,613,162</u>	<u>2,297,411</u>	<u>4,181</u>	<u>6,741</u>	<u>2,617,343</u>	<u>2,304,152</u>
Deferred Outflow of Resources	<u>18,291</u>	<u>26,529</u>	<u>-</u>	<u>-</u>	<u>18,291</u>	<u>26,529</u>
Liabilities						
Current Liabilities	160,640	222,655	144	852	160,784	223,507
Long-term Liabilities	1,123,504	957,055	-	-	1,123,504	957,055
Total liabilities	<u>1,284,144</u>	<u>1,179,710</u>	<u>144</u>	<u>852</u>	<u>1,284,288</u>	<u>1,180,562</u>
Deferred Inflow of Resources	<u>9,860</u>	<u>1,936</u>	<u>-</u>	<u>-</u>	<u>9,860</u>	<u>1,936</u>
Net Position						
Net Investment in Capital Assets	422,764	125,397	1,394	173,402	424,158	298,799
Restricted	233,887	205,750	-	-	233,887	205,750
Unrestricted	680,798	811,147	2,643	(167,513)	683,441	643,634
Total net position	<u>\$ 1,337,449</u>	<u>\$ 1,142,294</u>	<u>\$ 4,037</u>	<u>\$ 5,889</u>	<u>\$ 1,341,486</u>	<u>\$ 1,148,183</u>

- Net position serves as a useful indicator of financial position. Assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$1,341 million as of September 30, 2025, and by \$1,148 million as of September 30, 2024, a net increase of \$193 million.
- Net investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, etc., net of related debt used to acquire the assets) accounts for 32% of Net Position. Although our investment in capital assets is reported net of related debt, the reader should note that resources needed to repay this debt must be provided from other sources. Currently all future debt service payments are required to be paid by future property tax collections.
- Restricted net position (17% of total net position) represents resources subject to external restrictions. Of these restricted net assets, 35% is restricted for county roads and bridges, 9% is for administration and elections, 9% is restricted for the judicial system, 3% is to repay long-term debt, and 41% is restricted for the net pension asset.
- The remaining portion of the County’s net position (51%) is unrestricted and may be used to meet ongoing obligations.
- During fiscal year 2025 the County re-evaluated the classification of the Collin County Toll Road Authority (CCTRA), which had previously been reported as an enterprise fund within business-type activities. Management determined that the activity did not meet the criteria for enterprise fund reporting, as it would not recover costs through user fees and was not self-sustaining in nature. Accordingly, the CCTRA was reclassified and its assets, liabilities, and activities are now reported within governmental activities and the appropriate governmental funds. This change reduced business-type activity and improved the alignment of the County’s financial reporting with the underlying economic substance of the activity. This change represents a reclassification of reporting and did not result in restatement of prior year financial statements.

Reflected below is a comparison of Collin County revenues by source:

Government-wide Revenue Sources



Revenues

Overall, government-wide revenues increased in 2025 over 2024 by \$407 million, or 60%, due primarily to an increase in operating grants and contributions by \$204 million.

The American Rescue Plan Act (ARPA) was established in 2021 to provide relief from the COVID-19 pandemic. ARPA federal grant proceeds allocated during 2025 were \$95 million, an increase of \$56 million, or 246% from \$39 million recorded in 2024.

The Local Provider Participation Fund (LPPF) is used to collect mandatory payments from local hospitals to fund the nonfederal share of Medicaid supplemental program payments authorized under the state Medicaid plan. The LPPF authorizes the county to administer a health care provider participation program to provide additional compensation to local hospitals located within the county. The LPPF received \$285 million in 2025 compared to \$145 million received in the prior year, an increase of \$140 million or 51%.

Capital grants and contributions increased from almost \$20 million in 2024 to over \$186 million in 2025, an increase of \$166 million or 940% due primarily to the reclassification of the Collin County Toll Road Authority (CCTRA)/Outer Loop project.

Taxes increased by \$31 million due to continued rise in property valuations driven by increased population and economic factors.

Gain on sale of capital assets for Business-Type Activities in the amount of \$17 million in 2025 is due to the reclassification of the CCTRA/Outer Loop project.

A summary of the amounts and a more detailed explanation is provided in the following table:

**Summary of Changes in Net Position
For the Fiscal Years Ended September 30
(\$ in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues						
Charges for services	\$ 69,553	\$ 65,713	\$ 2,963	\$ 2,120	\$ 72,516	\$ 67,833
Operating grants and contributions	405,456	201,948	-	-	405,456	201,948
Capital grants and contributions	186,212	19,820	-	-	186,212	19,820
General Revenues						
Taxes	367,932	336,519	-	-	367,932	336,519
Investment earnings	51,182	49,563	125	183	51,307	49,746
Miscellaneous	638	936	-	-	638	936
Gain on sale of capital assets	-	-	17	-	17	-
Total revenues	<u>1,080,973</u>	<u>674,499</u>	<u>3,105</u>	<u>2,303</u>	<u>1,084,078</u>	<u>676,802</u>
Expenses						
General administration	54,812	53,362	-	-	54,812	53,362
Judicial	34,145	30,963	-	-	34,145	30,963
Financial administration	18,458	17,399	-	-	18,458	17,399
Legal	19,662	17,843	-	-	19,662	17,843
Public facilities	24,725	20,306	-	-	24,725	20,306
Equipment services	4,638	3,900	-	-	4,638	3,900
Public safety	114,360	103,292	2,738	2,818	117,098	106,110
Public transportation	100,978	76,028	172,004	1,701	272,982	77,729
Health and welfare	302,216	144,030	-	-	302,216	144,030
Culture and recreation	2,660	2,842	-	-	2,660	2,842
Conservation	324	307	-	-	324	307
Interest and fiscal charges	39,055	27,461	-	-	39,055	27,461
Total expenses	<u>716,033</u>	<u>497,733</u>	<u>174,742</u>	<u>4,519</u>	<u>890,775</u>	<u>502,252</u>
Increase (decrease) in net position before transfers	364,940	176,766	(171,637)	(2,216)	193,303	174,550
Transfers	(169,785)	-	169,785	-	-	-
Change in net position	<u>195,155</u>	<u>176,766</u>	<u>(1,852)</u>	<u>(2,216)</u>	<u>193,303</u>	<u>174,550</u>
Net position at beginning of year	1,142,294	965,528	5,889	8,105	1,148,183	973,633
Net position at end of year	<u>\$ 1,337,449</u>	<u>\$ 1,142,294</u>	<u>\$ 4,037</u>	<u>\$ 5,889</u>	<u>\$ 1,341,486</u>	<u>\$ 1,148,183</u>

Expenses

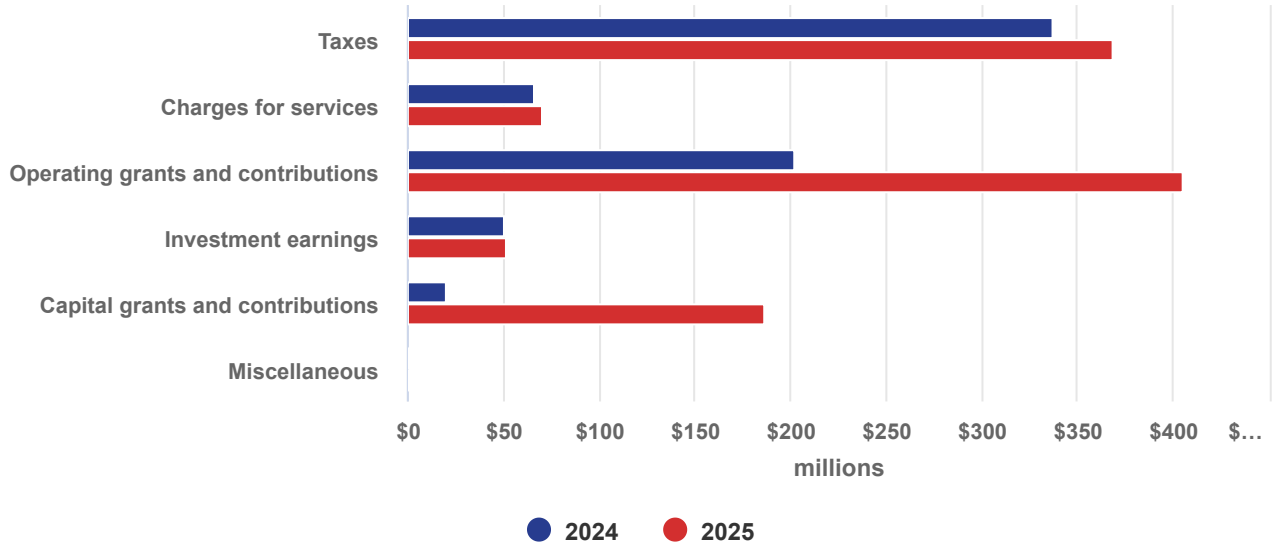
Expenses increased in all functional areas with the exception of Culture and Recreation, which reflects a decrease of \$182 thousand. While the overall increase for total expenses is \$389 million across all functional areas, the most significant increases were reflected in Public transportation and Health and welfare.

Public transportation increased by \$195 million or 251% due primarily to the reclassification of the Collin County Toll Road Authority (CCTRA)/Outer Loop project.

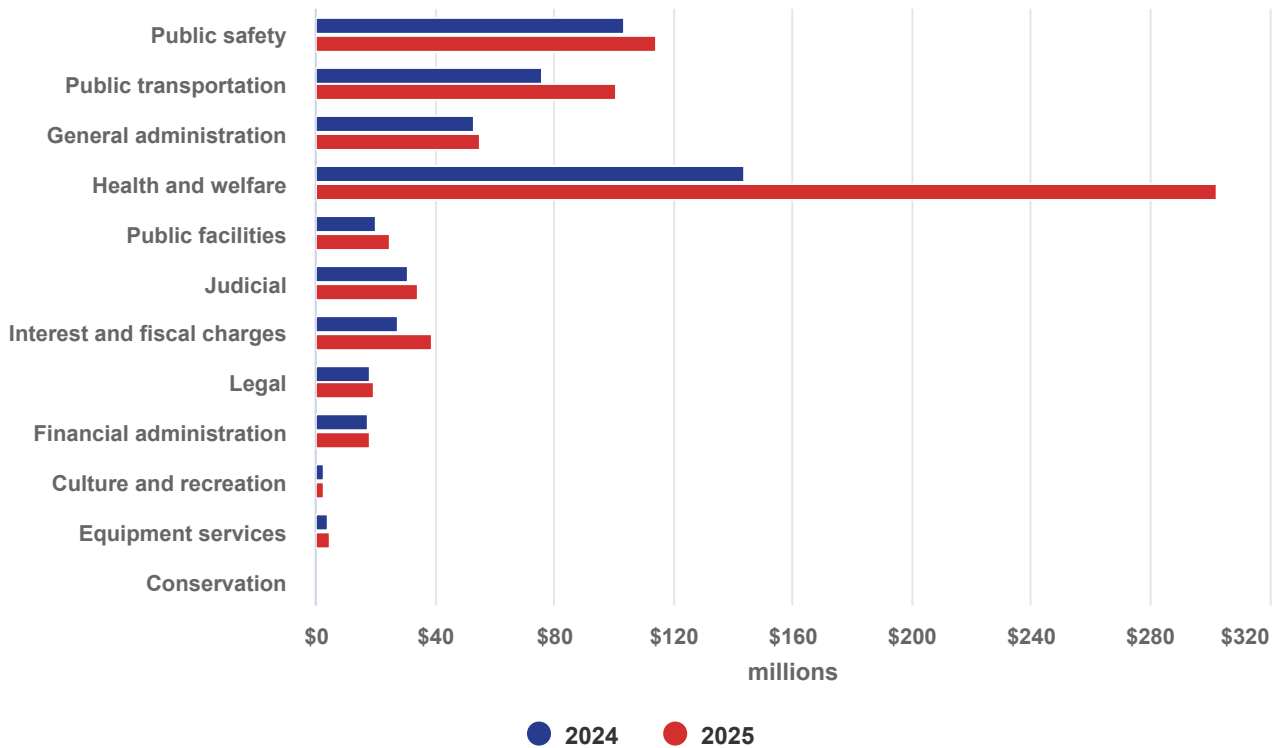
Health and welfare expenses increased by \$158 million, due primarily to ARPA projects, which increased by \$150 million, and the Local Provider Participation Fund, which increased by \$63 million. Additionally, Infirmary services increased by \$6 million as a result of increased inmates, and court appointed attorneys increased by \$2 million due a higher demand in services.

Summarized below are details of government-wide activities of the County for 2025 and 2024.

Governmental Activities Revenues by Source



Governmental Activities Expenses by Functional Area



Financial Analysis of the County’s Funds

The County operates using a fund accounting system to ensure segregation of funds as needed or required. The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This data may be particularly useful in assessing the County’s requirements for additional financing. Unassigned fund balance serves as an indicator of the County’s net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2025, the County’s governmental funds reported a combined ending fund balance of \$1.5 billion, which was an increase of \$44 million or 3%. \$277 million is classified as unassigned and is available to meet current needs. A positive unassigned fund balance can only exist in the General Fund since all other funds by definition are restricted or committed.

**Governmental Funds - Total Fund Balance
as of September 30, 2025
(in thousands)**

Fund Balance:				<u>Major Purposes for Classification</u>
Nonspendable	\$	5,347	0.36%	Inventories, receivables from other funds and organizations
Restricted		1,177,358	78.39%	Bond proceeds, debt service tax collections, other legal or contractual restrictions
Committed		42,037	2.80%	Road projects, funds set aside for unanticipated cost increases
Unassigned		<u>277,247</u>	<u>18.46%</u>	General Fund
Total Fund Balance	\$	<u><u>1,501,989</u></u>	<u><u>100.00%</u></u>	

Changes in Fund Balance – Major Funds

In 2025, the County is presenting eight major funds in the governmental fund financial statements.

Funds are required to be reported as major funds when revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10% of corresponding totals for all governmental or enterprise funds and at least 5% of the aggregate amount for all governmental and enterprise funds. Any other fund may be reported as a major fund if County officials believe that fund is particularly important to financial statement users. The Health Care Foundation Special Revenue Fund does not meet the criteria for a major fund but management chose to report it as a major fund because it is the primary fund where public health activity is reported in the County.

The Animal Safety Fund is an enterprise fund and is reported within the proprietary funds section.

General Fund

The General Fund is the chief operating fund of the County. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. Major revenue sources include property taxes, fines, fees, intergovernmental revenues and investment income.

At the end of 2025, the unassigned fund balance of the General Fund was \$277 million. The total fund balance in the General Fund was \$339 million, a decrease of \$44 million or 12% from 2024.

Key factors in the change in fund balance for the General Fund are as follows:

- Property tax revenues increased by \$25 million from the previous year due to increase property values, while the County’s property tax rate remained consistent with the prior year at \$0.149343 per \$100 valuation. The certified tax roll increased to 10.4% or \$23.1 billion as compared to the \$27.4 billion increase experienced in 2024.
- Interest and investment earnings also saw a large decrease of about \$4 million due to falling interest rates driven primarily by the Federal Reserve lowering rates from 4.75%-5.00% to a range of 3.5%-3.75%.
- Expenditures increased by \$43 million or 16% during the year. The largest increase was due to public safety increase. The Sheriff’s Office and Jail Operations saw salary increases. Inmate housing costs also increased substantially.

- Transfers out of the General Fund, 2018 Permanent Improvement Fund, and Nonmajor Funds totaling \$169,784,857 were transferred to the Collin County Toll Road Authority (CCTRA) Fund in order to reclassify the fund as part of governmental funds.

General Road and Bridge Fund

The General Road and Bridge Fund is the primary funding for maintenance of county roads. This Fund is used to account for the activities affecting County-owned roads, including right-of-way acquisitions, construction, operations, and maintenance. Expenditures for the cost of road projects shared with the State are also included.

At the end of 2025, the fund balance of the General Road and Bridge Fund was \$85 million, a decrease of \$1 million or 1% from the prior year. General Road and Bridge Fund revenues include licenses and permits, fees and charges for services, fines and forfeitures, other local government funds, interest, and miscellaneous. The County was able to increase revenues while maintaining consistent expenditures over the previous year.

Health Care Foundation Special Revenue Fund

The Health Care Foundation Fund is used to account for receipt of investment earnings and authorized health care expenditures as administered by the Collin County Health Care Foundation. The rental revenue is a steady source of income that provided 22% of the expenditures for the Health Care Foundation Fund in 2025 but not enough to cover ongoing expenditures. The County transferred \$2.0 million to cover the deficiency of revenues under expenditures.

Local Provider Participation Special Revenue Fund

Collin County authorized the Local Provider Participation Fund during fiscal year 2024. Mandatory payments from healthcare providers in the area are collected to fund the nonfederal share of Medicaid supplemental program payments authorized under the state Medicaid plan. Collin County received \$285 million in payments and disbursed \$256 million out to the state.

Grants Fund

The Grants Fund is used to account for receipt of grant revenues and expenditures from Federal and State entities or other sources. Total grant revenues increased in 2025 by \$59 million. The increase of grant revenues is due to an increase in funding to the county by the federal and state agencies in response to the COVID-19 pandemic crisis. Funds for this grant were approved for capital outlay expenditures in accordance with grant guidelines.

Debt Service Fund

The Debt Service Fund ended the year with a fund balance of \$4.9 million, a decrease from the prior year. Revenues and expenditures both increased from the prior year. The County partially refunded Limited Tax Refunding and Improvement Bond, Series 2014, Limited Tax Refunding and Improvement Bond, Series 2015, and Unlimited Tax Road and Refunding Bond, Series 2015 as part of the Limited Tax Permanent Improvement and Refunding Bonds, Series 2025. The new bonds carry an interest rate of 5% and will mature in fiscal year 2045. New debt also included Tax Notes, Series 2025 with an interest rate of 5% and will mature in fiscal year 2027.

2018 Permanent Improvement Fund

The 2018 Permanent Improvement Fund is used to account for bond projects authorized by voters on November 6, 2018. Total authorized was \$750 million, which accounts for the following: Road & Bridge projects (\$740 million) and Parks & Open Space projects (\$10 million).

2023 Permanent Improvement Fund

The 2023 Permanent Improvement Fund is used to account for bond projects authorized by voters on November 7, 2023. Total authorized was \$683.4 million which accounts for the following: Permanent Improvements for facilities (\$281 million), Road & Bridget projects (\$380 million), and Parks & Open Space projects (\$22 million).

Budgetary Highlights

The legal level of budgetary control for the General Fund is by four major categories in each department:

- Salaries and benefits
- Training and travel
- Maintenance and operating
- Capital outlay

The final amended budget for the General Fund expenditure appropriation was \$366,417,242 or \$56,913,663 more than the original budget of \$309,503,579 (excluding transfers). Actual expenditures for 2025 were \$310 million or \$56.5 million (15%) less than the final amended budget. Departmental expenditure variances were less than budgeted in many departments. The difference is primarily due to a decrease in expenditures in general administration (\$16.9 million), public safety (\$4.7 million) and capital outlay (\$27.0 million), which is presented separately from functional activities.

Capital Assets

The County's total in capital assets for governmental activities (including business-type activities), net of accumulated depreciation at September 30, 2025, was \$797 million, an increase of \$131 million from 2024.

Details by type of activity are summarized below:

Major changes in capital assets for 2025 are as follows:

- Land decreased by \$8 million due to right-of-way acquisitions for the US380 sold to TXDOT.
- Construction in Progress increased by a net of \$138 million due to building and transportation projects in progress.
- Accumulated depreciation increased by \$27 million mostly due to Infrastructure depreciation of \$20 million from 2025.

More detailed activity about capital assets can be found in the Notes to the Financial Statements section III *(f) Capital Assets*.

Long-term Debt

As of September 30, 2025, the County had \$983 million in outstanding bonded debt, an increase of \$141 million or 17%. During 2025, the County issued \$220,280,000 in Limited Tax Permanent Improvement and Refunding bonds and \$7,920,000 in Tax Notes. Principal was paid down by \$65,620,000.

More detailed information about long-term debt activity can be found in the Notes to the Financial Statements section III *(g) Long-term Debt and (k) General Obligation Bonds*.

Economic Factors and Next Year's Budget

Collin County relies primarily on property taxes for operations. Over the past few decades, the County has experienced consistent large increases in taxable valuations. The certified tax roll is up 7.2% or \$17.7 billion as compared to the \$23.1 billion increase experienced in 2025. The 2026 new construction values grew at 3.6%, while the existing values rose by 3.6% as well this year. The average taxable value of a residence homestead last year was \$584,050. Based on last year's tax rate of \$0.149343 per \$100 taxable value (and the 5% homestead exemption), the amount of taxes imposed last year on the average home was \$681. The average taxable value of a residence homestead is \$599,917.

The property tax rate for fiscal year 2026 was maintained at \$0.149343 per \$100 of valuation from the prior year. This budget will raise more property tax revenues than last year's budget by \$20,093,885 or 6.14%, and of that amount, \$13,209,158 is tax revenue to be raised from new property added to the tax roll this year. Property owners continue to benefit from one of the lowest county property tax rates in the state. The expected growth of the County and related increases in property values should be sufficient to fund County operations for the time being. Collin County is in excellent fiscal condition to endure future revenue shortfalls, should they occur; however, significant revenue shortfalls are unlikely due to the vibrant economic activity occurring within the County. Future fiscal pressures from rising health care costs along with changing health care laws, demand for constituent services, and costs of road construction could place pressure on the low tax rate in future years.

The County is experiencing rapidly increasing population growth as it has been accustomed to in the past few decades. Population estimates for the County in 2025 was 1.25 million and 1.19 million in 2024. The County continues to aggressively invest in road and bridge projects across the County to meet the transportation needs of its residents and businesses to make the County an attractive place to live, work, and do business. The growth rate is expected to increase over the next couple of years due to a very active business climate. The rate and absolute numbers of growth continue to provide challenges in keeping up with roads and other infrastructure needs.

The operating expenditures budgeted for the General Fund, Road and Bridge Fund and Permanent Improvement Funds increased from \$348 million in 2025 to \$393 million in 2026 which is an increase of 13%.

Significant events expected to have an impact in 2026 and beyond are as follows:

Health care for indigent residents of Collin County is a major economic consideration for the County. Grants to community agencies that began in 2008 and continued through 2026 have helped the county to provide preventative and minor medical care in cities where the indigent population is located. Increased medical care costs contribute to the increased demands on County resources to provide the same level of service offered in prior years. The Health Care Task Force continues to work with local providers and the County to ensure appropriate recommendations and decisions concerning the future availability of service and care. Medicaid 1115 plans are in place with the County as the anchor county. The County has eliminated all long-term unfunded liabilities for employee retirement and health care benefits by changing policies and using excess reserves to pay down the liabilities. As such, the County is in excellent shape to endure a future economic downturn. The County will continue to closely monitor its expenditures to ensure that taxpayer dollars are spent wisely and in accordance with sound fiscal management policies.

For Information Requests

This report is designed to provide a general overview of the County's finances for all interested parties. Questions concerning the information provided in this report or requests for additional financial information should be addressed to Mr. Robert D. Cone, County Auditor, Collin County Auditor's Office, at 2300 Bloomdale Road, Suite 3100, McKinney, TX 75071.



BASIC FINANCIAL STATEMENTS



Year ended September 30, 2025

Statement of Net Position September 30, 2025

	Primary Government		Total	Component Unit
	Governmental Activities	Business-type Activities		
Assets				
Current assets				
Cash and cash equivalents	\$ 148,288,084	\$ 345,990	\$ 148,634,074	\$ 173,494
Investments	1,524,281,630	2,439,281	1,526,720,911	-
Receivables (net of allowance for uncollectibles)	14,494,634	1,714	14,496,348	-
Prepaid expenses	29,959,224	-	29,959,224	-
Inventories	5,346,843	-	5,346,843	-
Noncurrent assets				
Net pension assets - restricted	94,759,899	-	94,759,899	-
Capital assets (net of accumulated depreciation)				
Land	210,457,476	-	210,457,476	-
Buildings and system	90,065,663	1,234,676	91,300,339	-
Improvements other than buildings	1,840,047	56,183	1,896,230	-
Historical treasures	629,813	-	629,813	-
Machinery and equipment	29,602,418	103,320	29,705,738	-
Infrastructure	147,447,019	-	147,447,019	-
Construction in progress	308,709,616	-	308,709,616	-
Right to use - machinery and equipment	302,618	-	302,618	-
Right to use - subscriptions	6,976,918	-	6,976,918	-
Total assets	<u>2,613,161,902</u>	<u>4,181,164</u>	<u>2,617,343,066</u>	<u>173,494</u>
Deferred outflows of resources				
Deferred outflows related to pension	18,291,211	-	18,291,211	-
Total deferred outflows of resources	<u>18,291,211</u>	<u>-</u>	<u>18,291,211</u>	<u>-</u>
Liabilities				
Current liabilities				
Accounts payable and other current liabilities	80,384,328	112,865	80,497,193	3,791
Due to other governments	3,206,509	-	3,206,509	-
Unearned revenue	77,049,299	31,369	77,080,668	-
Noncurrent liabilities				
Due within one year	82,393,563	-	82,393,563	-
Due in more than one year	1,041,110,135	-	1,041,110,135	-
Total liabilities	<u>1,284,143,834</u>	<u>144,234</u>	<u>1,284,288,068</u>	<u>3,791</u>
Deferred inflows of resources				
Deferred gain on refunding	1,136,673	-	1,136,673	-
Deferred inflows related to pension	8,723,517	-	8,723,517	-
Total deferred inflows of resources	<u>9,860,190</u>	<u>-</u>	<u>9,860,190</u>	<u>-</u>
Net position				
Net investments in capital assets	422,764,496	1,394,179	424,158,675	-
Restricted for:				
Debt service	5,989,812	-	5,989,812	-
Health Care Foundation	5,328,018	-	5,328,018	-
Parks	17,094	-	17,094	-
Grant programs	1,060,735	-	1,060,735	-
County Roads and Bridges	82,272,673	-	82,272,673	-
Judicial System	19,941,909	-	19,941,909	-
Law Enforcement	2,784,978	-	2,784,978	-
Administration and Elections	21,732,335	-	21,732,335	-
Net pension asset	94,759,899	-	94,759,899	-
Unrestricted (deficit)	680,797,140	2,642,751	683,439,891	169,703
Total net position	<u>\$ 1,337,449,089</u>	<u>\$ 4,036,930</u>	<u>\$ 1,341,486,019</u>	<u>\$ 169,703</u>

The notes to the financial statements are an integral part of this statement.

**Statement of Activities
For the Fiscal Year Ended September 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary government			
					Governmental activities	Business-type activities	Total	
Primary Government								
Governmental activities								
General administration	\$ 54,811,693	\$ 13,201,512	\$ 2,572,950	\$ 43,516	\$ (38,993,715)	\$ -	\$ (38,993,715)	\$ -
Judicial	34,144,843	10,072,307	2,630,517	-	(21,442,019)	-	(21,442,019)	-
Financial administration	18,458,433	3,384,346	288,317	-	(14,785,770)	-	(14,785,770)	-
Legal	19,662,007	240,013	388,568	-	(19,033,426)	-	(19,033,426)	-
Public facilities	24,724,950	-	45,797	33,484	(24,645,669)	-	(24,645,669)	-
Equipment services	4,638,403	-	-	209,094	(4,429,309)	-	(4,429,309)	-
Public safety	114,360,058	11,855,509	8,007,096	44,886	(94,452,567)	-	(94,452,567)	-
Public transportation	100,978,230	30,543,643	3,000,458	185,877,709	118,443,580	-	118,443,580	-
Health and welfare	302,216,165	246,285	388,311,399	-	86,341,519	-	86,341,519	-
Culture and recreation	2,659,905	9,820	211,214	3,300	(2,435,571)	-	(2,435,571)	-
Conservation	323,985	-	-	-	(323,985)	-	(323,985)	-
Interest	39,054,620	-	-	-	(39,054,617)	-	(39,054,617)	-
Total governmental activities	716,033,292	69,553,435	405,456,316	186,211,989	(54,811,549)	-	(54,811,549)	-
Business-type activities								
Public safety	2,737,799	2,963,093	-	-	-	225,294	225,294	-
Public transportation	172,003,818	-	-	-	-	(172,003,818)	(172,003,818)	-
Total business-type activities	174,741,617	2,963,093	-	-	-	(171,778,524)	(171,778,524)	-
Total	890,774,909	72,516,528	405,456,316	186,211,989	(54,811,549)	(171,778,524)	(226,590,073)	-
Component unit								
Health and welfare	9,434	-	46,330	-	-	-	-	36,896
Total component unit	9,434	-	46,330	-	-	-	-	36,896
General revenues								
Property taxes					361,263,509	-	361,263,509	-
Mixed beverage tax					6,668,944	-	6,668,944	-
Unrestricted investment earnings					51,181,393	124,336	51,305,729	999
Miscellaneous					638,030	-	638,030	-
Gain on sale of capital assets					-	17,166	17,166	-
Transfers					(169,784,857)	169,784,857	-	-
Total general revenues					249,967,019	169,926,359	419,893,378	999
Change in net position								
Net position - beginning of year					1,142,293,619	5,889,095	1,148,182,714	131,808
Net position - end of year					\$1,337,449,089	\$ 4,036,930	\$1,341,486,019	\$ 169,703

The notes to the financial statements are an integral part of this statement.

**Balance Sheet
Governmental Funds
September 30, 2025**

	Major Governmental Funds				
	General	General Road and Bridge	Health Care Foundation	Local Provider Participation	Grants
Assets					
Cash	\$ 44,267,236	\$ 2,036,849	\$ 503,451	\$ 69,248,962	\$ 208,888
Investments	305,094,930	80,930,050	5,090,284	129,901	99,917,438
Receivables					
Taxes (net of allowance for uncollectibles)	2,775,580	-	-	-	-
Fines and fees	960,325	242,568	-	-	-
Due from other governments	2,019,422	59,437	-	-	3,800,387
Due from other funds	2,901,057	-	-	-	-
Interest	1,190,034	-	-	-	-
Miscellaneous	1,936,546	-	-	-	-
Inventories	535,668	4,811,175	-	-	-
Total assets	\$ 361,680,798	\$ 88,080,079	\$ 5,593,735	\$ 69,378,863	\$ 103,926,713
Liabilities					
Accounts payable	\$ 8,663,612	\$ 1,992,101	\$ 31,641	\$ -	\$ 20,167,853
Payroll related costs payable	9,941,832	383,217	207,536	-	80,663
Lease deposits payable	29,866	-	26,540	-	-
Due to other governments	2,303	87,733	-	-	3,116,473
Due to other funds	-	-	-	-	2,901,057
Unearned revenue	-	-	-	-	77,049,299
Total liabilities	18,637,613	2,463,051	265,717	-	103,315,345
Deferred inflows of resources					
Unavailable revenue - fines and fees	960,325	242,568	-	-	-
Unavailable revenue - property taxes	2,775,580	-	-	-	-
Total deferred inflows of resources	3,735,905	242,568	-	-	-
Fund balances					
Nonspendable	535,668	4,811,175	-	-	-
Restricted	19,487,301	80,563,285	5,328,018	69,378,863	611,368
Committed	42,037,140	-	-	-	-
Unassigned	277,247,171	-	-	-	-
Total fund balances	339,307,280	85,374,460	5,328,018	69,378,863	611,368
Total liabilities, deferred inflows of resources and fund balances	\$ 361,680,798	\$ 88,080,079	\$ 5,593,735	\$ 69,378,863	\$ 103,926,713

The notes to the financial statements are an integral part of this statement.

**Balance Sheet
Governmental Funds
September 30, 2025**

	Major Governmental Funds			Nonmajor Governmental Funds	Total
	Debt Service	2018 Permanent Improvement	2023 Permanent Improvement		
Assets					
Cash	\$ 258,827	\$ 20,029,359	\$ 3,420	\$ 3,027,903	\$ 139,584,895
Investments	4,649,944	482,726,839	421,297,788	99,713,841	1,499,551,015
Receivables					
Taxes (net of allowance for uncollectibles)	1,082,082	-	-	-	3,857,662
Fines and fees	-	-	-	-	1,202,893
Due from other governments	-	-	-	141,730	6,020,976
Due from other funds	-	-	-	-	2,901,057
Interest	-	283,080	-	-	1,473,114
Miscellaneous	-	12	-	166	1,936,724
Inventories	-	-	-	-	5,346,843
Total assets	<u>\$ 5,990,853</u>	<u>\$ 503,039,290</u>	<u>\$ 421,301,208</u>	<u>\$ 102,883,640</u>	<u>\$ 1,661,875,179</u>
Liabilities					
Accounts payable	\$ 1,040	\$ 21,252,448	\$ 3,759,815	\$ 5,072,935	\$ 60,941,445
Payroll related costs payable	-	-	-	57,643	10,670,891
Lease deposits payable	-	-	-	-	56,406
Due to other governments	-	-	-	-	3,206,509
Due to other funds	-	-	-	-	2,901,057
Unearned revenue	-	-	-	-	77,049,299
Total liabilities	<u>1,040</u>	<u>21,252,448</u>	<u>3,759,815</u>	<u>5,130,578</u>	<u>154,825,607</u>
Deferred inflows of resources					
Unavailable revenue - fines and fees	-	-	-	-	1,202,893
Unavailable revenue - property taxes	1,082,082	-	-	-	3,857,662
Total deferred inflows of resources	<u>1,082,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,060,555</u>
Fund balances					
Nonspendable	-	-	-	-	5,346,843
Restricted	4,907,731	481,786,842	417,541,393	97,753,062	1,177,357,863
Committed	-	-	-	-	42,037,140
Unassigned	-	-	-	-	277,247,171
Total fund balances	<u>4,907,731</u>	<u>481,786,842</u>	<u>417,541,393</u>	<u>97,753,062</u>	<u>1,501,989,017</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,990,853</u>	<u>\$ 503,039,290</u>	<u>\$ 421,301,208</u>	<u>\$ 102,883,640</u>	<u>\$ 1,661,875,179</u>

The notes to the financial statements are an integral part of this statement.

Year ended September 30, 2025

**Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Position
September 30, 2025**

Total fund balances – governmental funds	\$ 1,501,989,017
Amounts reported for governmental activities in the statement of net position are different because:	
Prepaid capital project construction payments made to construct assets owned by other local governments.	29,959,224
The net pension asset is not an available resource and, therefore, is not reported in the funds.	94,759,899
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
These capital assets (net of accumulated depreciation) consist of:	
Land	\$ 210,457,476
Buildings and systems	90,065,663
Improvements other than buildings	1,840,047
Historical treasures	629,813
Machinery and equipment	29,602,418
Infrastructure	147,447,019
Construction in progress	308,709,616
Right to use - machinery and equipment	302,618
Right to use - subscriptions	6,976,918
Total capital assets	796,031,588
Some amounts deferred in the funds were recorded in a different fiscal year than the current year:	
Fines and fees earned in the current fiscal year but are not available to provide for current financial resources, and therefore are deferred in the funds.	\$ 1,202,894
Property taxes earned in the current fiscal year but are not available to provide for current financial resources, and therefore are deferred in the funds.	3,857,662
Total deferred revenues	5,060,556
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	30,330,882
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Interest payable	\$ (8,678,475)
Bonds, notes and loans payable	(982,755,000)
Compensated absences	(14,876,792)
Arbitrage payable	(23,207,515)
Unamortized bond premiums	(93,235,371)
Lease Liability	(304,947)
Subscription Liability	(6,054,998)
Total liabilities	(1,129,113,098)
Deferred outflows and inflows of resources related to pensions are not reported in the funds.	
Deferred outflows related to pensions	\$ 18,291,211
Deferred inflows related to pensions	(8,723,517)
Deferred charge on refundings	(1,136,673)
Total deferred outflows/inflows	8,431,021
Net position of governmental activities	\$ 1,337,449,089

The notes to the financial statements are an integral part of this statement.

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended September 30, 2025**

	Major Governmental Funds				
	General	General Road and Bridge	Health Care Foundation	Local Provider Participation	Grants
Revenues					
Property taxes	\$ 262,579,644	\$ -	\$ -	\$ -	\$ -
Licenses and permits	643,797	102,955	-	-	-
Federal and state funds	9,853,097	-	468,364	285,158,359	110,107,736
Fees and charges for services	27,086,050	30,585,200	125,070	-	108,155
Fines and forfeitures	1,711,682	547,145	-	-	-
Other local government funds	-	49,150	-	-	-
Rental revenues	262,341	-	1,144,831	-	-
Interest and unrealized gains (losses)	17,722,844	3,407,414	293,756	181,153	-
Miscellaneous	1,422,840	853,642	6,932	-	126,832
Total revenues	321,282,295	35,545,506	2,038,953	285,339,512	110,342,723
Expenditures					
Current					
General administration	44,709,750	-	-	-	152,622
Judicial	32,944,799	-	-	-	1,384,786
Financial administration	19,517,865	-	-	-	-
Legal	20,163,414	-	-	-	233,054
Public facilities	15,698,173	-	120,345	-	-
Equipment services	2,707,118	-	-	-	-
Public safety	113,523,569	103,349	-	-	6,085,076
Public transportation	-	31,827,517	-	-	210,500
Health and welfare	37,026,108	-	4,981,061	255,595,959	4,902,957
Culture and recreation	1,226,055	-	-	-	-
Conservation	339,903	2,273	-	-	-
Capital outlay	18,519,606	4,159,142	-	-	97,425,326
Debt service					
Principal retirement	3,550,656	-	-	-	-
Interest and fiscal charges	33,648	-	-	-	-
Bond issuance costs	-	-	-	-	-
Total expenditures	309,960,664	36,092,281	5,101,406	255,595,959	110,394,321
Excess (deficiency) of revenues over (under) expenditures	11,321,631	(546,775)	(3,062,453)	29,743,553	(51,598)
Other financing sources (uses)					
Transfers in	-	-	2,000,000	-	448,746
Transfers out	(64,321,466)	(255,000)	-	-	-
Sale of assets	827,929	-	-	-	-
Issuance of subscriptions	7,955,720	-	-	-	-
Issuance of bonds	-	-	-	-	-
Refunding debt issued	-	-	-	-	-
Refunding escrow payments	-	-	-	-	-
Premium (discount) on sale of bonds	-	-	-	-	-
Total other financing sources (uses)	(55,537,817)	(255,000)	2,000,000	-	448,746
Net change in fund balances	(44,216,186)	(801,775)	(1,062,453)	29,743,553	397,148
Fund balances - beginning, as previously stated	383,523,466	86,176,235	6,390,471	39,635,310	214,220
Fund balances - ending	\$ 339,307,280	\$ 85,374,460	\$ 5,328,018	\$ 69,378,863	\$ 611,368

The notes to the financial statements are an integral part of this statement.

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended September 30, 2025**

	Major Governmental Funds			Nonmajor Governmental Funds	Total
	Debt Service	2018 Permanent Improvement	2023 Permanent Improvement		
Revenues					
Property taxes	\$ 99,174,484	\$ -	\$ -	\$ 98,640	\$ 361,852,768
Licenses and permits	-	-	-	-	746,752
Federal and state funds	-	-	-	953,844	406,541,400
Fees and charges for services	-	-	-	8,541,679	66,446,154
Fines and forfeitures	-	-	-	312,143	2,570,970
Other local government funds	-	34,000	790,441	975,010	1,848,601
Rental revenues	-	-	-	-	1,407,172
Interest and unrealized gains (losses)	929,659	22,697,370	10,468,718	3,221,175	58,922,089
Miscellaneous	-	-	-	241,180	2,651,426
Total revenues	<u>100,104,143</u>	<u>22,731,370</u>	<u>11,259,159</u>	<u>14,343,671</u>	<u>902,987,332</u>
Expenditures					
Current					
General administration	-	-	-	3,383,530	48,245,902
Judicial	-	-	-	1,738,848	36,068,433
Financial administration	-	-	-	-	19,517,865
Legal	-	-	-	300,175	20,696,643
Public facilities	-	-	-	16,000	15,834,518
Equipment services	-	-	-	-	2,707,118
Public safety	-	-	-	111,438	119,823,432
Public transportation	-	-	-	550,379	32,588,396
Health and welfare	-	-	-	-	302,506,085
Culture and recreation	-	-	-	791	1,226,846
Conservation	-	-	-	-	342,176
Capital outlay	-	64,736,572	9,143,764	23,358,634	217,343,044
Debt service					
Principal retirement	65,620,000	-	-	-	69,170,656
Interest and fiscal charges	36,176,840	6,292,208	-	-	42,502,696
Bond issuance costs	755,082	-	-	-	755,082
Total expenditures	<u>102,551,922</u>	<u>71,028,780</u>	<u>9,143,764</u>	<u>29,459,795</u>	<u>929,328,892</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,447,779)</u>	<u>(48,297,410)</u>	<u>2,115,395</u>	<u>(15,116,124)</u>	<u>(26,341,560)</u>
Other financing sources (uses)					
Transfers in	-	-	-	266,270	2,715,016
Transfers out	-	(96,418,604)	-	(11,504,803)	(172,499,873)
Sale of assets	-	8,574,102	-	-	9,402,031
Issuance of subscriptions	-	-	-	-	7,955,720
Issuance of bonds	-	-	200,590,000	7,920,000	208,510,000
Refunding debt issued	19,690,000	-	-	-	19,690,000
Refunding escrow payments	(21,540,000)	-	-	-	(21,540,000)
Premium (discount) on sale of bonds	1,920,127	-	13,617,830	170,455	15,708,412
Total other financing sources (uses)	<u>70,127</u>	<u>(87,844,502)</u>	<u>214,207,830</u>	<u>(3,148,078)</u>	<u>69,941,306</u>
Net change in fund balances	<u>(2,377,652)</u>	<u>(136,141,912)</u>	<u>216,323,225</u>	<u>(18,264,202)</u>	<u>43,599,746</u>
Fund balances - beginning, as previously stated	7,285,383	617,928,754	201,218,168	116,017,264	1,458,389,271
Fund balances - ending	<u>\$ 4,907,731</u>	<u>\$ 481,786,842</u>	<u>\$ 417,541,393</u>	<u>\$ 97,753,062</u>	<u>\$ 1,501,989,017</u>

The notes to the financial statements are an integral part of this statement.

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of the Governmental Funds to the
Statement of Activities
For the Fiscal Year Ended September 30, 2025**

Net change in fund balances – governmental funds \$ 43,599,746

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

Capital asset purchases are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated lives as depreciation expense. In the current period, these amounts are:

Capital assets additions	\$ 408,400,347	
Capital assets decreases	(72,431,683)	
Depreciation expense for all capital assets	<u>(40,589,844)</u>	
Total change in capital assets activity		\$ 295,378,820

Bond proceeds provide current financial resources. However, in the statement of activities, some items do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:

Debt issuance and refunding increases long-term debt in statement of net position.	\$ (228,200,000)	
Debt repayment is expenditure in governmental funds, but reduces long-term liabilities in the statement of net position.	87,160,000	
Bond premiums and bond discounts require the use of current financial resources but are amortized over the life of the bond in the statement of activities.	<u>(10,873,064)</u>	
Total long-term debt		(151,913,064)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues over expenditures of the internal service funds is reported with the governmental activities. 5,704,983

Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenues in the funds. The change in these revenues are as follows:

Property taxes	\$ (589,259)	
Fines and forfeitures	<u>122,658</u>	
Total changes in revenues		(466,601)

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

The change in these expenditures are as follows:

Interest owed but not yet paid	\$ (616,977)	
Arbitrage payable	(8,782,300)	
Lease & SBITA payable	3,535,443	
Pension	10,632,709	
Compensated absences	<u>(1,917,289)</u>	
Total changes in long-term liabilities		<u>2,851,586</u>
Change in net position of governmental activities		<u>\$ 195,155,470</u>

The notes to the financial statements are an integral part of this statement.

**Statement of Net Position
Proprietary Funds
September 30, 2025**

	Business-type Activities - Enterprise			Governmental
	Major Enterprise Funds			Activities
	Collin County Toll Road Authority	Animal Safety	Total	Internal Service Funds
Assets				
Current assets				
Cash	\$ -	\$ 345,990	\$ 345,990	\$ 8,703,190
Investments	-	2,439,281	2,439,281	24,730,615
Receivables				
Due from other governments	-	1,714	1,714	-
Miscellaneous receivables	-	-	-	3,261
Total current assets	-	2,786,985	2,786,985	33,437,066
Noncurrent assets				
Capital assets (net of accumulated depreciation)				
Buildings and systems	-	1,234,676	1,234,676	-
Improvement other than buildings	-	56,183	56,183	-
Machinery and equipment	-	103,320	103,320	-
Total capital assets (net of accumulated depreciation)	-	1,394,179	1,394,179	-
Total noncurrent assets	-	1,394,179	1,394,179	-
Total assets	-	4,181,164	4,181,164	33,437,066
Liabilities				
Current liabilities				
Accounts payable	-	58,601	58,601	1,153,061
Payroll payable	-	54,264	54,264	13,734
Claims payable	-	-	-	1,939,389
Unearned revenue	-	31,369	31,369	-
Total current liabilities	-	144,234	144,234	3,106,184
Total liabilities	-	144,234	144,234	3,106,184
Net position				
Net investment in capital assets	-	1,394,179	1,394,179	-
Unrestricted	-	2,642,751	2,642,751	30,330,882
Total net position	\$ -	\$ 4,036,930	\$ 4,036,930	\$ 30,330,882

In FY2025, the County reclassified the Collin County Toll Road Authority (CCTRA) from business-type activities to governmental activities.

**Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For The Year Ended September 30, 2025**

	Business-type Activities - Enterprise			Governmental
	Major Enterprise Funds			Activities
	Collin County Toll Road Authority	Animal Safety	Total	Internal Service Funds
Operating revenues				
Premiums	\$ -	\$ -	\$ -	\$ 52,942,515
Charges for services	-	2,820,574	2,820,574	-
Other	-	142,520	142,520	7,619,088
Total operating revenues	-	2,963,094	2,963,094	60,561,603
Operating expenses				
Administration	-	2,573,465	2,573,465	9,734,318
Benefits	-	-	-	46,163,906
Depreciation	808,658	164,335	972,993	-
Total operating expenses	808,658	2,737,800	3,546,458	55,898,224
Operating income (loss)	(808,658)	225,294	(583,364)	4,663,379
Nonoperating revenues (expenses)				
Gain/(Loss) on disposal of property	(171,195,160)	17,166	(171,177,994)	-
Interest income	16,435	107,900	124,335	1,041,604
Transfers	169,784,857	-	169,784,857	-
Total nonoperating revenues (expenses)	(1,393,868)	125,066	(1,268,802)	1,041,604
Income (loss) before transfers and capital contributions	(2,202,526)	350,360	(1,852,166)	5,704,983
Change in net position	(2,202,526)	350,360	(1,852,166)	5,704,983
Total net position - beginning	2,202,526	3,686,570	5,889,096	24,625,899
Total net position - ending	\$ -	\$ 4,036,930	\$ 4,036,930	\$ 30,330,882

In FY2025, the County reclassified the Collin County Toll Road Authority (CCTRA) from business-type activities to governmental activities.

**Statement of Cash Flows
Proprietary Funds
For The Year Ended September 30, 2025**

	Business-type Activities - Enterprise		Total Business-type Activities - Enterprise	Governmental Activities
	Major Enterprise Funds			
	Collin County Toll Road Authority	Animal Safety		
Cash flows from operating activities:				
Receipts from customers and users	\$ -	\$ 2,969,458	\$ 2,969,458	\$ 52,940,943
Insurance recovery	-	-	-	7,619,088
Administration costs	(682,971)	(2,604,059)	(3,287,030)	(9,663,834)
Benefits paid	-	-	-	(46,064,303)
Net cash provided by (used for) operating activities	<u>(682,971)</u>	<u>365,399</u>	<u>(317,572)</u>	<u>4,831,894</u>
Cash flows from capital financing activities:				
Acquisition and construction of capital assets	607,534	(94,101)	513,433	-
Net cash provided (used) by capital financing activities	<u>607,534</u>	<u>(94,101)</u>	<u>513,433</u>	<u>-</u>
Cash flows from investing activities:				
Purchases of investments	-	(625,985)	(625,985)	(2,425,349)
Sale of investments	33,796	-	33,796	-
Interest income	16,436	107,900	124,336	1,041,607
Net cash provided (used) by investing activities	<u>50,232</u>	<u>(518,085)</u>	<u>(467,853)</u>	<u>(1,383,742)</u>
Net increase (decrease) in cash and cash equivalents	<u>(25,205)</u>	<u>(246,787)</u>	<u>(271,992)</u>	<u>3,448,152</u>
Cash and cash equivalents at beginning of year	25,205	592,777	617,982	5,255,038
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 345,990</u>	<u>\$ 345,990</u>	<u>\$ 8,703,190</u>
Reconciliation of operating gain(loss) to net cash provided (used) by operating activities:				
Operating gain(loss)	\$ (808,658)	\$ 225,294	\$ (583,364)	\$ 4,663,379
Adjustments to reconcile operating gain(loss) to net cash provided (used) by operating activities:				
Depreciation expense	808,658	164,335	972,993	-
Change in intergovernmental receivable	-	961	961	(1,572)
Change in accounts payable	(682,971)	(36,822)	(719,793)	168,739
Change in payroll payable	-	6,227	6,227	1,348
Change in unearned revenue	-	5,404	5,404	-
Total adjustments	<u>125,687</u>	<u>140,105</u>	<u>265,792</u>	<u>168,515</u>
Net cash provided by (used for) operating activities	<u>\$ (682,971)</u>	<u>\$ 365,399</u>	<u>\$ (317,572)</u>	<u>\$ 4,831,894</u>
Schedule of non-cash capital and related financing activities:				
Decrease in advances from other funds related to capital assets	\$ (169,177,323)	\$ -	\$(169,177,323)	\$ -

In FY2025, the County reclassified the Collin County Toll Road Authority (CCTRA) from business-type activities to governmental activities.

The notes to the financial statements are an integral part of this statement.

**Statement of Fiduciary Net Position
September 30, 2025**

	<u>Investment Trust Funds</u>	<u>Custodial Funds</u>
Assets		
Cash	\$ 47,130,442	\$ 27,557,666
Investments	5,816,225	15,650,690
Accounts receivable, net	-	2,539,760
Total assets	<u>52,946,667</u>	<u>45,748,116</u>
Liabilities		
Due to others/vouchers payable	-	1,654,919
Due to other governments	-	916,544
Total liabilities	<u>-</u>	<u>2,571,463</u>
Net position		
Restricted for:		
Individuals, organizations, other governments	52,946,667	43,176,653
Total net position	<u>\$ 52,946,667</u>	<u>\$ 43,176,653</u>

The notes to the financial statements are an integral part of this statement.

**Statement of Changes in Fiduciary Net Position
For The Year Ended September 30, 2025**

	Investment Trust Funds	Custodial Funds
Additions		
Investment earnings		
Interests	\$ 385,420	\$ 124,668
Total investment earnings	385,420	124,668
Revenues		
Tax collections for other governments	-	34,744,476
License, fees, and fines collected for other governments	-	4,572,316,324
Collections for individuals and other entities	103,031,496	53,518,236
Total revenues	103,031,496	4,660,579,036
Total additions	103,416,916	4,660,703,704
Deductions		
Payments to other governments	-	4,600,906,090
Payments to individuals and other entities	167,179,842	52,644,822
Total deductions	167,179,842	4,653,550,912
Net increase (decrease) in fiduciary net position	(63,762,926)	7,152,792
Net position - beginning of year	116,709,593	36,023,861
Net position - end of year	\$ 52,946,667	\$ 43,176,653

The notes to the financial statements are an integral part of this statement.



NOTES TO THE FINANCIAL STATEMENTS



Notes to the Financial Statements September 30, 2025

I. Summary of Significant Accounting Policies

The accounting and reporting policies of the County reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America ("GAAP") applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board ("GASB") in *Governmental Accounting and Financial Reporting Standards*. The financial report has been prepared in accordance with GASB. The most significant accounting and reporting policies of the County are described in the notes to the financial statements as required by GASB Statement Number 34.

a. Reporting Entity

Primary Government

Collin County (the County) is a public corporation and political subdivision of the State of Texas. The Commissioners Court, comprised of the elected County Judge and four elected Commissioners, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: justice administration (courts, juries, constables, district attorney, clerks, investigators, sheriff, jail, fire marshal, and medical examiner), tax collection, road and bridge maintenance, juvenile services and indigent health care assistance.

The accompanying basic financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Blended component units, while legally separate entities, are in substance a part of the County's operations and are appropriately presented as funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County.

Blended Component Units

For reporting purposes, the Collin County Housing Finance Corporation (HFC), the Collin County Health Care Foundation (HCF), and the Collin County Toll Road Authority (CCTRA) are blended component units. The Commissioners Court is the governing board of the HFC, HCF and CCTRA. The HFC issues single and multiple-family revenue bonds that are disclosed as conduit debt in Footnote III (n) and provides grants to qualified entities that enhance housing affordability for citizens of the County with fees that were revenues for the HFC. The County and/or the citizens of the County benefit from revenues because the board can use the revenues to improve public housing within the County. There are no other financial operations or balances for this entity. Required financial reporting to show compliance is provided by the administrator, Bank of New York Mellon, acting as trustee for the various issues and overseeing legal compliance reporting. The HCF was organized under the Texas Nonprofit Corporation Act to assist the County by providing indigent health care. The County benefits from the HCF because it provides the legally required function of providing indigent health care. Without the organization, funds would have to be provided by tax dollars to serve this function of government. Financial activity is reported as a major special revenue fund within the governmental fund financial statements. The CCTRA was created to finance the Outer Loop project within the County with anticipated future toll revenues upon completion of construction. During fiscal year 2025, the County re-evaluated the reporting classification of the CCTRA and determined that it no longer meets the criteria for reporting as a blended component unit or enterprise fund. Accordingly, the CCTRA's assets, liabilities, and activities are now reported within governmental activities and the appropriate governmental funds. This change represents a reclassification of reporting and did not result in a restatement of prior year financial statements. These blended component units do not have separate financial statements.

Discretely presented component unit

The Child Protective Services Board is the County's only discretely presented component unit. The Child Protective Services Board provides additional assistance to foster children in the care of the State. The Board is appointed by the Commissioners Court but functions independent of County influence other than a limited amount of county budgeted

funding which is supplemented with grant funds. The Board proposed a budget for funding and the Commissioners Court authorized the budget as part of the County's annual adopted budget. This discretely presented component unit does not have a separate financial statement.

b. Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report, except for County fiduciary activity, consolidated information on all of the activities of the County and its component units. The effect of inter-fund transfers has been removed from these statements but continues to be reflected on the fund statements. Inter-fund services provided and used are not eliminated in the process of consolidation. Governmental activities' primary support is derived from taxes, fees, and federal and state funding.

The statement of activities exhibits the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function 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 in program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds, enterprise (proprietary) funds, and fiduciary funds even though the fiduciary funds are excluded from the government-wide financial statements. The General Fund, General Road and Bridge Special Revenue Fund, Local Provider Participation Special Revenue Fund, Grants Special Revenue Fund, Debt Service Fund, 2018 Permanent Improvement Fund, and 2023 Permanent Improvement Fund meet the criteria or have been selected by management as *major governmental funds*. The Health Care Foundation Special Revenue Fund is being reported as a major fund even though it did not meet the requirement criteria because indigent healthcare is a major function of the County that is of great interest to the public. Each major fund is reported in separate columns in the fund financial statements. Nonmajor funds include other Special Revenue and Capital Project funds. The combined amounts for these funds are reflected in a single column in the fund financial statements. Detailed statements for nonmajor funds are presented within Combining and Individual Fund Statements and Schedules.

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

The government-wide, enterprise, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are District Clerk and County Clerk fees, Justice of the Peace fees, investment earnings, intergovernmental revenue, and charges for services. Grants are recognized as revenue when all applicable eligibility requirements are met.

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Measurable and available revenues include revenues expected to be received within 60 days after the year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as unavailable revenue. Property taxes levied prior to September 30, 2025, which were levied October 1, 2024, have been assessed to finance the budget of the fiscal year beginning October 1, 2024. In accordance with the modified accrual basis of accounting, the balances outstanding at November 30, 2025, 60 days after year-end, are reflected as unavailable revenue and taxes receivable in the fund financial statements. Property taxes and interest earned as of September 30 and received within 60 days of year-end are accrued as income in the current period. Expenditures generally are recorded when a liability is incurred; however, debt service expenditures and claims and judgments are recorded only when payment is due.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, fees, intergovernmental revenues, fines and investment income. Primary expenditures are for general administration, public safety, judicial, state prosecution and capital outlay.

The General Road and Bridge Special Revenue Fund is used to account for the activities affecting County-owned roads, including right-of-way acquisitions, construction, operations and maintenance. Expenditures for shared cost road projects with the State of Texas are also included. This constitutional fund is partially financed by court fines and fees associated with vehicle registration.

The Health Care Foundation Special Revenue Fund is used to account for receipts restricted for indigent health care and related expenditures as administered by the Collin County Health Care Foundation. The Health Care Foundation was created with the sale of the county hospital in 1983 with the intent of providing healthcare to people that qualify for indigent medical care with investment earnings or until the fund is depleted. The Health Care Foundation owns buildings in which space is leased to the County and to other organizations as an additional source of revenue. The fund also receives revenues from federal and state government sources.

The Local Provider Participation Special Revenue Fund is used to collect mandatory payments from local hospitals to fund the nonfederal share of Medicaid supplemental program payments authorized under the state Medicaid plan. The LPPF authorizes the county to administer a health care provider participation program to provide additional compensation to local hospitals located within the county.

Grants Special Revenue Fund is used to account for receipt of grant revenues and expenditures from Federal and State entities or other sources.

The Debt Service Fund is used to account for property tax revenues restricted to be used to meet Collin County's debt obligations.

2018 Permanent Improvement Capital Projects Fund is used to account for bond projects authorized by voters on November 6, 2018. Total authorized for open space, roads and highways is \$750,000,000.

2023 Permanent Improvement Capital Projects Fund is used to account for bond projects authorized by voters on November 7, 2023. Total authorized for permanent improvement, facilities, open space, roads and highways is \$683,374,864.

The County also reports the following fund types:

Special Revenue Funds are used to account for specific revenue sources (other than debt proceeds) that are restricted from an outside source to be used for specified purposes.

Capital Project Funds are used to account for the different types of bonds issued by the county for the acquisition or construction of major capital projects such as design, construction or major improvements to roads, facilities, or parks. A county may not issue bonds payable in whole or in part from ad valorem taxes unless the bonds are authorized by a majority of the registered voters of the county voting on the issue.

Unlimited tax bonds are used to finance road construction. Unlimited tax bonds, per state statute, are secured by the county's pledge of an ad valorem tax, without limit, upon all taxable property within the county. The bonds issued would include payment for the cost of issuance associated with the sale of these bonds.

Internal Service Funds are used to account for financing activities internally for the County or a combination of other governments including the County on a cost-reimbursement basis. This includes activities for employee health care, workers' compensation insurance, liability insurance and optional payroll deductions as well as an animal shelter that services the County and cities within the County.

Enterprise Funds are used to account for business-type activities. The County has one enterprise fund, the Animal Safety Fund.

The Collin County Toll Road Authority (CCTRA) was previously reported as an enterprise fund to account for activities related to financing the Outer Loop project within the County. During fiscal year 2025, the County re-evaluated this classification and determined that the CCTRA does not meet the criteria for enterprise fund reporting. Accordingly, its assets, liabilities, and activities have been reclassified and are now reported within governmental activities and appropriate governmental funds.

The Animal Safety Fund is used to account for activities related to animal shelter and control activities in unincorporated areas of the County as well as within member cities. The County and member cities are required to fund the Animal Safety Fund on a pro-rata basis based on the 2020 census population.

Enterprise Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from delivering goods or services in connection with an Enterprise Fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds are used to account for assets that are held in a trustee or agent capacity and are therefore not available to support County operations. The County has two types of fiduciary funds:

1. Investment Trust Funds are used to report activities from individual investment accounts that are held in trust by the County on behalf of other parties until disbursement is authorized by either the County or District courts. If required investment earnings are allocated to the individual registry accounts in accordance with applicable laws and court directives.
2. Custodial Funds are used to account for assets held by the County in a custodial capacity for individuals, private organizations, and other governments. Examples of custodial funds are: The Tax Office collecting funds on behalf of local governments and the State or the Sheriff's Office collecting funds on behalf of inmates in order to make commissary purchases.

d. Assets, Liabilities, and Fund Balance or Fund Net Position

1) Cash and Investments

Financial statements reporting cash include cash on hand and demand deposits. In accordance with State of Texas statutes and the County's Investment Policy, idle funds are invested in investment pools with other local governments, in obligations of the U. S. Government or its Custodial, municipal bonds, certificates of deposit, and other interest bearing accounts with the main objective being the protection of principal.

The County and its component units report investments at fair value in accordance with provisions of GASB Statement Number 31. All investment income is recognized as revenue in the appropriate fund's statement of activity and/or statement of revenues, expenditures and changes in fund balance.

2) Receivables and Payables

Accounts Receivable

Property taxes are recognized as revenues in the period for which the taxes are levied, regardless of the lien date. Property taxes for the County are levied based on the taxable value on the lien date of January 1st prior to September 30th of the same year. They become due October 1st of that same year and delinquent after January 31st of the following year, with the exception of homeowners over 65 who have the option of making quarterly tax payments. Accordingly, receivables and revenues for prior-year levies delinquent at year end and outstanding 60 days after year end are reflected on the government-wide statements based on the full accrual method of accounting and under the modified accrual method in the fund statements.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Receivables and revenues are recorded for grants when all eligibility requirements have been met and reimbursable costs are incurred.

In the government-wide statements, legally enforceable claims are recorded as receivables and revenues when they are earned and not received. This includes fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unearned revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts.

Lending or borrowing between funds is reflected as "due to" or "due from" (current portion) or "advances to/from other funds" (non-current). Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources. Inter-fund activity reflected in "due to" or "due from" is eliminated on the government-wide statements with the exception of internal balances between the governmental activities and business-type activities.

3) Inventories and Pre-paid Items

Inventory is valued at average cost. Inventory in the General Fund and Special Revenue Funds consist of expendable supplies held for consumption and the costs are recorded as expenditures at the time the inventory items are used. Reported inventories are offset by non-spendable fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Certain payments to vendors reflect costs applicable to future accounting periods and are normally recorded as prepaid items in both government-wide and fund financial statements. The government-wide statements show prepaid expenses of \$29,959,224. This amount is comprised of payments to vendors for county managed projects on behalf of cities within the county.

4) Restricted Fund Balance

Upon receipt, contributions, grants, and other revenues restricted by donors for specific purposes are added to restricted assets of the County. Each fund with restricted fund balance has an administrator who is responsible for monitoring the revenues and expenses and for ensuring that the fund's resources are being used for the purposes stated. Funds within the Health Care Foundation Fund, a nonprofit corporation, are legally restricted. Resources set aside for specific purposes such as required within the terms of bond agreements, or self-insurance arrangements, are reported as restricted.

5) Capital Assets – Primary Government

Capital assets are tangible and intangible, which include land, buildings, construction in progress, improvements other than buildings, equipment, infrastructure, and right to use assets and are reported in the government-wide financial statements. Capital assets in the equipment category are defined as equipment with an acquisition value of \$5,000 or more. Infrastructure assets include County-owned roads, bridges and communication towers. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of receipt.

The costs of normal maintenance and repair that do not add to the value of the asset or materially extend the asset's life are expensed rather than capitalized.

Capital assets and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

Depreciable Life in Years	
Asset Classes	Life in Years
Land/Land Improvements	0
Historical Treasures/Works of Art	0
Buildings	30
Improvements other than Buildings	10-20
Machinery and Equipment	
Computer Equipment	5
Heavy Machinery and Equipment	8-13
Law Enforcement Equipment	5-7
Other Equipment	7-10
Patrol Vehicles	1-2
Vehicles	5-7
Infrastructure	
Infrastructure - Asphalt	7
Infrastructure - Bridge	25-30
Infrastructure - Concrete	12
Infrastructure - Radio Tower	15
Right to Use Assets	
Buildings	Lease Term
Machinery and Equipment	Lease Term
Subscriptions	Lease Term

6) Compensated Absences

A liability for unused paid time off accruals and compensatory time for all full-time employees is calculated and reported in the government-wide financial statements. For financial reporting, the following criteria must be met to be considered as compensated absences: (a) leave or compensation is attributable to services already rendered and (b) leave or compensation is not contingent on a specific event (such as illness).

In accordance with GASB Statement No. 101, liabilities for compensated absences are recognized in the fund financial statements to the extent that the leave has been earned and is more likely than not to be used or otherwise paid. Accordingly, compensated absences are accrued in the government-wide financial statements and, where applicable, in the fund financial statements.

The County's permanent, full-time employees accrue 7.4 hours of paid time off (PTO) per pay period (biweekly) from date of employment to four years of service; 8.32 hours per pay period from 5 years to 9 years of service; 9.24 hours per pay period from 10 to 19 years of service; and 10.16 hours per pay period for 20 plus years of continuous employment. The maximum accrual is 200, 240, 320 and 400 hours of PTO for the respective accrual categories specified. Upon termination from the County, an employee is entitled to payment for the total accrued hours as long as they have completed at least one year of continuous service.

7) Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities. On new bond issues, bond premiums are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized in the year the bonds are issued.

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

8) Leases and Subscription-Based Information Technology Arrangements (SBITA)

The County is a lessee for noncancellable leases of building, equipment, and subscriptions. The County recognizes lease liability and intangible right to use lease assets in the government-wide financial statements. The County recognizes lease liabilities with an initial individual value of \$50,000 for buildings, \$5,000 for equipment, and \$100,000 for subscriptions.

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

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

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

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

Right to use assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

9) Pension

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the County Employees Pension Plan (CEPP) and additions to/deductions from CEPP's fiduciary net position have been determined on the same basis as they are reported by CEPP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10) Unemployment and Workers' Compensation Benefits

The County reimburses employees for unemployment compensation benefits. Reimbursements are made on the basis of regular billings received from the Texas Employment Commission. The County also processes workers' compensation payments through a third-party administrator as the claims become due. These obligations are budgeted and paid from current resources.

11) Fund Balance

In the fund financial statements, governmental funds report fund balances that are not available for appropriation or are legally restricted by outside parties for a specific purpose. As required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, these fund balance amounts are reported as non-spendable, restricted, committed, or unassigned. Collin County has no assigned fund balances.

The County's fund balance policy indicates that the County will typically use restricted or committed, in that order, prior to using unassigned resources. The County reserves the right to deviate from this general strategy.

a. **Non-spendable Fund Balance**

The non-spendable fund balance is in a form that is not available for use. For 2025, Collin County has one type of non-spendable fund balance, as shown below:

Fund Balances:	
Nonspendable:	
General Fund:	
Inventories	535,668
Total General Fund	\$ 535,668
General Road and Bridge Fund:	
Inventories	<u>4,811,175</u>
Total Nonspendable	<u>\$ 5,346,843</u>

b. **Restricted Fund Balance**

Limitations are imposed on a portion of fund balance by creditors, grantors, contributors, or laws and regulations of the state or federal governments. These funds are classified as restricted funds. Details of the restricted encumbrances can be found at (p) *Encumbrances* section of the notes to the financial statements. Restricted fund balances reported in the governmental fund statements are as follows:

Restricted:	
General Fund:	
Housing Finance Corporation	\$ 651,335
Records Archive	17,385,224
District Court Records Technology	614,341
Courthouse Security	<u>836,400</u>
Total General Fund	\$ 19,487,301
General Road and Bridge Fund:	
Public transportation	80,563,285
Health Care Foundation:	
Indigent health care	5,328,018
Local Provider Participation:	
Health & Welfare	69,378,863
Grants:	
Grant Programs	611,368
Debt Service Fund:	
Debt service activity	4,907,731
2018 Permanent Improvement:	
Road and bridge projects	481,786,842
2023 Permanent Improvement:	
Road and bridge projects	417,541,393
Other Governmental Funds:	
General administration	37,018,862
Judicial	16,690,869
Financial administration	441,811
Legal	4,929,438
Public facilities	6,044,547
Public safety	595,129
Public transportation	31,971,052
Culture and recreation	<u>61,355</u>
Total other governmental funds	97,753,062
Total Restricted	<u>\$ 1,177,357,863</u>

c. Committed Fund Balance

Committed fund balance is the portion of fund balance that has self-imposed limitations placed by the Commissioners Court. The Commissioners Court ordered these commitments with a Commissioners Court Order and in some cases adopted in the annual budget within separate funds for management which are rolled into the General Fund for reporting. If these funds are not ordered to be committed in future years they will be merged back into the General Fund since it is part of the budget adoption and not shown as committed. Committed fund balance is reported in the governmental fund statements as follows:

General Fund:

Committed	
Capital murder cases	2,000,000
Special elections	200,000
Utilities price spikes	500,000
Highway 75 project	6,000,000
Surety Bond District Clerk & County Clerk	600,000
Permanent Improvement	<u>32,737,140</u>
Total committed	<u>\$ 42,037,140</u>

12) Change in Accounting Principle

During fiscal year 2025, the County adopted the following new accounting guidance:

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023.

II. Stewardship, Compliance and Accountability

a. Budgetary Information

Annual budgets are adopted for all governmental funds with the exception of capital project funds and the following special revenue funds: Grants Fund, LEOSE Fund, Tax Assessor/Collector Motor Vehicle Tax Fund, District Attorney Service Fee Fund, Juvenile Case Manager Fund, and District Attorney Apportionment Fund. The budget for all capital project funds are adopted by project on a project-life term at the time debt is issued and amended as needed, and the budget is carried over from year to year until the funding is exhausted. All grant fund budgets are adopted at the grantor level and adoption is ministerial by Commissioners Court. All governmental fund annual appropriations lapse at year end.

On or before the last day of the March all departments of the County submit requests for appropriations to the Budget Officer. The initial budget request and the Budget Officer’s recommendations are provided to the Commissioners Court beginning in early August. Commissioners Court holds budget hearings to allow departments to justify requests not included in the Budget Officer’s proposed budget. They hold public hearings and publish notices starting in August on the timetable required by state statute. By September 1st or as soon as possible thereafter, the budget and the tax rate are adopted with tax notices mailed on or after October 1st.

The appropriated budget is adopted annually by fund, department, and activity at the legal level of budgetary control. The categories of salary and benefits, training and travel, maintenance and operating, and capital outlay are the legal levels used. Effective September 1, 2005, the Commissioners Court amended this policy to allow the Budget Officer to amend the budget as needed for appropriation line items with a “For Your Information” notification to the Court for all amendments over \$5,000.

Encumbrance accounting is utilized by the County. Encumbered amounts for specific purposes for which amounts have not been previously restricted or committed are included within unassigned fund balance. Encumbrances at year end do not constitute expenditures or liabilities because expenditures are not recognized until the goods or services have been received. The encumbrances at year-end are carried forward to the next year and the budget is increased to accommodate the additional expenditures.

III. Detailed Notes on All Funds

a. *Deposits and Investments*

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the County to invest its funds under a written Investment Policy (the "Investment Policy") that primarily emphasizes safety of principal and liquidity. It also addresses investment diversification, yield, and maturity along with quality and capability of investment personnel. The investment policy defines what constitutes the legal list of investments allowed under the policy, which excluded certain investment instruments allowed under Chapter 2256 of the Local Government Code.

The County's deposits and investments are invested pursuant to the Investment Policy, which is approved annually by Commissioners Court. The Investment Policy includes a list of authorized investment instruments and a maximum allowable stated maturity of any individual investment by group of funds. In addition, it includes an "Investment Strategy Statement" that specifically addresses each fund group's investment options and describes the priorities of preservation and safety of principal, liquidity, marketability, diversification, and yield.

The County Investment Officers, the County Auditor, and the Budget & Finance Director, jointly submit an investment report as specified by Chapter 2256 of the Texas Government Code each quarter to Commissioners Court. The report details the investment position of the County and the compliance of the investment portfolio as it relates to both the adopted Investment Policy and Texas State Statute.

The County's demand deposits, including certificates of deposit, are fully covered by collateral held by the County's agents, Federal Reserve Bank of New York, or the Federal Home Loan Bank of Dallas, in the County's name. The investments are comprised of various governmental agencies issues with a rating of A or better; and Federal Deposit Insurance Corporation (FDIC) insurance. The County's collateral agreements require the market value of securities held by its agents to exceed the total amount of cash and investments held by American National Bank (depository bank) and other banks holding investments of the County at all times. All other deposits are held in trust and are limited to individual accounts fully insured by FDIC.

The County's Investment Policy and depository contract are in accordance with the laws of the State of Texas. The policy and depository contract identify authorized investments and investment terms, collateral requirements, and safekeeping requirements for collateral. All the County's investments are insured, registered or the County's agent holds the securities in the County's name.

The Investment Officers are authorized to invest in the following investment instruments provided that they meet the guidelines of the investment policy:

- 1) Obligations, including letters of credit of the United States or its agencies and instrumentalities;
- 2) Direct obligations of this 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 this 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) Certificates of deposit issued by a state or national bank, a savings and loan association domiciled in this state, or a state or federal credit union domiciled in this state and is:
 1. Guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;
 2. Secured by obligations that are described by The Texas Government Code, Section 2256.009(a), including mortgage-backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage-backed securities of the nature described by The Texas Government Code, Section 2256.009(b); or
 3. Secured in any other manner and amount provided by law for deposits of the investing entity; and
 4. Solicited by bid or offer orally, in writing, electronically or any combination of methods outlined under The Texas Government Code, Section 2256.005(c)(1-4);
 - 7) Commercial Paper is an authorized investment under GC 2256.013 if the commercial paper:
 1. has a stated maturity of 365 days or fewer from the date of its issuance; and
 2. is rated not less than A 1 or P 1 or an equivalent rating by at least:
 - i. two nationally recognized credit rating agencies; or
 - ii. one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.
 - 8) Money market mutual funds registered with and regulated by the Securities and Exchange Commission and fully conforming with The Texas Government Code, Sections 2256.014 and 2256.016(b) and (c) relating to the eligibility of investment pools to receive and invest funds of investing entities; and
 - 9) Investment pools, as discussed in the Public Funds Investment Act, The Texas Government Code, Section 2256.016-2256.019, are eligible if the Commissioners Court, by order, authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by GC 2256.016. An investment pool may invest its funds in money market mutual funds to the extent permitted by and consistent with The Texas Government Code, Section 2256.016 and the investment policies and objectives adopted by the investment pool. The County, by contract, may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds.
 - 10) Bonds issued, assumed, or guaranteed by the State of Israel.

The County expressly allows money market mutual funds and eligible investment pools authorized by the Commissioners Court to invest to the full extent permissible within the Public Funds Investment Act.

The County participates in six Local Government Investment Pools: TexPool, TexSTAR, Logic, Texas Class, Texas FIT and Texas Range. The State Comptroller oversees TexPool with a third party managing the daily operations of the pool under contract. Although there is no regulatory oversight over TexSTAR, a five-member Board, consisting of three directors representing participants, one from a management service providing investment services and one from a company providing participant service and marketing to the Board, maintains oversight responsibility. Logic, Texas Class, Texas FIT and Texas Range are overseen by a Governing Board consisting of individuals elected from participating government entities in the pool.

The County invests in all six pools to provide its primary liquidity needs. All are local government investment pools established in conformity with the Inter-local Cooperation Act, Chapter 791 of the Public Funds Investment Act, Chapter 2256 of the Code. These pools are a conglomeration of local governments investing in investments approved by the Public Funds Investment Act. Such funds allow shareholders the ability to deposit or withdraw

funds on a daily basis. Interest rates are adjusted daily. They are all rated AAAM or AAAf/S1 and must maintain a weighted average maturity not to exceed 90 days. The County considers the holdings in these funds to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, short of a significant change in value.

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. The County has the following fair value measurements: \$84,470,993 valued using a documented trade history in exact security (Level 1); \$9,934,646 valued using a documented trade history in exact security (Level 2); \$26,738,825 valued using an option-adjusted discounted cash-flow model (Level 2); \$66,775,299 valued using a present value of expected future cash flow model (Level 2).

The portfolio balances of all investments including cash equivalents for all funds at September 30, 2025, are as follows:

Type of Investment	Carrying Value	WAM (Days)
Local government investment pools	\$984,376,597	49
Federal agency bonds	263,819,639	1,206
Certificates of deposits	25,535,666	191
Municipal bonds	33,235,050	930
Money market/cash equivalents	219,753,959	1
Total investments	\$1,526,720,911	
Portfolio		132

The risk exposures for governmental individual major funds, non-major funds in the aggregate, internal service funds, and fiduciary fund types of the County are not significantly greater than the deposit and investment risk of the primary government. The Investment Policy segregates the portfolios into three strategic investment pool groups: operating, nonoperating and capital projects. The County’s Investment Policy seeks to control credit risk. Such risk shall be controlled by investing in compliance with the County’s investment policy, qualifying the brokers and financial institutions with which the County transacts, sufficient collateralization, portfolio diversification and limiting maturities.

Credit Risk

Most of the County’s investments are backed by the full faith and credit of the United States Government either directly or indirectly by using instruments of the United States Government or agencies as collateral. Investments that are not backed by instruments of the United States Government include municipal bonds and commercial paper in certain local government investment pools. According to the Collin County Investment Policy, municipal bonds must be rated not less than A or its equivalent; however, in practice all municipal bonds in the County’s portfolio are rated AA or better by Standard and Poor’s or the equivalent. The policy also allows for commercial paper that has a stated maturity of 270 days or fewer and is not rated less than A-1 or P-1 or the equivalent. The County has no commercial paper directly in the portfolio but does invest in two local government investment pools that invest in commercial paper with the same credit rating restrictions.

As of September 30, 2025, the local government pools (64% of the portfolio) were rated AAAM by Standard and Poor’s, or AAAf/S1 by Fitch. The federal agency bonds (17% of the portfolio) were rated AA+ by Standards and Poor’s. The Municipal Bonds (2% of the portfolio) were rated AA or better by Standard and Poor’s. The Certificates of Deposits (2% of the portfolio) were fully collateralized in Collin County’s name at the Federal Home Loan Bank. All funds in money market/cash equivalent accounts (15% of the portfolio) are FDIC insured or fully collateralized with securities held by the Federal Home Loan Bank or the Federal Reserve Bank of New York in the name of Collin County.

Interest Rate Risk

As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that investment

maturities not exceed five years for all investment types. The weighted average maturity for all securities was 132 days. All investments are normally held to maturity or until called.

b. Deposits

The September 30, 2025, carrying amount of deposits was as follows:

	Bank Deposits
Governmental activities	\$ 148,288,084
Business-type activities	345,990
Total	<u>\$ 148,634,074</u>

Most of the funds are collateralized with securities or held by the Federal Home Loan Bank or the Federal Reserve Bank of New York in the name of Collin County as of September 30, 2025. All other funds are insured by the FDIC.

c. Property Taxes and Other Receivables

Property taxes attach an enforceable lien on property as of January 1st. Taxes are levied prior to September 30th, become due on October 1st and are delinquent after January 31st except for homeowners over 65 who have the option of paying their taxes quarterly. The County bills and collects its own property taxes as well as those for the:

- 1) Cities of Allen, Anna, Blue Ridge, Celina, Fairview, Farmersville, Frisco, Josephine, Lavon, Lowry Crossing, Lucas, McKinney, Melissa, Murphy, Nevada, New Hope, Parker, Plano, Princeton, Prosper, Richardson, Sachse, St. Paul, Weston, and Wylie;
- 2) Independent School Districts of Allen, Anna, Blue Ridge, Celina, Community, Farmersville, Frisco, Lovejoy, McKinney, Melissa, Plano, Princeton, Prosper, and Wylie;
- 3) Blue Meadow MUD #3, CC Trails of Blue Ridge RD District, Collin County MUD: #2, #4, #5, #10 & CR412, Collin County WCD #3, East Fork FWSD #IA, Elevon: MUD #IA, LCMUD #1, Lakehaven MUD, Magnolia Pointe MUD #1, North Parkway MMD#, Raintree MUD #1, Riverfield MUD #1, Seis Lago’s Utility District, Uptown MUD #1 and Van Alstyne: MUD #2 & #3;
- 4) Collin County Community College and McKinney CED
- 5) Neighborhoods of AnaCapri PID: IA#1 & IA#2A, Arcadia Farms, Brookside, Cambridge Crossing, Celina Hills PID, Chalk Hill, Collin Creek East & West, Creeks of Legacy, Cross Creek Meadows PID, Crossroads, Downtown Plano PID, Eastridge PID, Edgewood Creek, Elevon PID: IA #1, IA #2-A, IA #2-B & ZIRA, Glen Crossing, Glen Crossing West, Haggard Farm PID: IA# 1 and MIA, Harper Estates PID, Heritage PID: Zone 1, Zone 2, Zone 3 & Zone 4, Hillside Village PID, Hurricane Creek: IA#1, 1A#2 & MIA, Lakepointe: MIA, IA #1 & IA #2-3, Lakes at Mustang Ranch, Legacy Hills PID, Meadows Vista IA#, Mosaic PID, North Sky PID, NPMMD #1 PID, Ownsby Farms, Parvin PID, Parks at Wilson Creek, Sherley Tract: MIA & IA#1, Sicily PID, Simpson Rd: O&M, PID & 1A#2, Southridge PID, Ten Mile Creek PID, Trails of Lavon: IA#2, IA#3 & PID, Wells: North & South, The Columns, Whitewing Trails #2, Wilson Creek Meadows PID, Winchester: PID & PID #2 & 3, Windmore PID, Woods at Lindsey Place PI PID & 1A2 A-B.

The County is the only taxing entity controlled by the Commissioners Court, and the County Tax Assessor/Collector, who is elected into office by the citizens of the County, acts only as an intermediary in the collection and distribution of property taxes to the other entities.

Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the Tax Assessor/Collector’s Custodial Fund. Tax collections are recorded net of the entities’ related collection commission paid to the County in this Custodial Fund according to the levy year for which the taxes are collected. Tax collections deposited for the County are distributed to the County’s General Fund, Permanent Improvement Fund, and Debt Service Fund. This property tax distribution is prorated based upon the tax rate established for each fund by order of the Commissioners Court for the tax year for which the collections are made.

The County participates in several tax increment finance (TIF) districts. When a TIF district is created with the approval of all participating governmental entities, the property included in the district has its assessed valuation frozen at that time for the duration of the district. As projects are developed, increasing the assessed valuation of the property,

the agreed percentage of incremental increases is returned to the entity which initially financed the improvements. Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned such as grant revenue received but not yet expended.

d. Deferred Inflows and Unearned Revenue

At September 30, 2025, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

Deferred inflows of resources:	
Taxes	
General Fund	\$ 2,775,580
Debt Service Fund	<u>1,082,082</u>
Total taxes	<u>3,857,662</u>
Fines and Fees:	
General Fund	960,325
General Road and Bridge Fund	<u>242,568</u>
Total fines and fees	<u>1,202,893</u>
Total deferred inflows of resources:	<u>\$ 5,060,555</u>
Unearned Revenues:	
Grant Funds	<u>77,049,299</u>
Total unearned revenue:	<u>\$ 77,049,299</u>

The County is authorized by the tax laws of the State of Texas to levy taxes up to \$0.80 per \$100 of assessed valuation for general governmental services and the payment of principal and interest on certain permanent improvement long-term debt. Taxes may be levied in unlimited amounts for the payment of principal and interest on road bond long-term debt issued under Article 3, Section 52 of the Texas Constitution.

e. Receivables

Receivables as of year-end for the County’s individual major funds as well as nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	General Road and Bridge Special Revenue Fund	Grants Fund	Debt Service Fund	2018 Permanent Improvement	Non-Major Funds
Receivables:						
Taxes	\$ 2,871,953	\$ -	\$ -	\$ 1,119,654	\$ -	\$ -
Fines and Fees	4,195,929	1,059,848	-	-	-	-
Due from other governments	2,019,422	59,437	3,800,387	-	-	141,730
Due from other funds	2,901,057	-	-	-	-	-
Advance to other funds	-	-	-	-	-	-
Interest	1,190,034	-	-	-	283,080	-
Miscellaneous	1,936,546	-	-	-	12	166
Gross receivables	<u>15,114,941</u>	<u>1,119,285</u>	<u>3,800,387</u>	<u>1,119,654</u>	<u>283,092</u>	<u>141,896</u>
Less allowance for uncollectible	<u>(3,331,977)</u>	<u>(817,280)</u>	<u>-</u>	<u>(37,572)</u>	<u>-</u>	<u>-</u>
Net receivables	<u>\$ 11,782,964</u>	<u>\$ 302,005</u>	<u>\$ 3,800,387</u>	<u>\$ 1,082,082</u>	<u>\$ 283,092</u>	<u>\$ 141,896</u>

f. Capital Assets

Capital assets are recorded at cost. Donated capital assets, donated works of art and similar items and capital assets

Year ended September 30, 2025

received in service concession arrangements should be reported at acquisition value. Depreciation policies have been adopted to include useful lives and classification by function. The capitalization threshold for equipment is \$5,000. Infrastructure assets are valued by using actual historical cost where the amount can be determined. Once the historical cost is determined, the asset is then depreciated over its useful life. Many building and road projects have occurred during 2025.

A summary of changes in capital assets follows:

	Beginning balance	Increases	Decreases	Transfers	Ending balance
Governmental activities:					
Capital assets, not depreciated:					
Land	\$ 129,276,479	\$ 1,171,415	\$ (8,717,599)	\$ 88,727,181	\$ 210,457,476
Construction in progress	91,981,099	144,990,765	-	71,737,752	308,709,616
Historical treasures	604,813	25,000	-	-	629,813
Total capital assets, not depreciated	<u>221,862,391</u>	<u>146,187,180</u>	<u>(8,717,599)</u>	<u>160,464,933</u>	<u>519,796,905</u>
Capital assets, being depreciated/ amortized:					
Buildings	272,491,040	900,843	-	-	273,391,883
Improvements other than buildings	8,833,216	-	-	-	8,833,216
Machinery and equipment	115,777,708	12,480,421	(5,601,538)	-	122,656,591
Infrastructure	376,897,654	19,020,529	(3,585,828)	6,636,817	398,969,172
Right to use - buildings	1,081,351	-	-	-	1,081,351
Right to use - machinery and equipment	715,036	-	-	-	715,036
Right to use - subscriptions	3,235,948	7,955,720	-	-	11,191,668
Total assets being depreciated	<u>779,031,953</u>	<u>40,357,513</u>	<u>(9,187,366)</u>	<u>6,636,817</u>	<u>816,838,917</u>
Less accumulated depreciation for:					
Buildings	(175,640,834)	(7,685,386)	-	-	(183,326,220)
Improvements other than buildings	(6,567,819)	(425,350)	-	-	(6,993,169)
Machinery and equipment	(89,001,839)	(9,637,395)	5,585,061	-	(93,054,173)
Infrastructure	(234,022,007)	(20,110,935)	2,610,789	-	(251,522,153)
Less accumulated amortization for:					
Right to use - buildings	(845,121)	(236,230)	-	-	(1,081,351)
Right to use - machinery and equipment	(261,424)	(150,994)	-	-	(412,418)
Right to use - subscriptions	(1,871,196)	(2,343,554)	-	-	(4,214,750)
Total accumulated depreciation and amortization	<u>(508,210,240)</u>	<u>(40,589,844)</u>	<u>8,195,850</u>	<u>-</u>	<u>(540,604,234)</u>
Net capital assets, being depreciated and amortized	<u>270,821,713</u>	<u>(232,331)</u>	<u>(991,516)</u>	<u>6,636,817</u>	<u>276,234,683</u>
Governmental activities, capital assets	<u>\$ 492,684,104</u>	<u>\$ 145,954,849</u>	<u>\$ (9,709,115)</u>	<u>\$ 167,101,750</u>	<u>\$ 796,031,588</u>

	Beginning balance	Increases	Decreases	Transfers	Ending balance
Business-type activities:					
Capital assets, not depreciated:					
Land	\$ 89,394,260	\$ -	\$ -	\$ (89,394,260)	\$ -
Construction in progress	78,633,658	-	-	(78,633,658)	-
Total capital assets, not depreciated	168,027,918	-	-	(168,027,918)	-
Capital assets, being depreciated:					
Buildings	3,035,731	45,862	-	-	3,081,593
Improvements other than buildings	85,341	-	-	-	85,341
Machinery and equipment	359,855	67,039	(43,175)	-	383,719
Infrastructure	9,703,892	-	-	(9,703,892)	-
Total assets being depreciated	13,184,819	112,901	(43,175)	(9,703,892)	3,550,653
Less accumulated depreciation for:					
Buildings	(1,731,458)	(115,459)	-	-	(1,846,917)
Improvements other than buildings	(20,624)	(8,534)	-	-	(29,158)
Machinery and equipment	(281,599)	(40,342)	41,542	-	(280,399)
Infrastructure	(5,727,992)	(808,658)	6,536,650	-	-
Total accumulated depreciation	(7,761,673)	(972,993)	6,578,192	-	(2,156,474)
Net capital assets, being depreciated	5,423,146	(860,092)	6,535,017	(9,703,892)	1,394,179
Business-type activities, capital assets	<u>\$ 173,451,064</u>	<u>\$ (860,092)</u>	<u>\$ 6,535,017</u>	<u>\$(177,731,810)</u>	<u>\$ 1,394,179</u>

Depreciation expense for FY 2025 was charged to functions/programs of the primary government as follows:

Governmental activities:

General administration	\$ 7,081,777
Judicial	157,498
Financial administration	53,089
Legal	6,306
Public facilities	8,928,989
Equipment services	1,644,286
Public safety	751,376
Public transportation	21,531,316
Health and welfare	281,453
Culture and recreation	152,544
Conservation	1,210
Total governmental activities	<u>\$ 40,589,844</u>

Proprietary activities

Outer loop:	
Public transportation	\$ 808,658
Animal safety:	
Public facilities	125,265
Public safety	39,070
Total business-type activities	<u>\$ 972,993</u>

Construction Commitments

Collin County has active construction projects as of September 30, 2025. The projects include road and bridge construction and new facility construction. At year-end the County's outstanding commitments with contractors are as follows:

Project Type	Remaining Commitment
Public transportation	\$ 73,852,260
Public facilities	96,461,931
Total	\$ 170,314,191

g. Long-term Debt

New Bond Issues

Collin County issues general obligation bonds and tax notes to finance major capital projects. The total bond and tax note debt is \$982,755,000 as of September 30, 2025, of which \$228,200,000 was issued in 2025.

The following are general obligation bonds and tax notes outstanding at September 30, 2025, and are for governmental activities only:

Fund Name	Interest Rates	Date Issued	Maturity	Due as of September 30, 2025
Limited Tax Refunding and Improvement Bond 2014	2.000% to 5.000%	2014	2029	2,875,000
Limited Tax Refunding and Improvement Bond 2015	2.000% to 4.000%	2015	2030	920,000
Limited Tax Refunding and Improvement Bond 2016	2.000% to 5.000%	2016	2036	1,890,000
Limited Tax Permanent Improvement Bond 2019	3.000% to 5.000%	2019	2039	95,290,000
Limited Tax Permanent Improvement Bond 2020	3.000% to 5.000%	2020	2040	102,095,000
Limited Tax Refunding Bond 2020	0.540% to 1.884%	2020	2032	26,170,000
Limited Tax Permanent Improvement and Refunding Bond 2021	2.250% to 5.000%	2021	2041	60,385,000
Limited Tax Refunding Bond 2021	0.302% to 1.963%	2021	2033	16,475,000
Limited Tax Permanent Improvement Bond 2022	4.000% to 5.000%	2022	2042	49,235,000
Limited Tax Permanent Improvement Bond 2023	4.000% to 5.000%	2023	2043	211,045,000
Limited Tax Permanent Improvement and Refunding Bond 2024	4.000% to 5.000%	2024	2044	174,300,000
Limited Tax Permanent Improvement and Refunding Bond 2025	5.000% to 5.000%	2025	2045	220,280,000
Tax Notes 2025	5.000% to 5.000%	2025	2027	7,920,000
Unlimited Tax Road and Refunding Bond 2015	2.000% to 5.000%	2015	2029	6,080,000
Unlimited Tax Road and Refunding Bond 2016	2.000% to 5.000%	2016	2028	7,795,000
Total:				<u>\$ 982,755,000</u>

Limited Tax Refunding and Improvement Bonds, Series 2014

(authorized by voters on November 6, 2007, issued June 15, 2014)

\$23,380,000 Limited Tax Refunding and Improvement Bonds, Series 2014 were issued for (i) acquiring and improving land for park and open space purposes, including joint county-city projects; (ii) refunding a portion of the County’s outstanding limited tax debt for debt service savings and; (iii) paying the cost of issuance associated with the sale of the Limited Tax Bonds. Principal maturities will occur annually beginning on February 15, 2015 with installments ranging from \$115,000 to \$2,515,000. Interest payments occur semi-annually on February 15th and August 15th ranging from 2.0% to 5.0%. The final principal and interest payment is due on February 15, 2029. The refunding resulted in savings of \$5,317,279 due to a decrease in cash flow requirements and had an economic gain of \$1,294,074. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

Limited Tax Refunding and Improvement Bonds, Series 2014

New Issue	\$ 2,200,000
Refunding	21,180,000
Total principal to be paid to bondholders	<u>\$ 23,380,000</u>
Liability as of September 30, 2025	<u>\$ 2,875,000</u>

Limited Tax Refunding and Improvement Bonds, Series 2015

(authorized by voters on November 6, 2007, issued July 1, 2015)

\$3,675,000 Limited Tax Refunding and Improvement Bonds, Series 2015 were issued for (i) acquiring and improving

land for park and open space purposes, including joint city-county projects, (ii) refunding a portion of the County’s outstanding limited tax debt for debt service savings, and (iii) paying the cost of issuance associated with the sale of the Limited Tax bonds. Principal maturities will occur annually beginning on February 15, 2016 with installments ranging from \$100,000 to \$280,000. Interest payments occur semi-annually on February 15th and August 15th ranging from 2.0% to 4.0%. The final principal and interest payment is due on February 15, 2030. The refunding resulted in savings of \$387,385 due to a decrease in cash flow requirements and had an economic gain of \$106,860. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

Limited Tax Refunding and Improvement Bonds, Series 2015

New Issue	\$ 2,300,000
Refunding	1,375,000
Total principal to be paid to bondholders	<u>\$ 3,675,000</u>
Liability as of September 30, 2025	<u>\$ 920,000</u>

Limited Tax Refunding and Improvement Bonds, Series 2016

(authorized by voters on November 6, 2007, issued August 1, 2016)

\$4,045,000 Limited Tax Refunding and Improvement Bonds, Series 2016 were issued for (i) acquiring and improving land for park and open space purposes, including joint city-county projects, (ii) refunding a portion of the County’s outstanding limited tax debt for debt service savings, and (iii) paying the cost of issuance associated with the sale of the Limited Tax bonds. Principal maturities will occur annually beginning on February 15, 2017 with installments ranging from \$70,000 to \$655,000. Interest payments occur semi-annually on February 15th and August 15th ranging from 2.0% to 5.0%. The final principal and interest payment is due on February 15, 2036. The refunding resulted in savings of \$450,520 due to a decrease in cash flow requirements and had an economic gain of \$192,644. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

Limited Tax Refunding and Improvement Bonds, Series 2016

New Issue	\$ 2,300,000
Refunding	1,745,000
Total principal to be paid to bondholders	<u>\$ 4,045,000</u>
Liability as of September 30, 2025	<u>\$ 1,890,000</u>

Limited Tax Permanent Improvement Bonds, Series 2019

(authorized by voters on November 6, 2007 and November 6, 2018, issued February 15, 2019)

\$151,005,000 Limited Tax Permanent Improvement Bonds, Series 2019 were issued for (i) constructing, improving and maintaining non-tolled, high-speed highways and freeways within Collin County and related service and frontage road; including the acquisition of land and rights-of-way therefor; and including participating in the cost of joint county-state and county-city projects, (ii) constructing, improving and maintaining roads and bridges within Collin County, including the acquisition of land and rights-of-way therefor; including participating in the cost of joint county-state and county-city projects, (iii) acquiring and improving land for park and open space purposes, including joint county-city projects (iv) acquiring, constructing, improving, renovating and equipping juvenile and adult detention facilities, including court facilities, juvenile probation facilities and juvenile justice alternative education program facilities and the acquisition of land therefor, and (v) paying the costs of issuance associated with the sale of the Bonds. Principal maturities will occur annually beginning on February 15, 2020 with installments ranging from \$4,245,000 to \$32,875,000. Interest payments occur semi-annually on February 15th and August 15th ranging from 3.0% to 5.0%. The final principal and interest payment is due on February 15, 2039. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

Limited Tax Permanent Improvement Bonds, Series 2019

New Issue	\$ 151,005,000
Total principal to be paid to bondholders	<u>\$ 151,005,000</u>
Liability as of September 30, 2025	<u>\$ 95,290,000</u>

Limited Tax Permanent Improvement Bonds, Series 2020

(authorized by voters on November 6, 2018, issued June 15, 2020)

\$151,765,000 Limited Tax Permanent Improvement Bonds, Series 2020 were issued for (i) constructing, improving and maintaining non-tolled, high-speed highways and freeways within Collin County and related service and frontage roads: including the acquisition of land and rights-of-ways therefor; and including participating in the cost of joint county-state and county-city projects; (ii) constructing, improving and maintaining roads and bridges within Collin County, including the acquisition of land and rights-of-way therefor; and including participating in the cost of joint county-state and county-city projects, (iii) acquiring and improving land for park and open space purposes, including joint county-city projects, and; (iv) paying the costs of issuance associated with the Permanent Improvement Bonds. Principal maturities will occur annually beginning on February 15, 2021 with installments ranging from \$3,925,000 to \$32,730,000. Interest payments occur semi-annually on February 15th and August 15th ranging from 3.0% to 5.0%. The final principal and interest payment is due on February 15, 2040. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

Limited Tax Permanent Improvement Bonds, Series 2020

New Issue	\$151,765,000
Total principal to be paid to bondholders	<u>\$151,765,000</u>
Liability as of September 30, 2025	<u>\$102,095,000</u>

Limited Tax Refunding Bonds, Series 2020

(authorized by Commissioners Court and issued on June 15, 2020)

\$47,280,000 Limited Tax Refunding Bonds, Series 2020 were issued to (i) refund a portion of the County's outstanding tax debt for debt service savings; and (ii) pay the cost of issuance associated with the sale of Taxable Bonds. Principal maturities will occur annually beginning February 15, 2021, with installments ranging from \$825,000 to \$6,885,000. Interest payments occur semi-annually on February 15th and August 15th ranging from .540% to 1.884%. The final principal and interest payment is due on February 15, 2032. The refunding resulted in savings of \$10,363,425 due to a decrease in cash flow requirements and had an economic gain of \$5,460,313. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

Limited Tax Refunding Bonds, Series 2020

Refunding	\$ 47,280,000
Total principal to be paid to bondholders	<u>\$ 47,280,000</u>
Liability as of September 30, 2025	<u>\$ 26,170,000</u>

Limited Tax Permanent Improvement and Refunding Bonds, Series 2021

(authorized by voters on November 6, 2018 and issued on June 15, 2021)

\$103,520,000 Limited Tax Permanent Improvement and Refunding Bonds, Series 2021 were issued for (i) constructing, improving, and maintaining non-tolled, high-speed highways and freeways within Collin County and related service and frontage roads; including the acquisition of land and rights-of-way therefor; and including participating in the cost of joint county-state and county-city projects, (ii) constructing, improving and maintaining roads and bridges within Collin County, including the acquisition of land and rights-of-way therefor; and including participating in the cost of joint county-state and county-city projects, (iii) acquiring and improving of land for park and open space purposes, including joint county-city projects, (iv) refunding a portion of the County's outstanding tax debt for debt service savings, and (v) paying the costs of issuance associated with the sale of the Permanent Improvement and Refunding Bonds. Principal maturities will occur annually beginning February 15, 2022, with installments ranging from \$2,695,000 to \$33,320,000. Interest payments occur semiannually on February 15th and August 15th ranging from 2.25% to 5.0%. The final principal and interest payment is due on February 15, 2041. The refunding resulted in savings of \$280,824 due to a decrease in cash flow requirements and had an economic gain of \$230,663. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

Limited Tax Permanent Improvement and Refunding Bonds, Series 2021

New Issue	\$103,520,000
Refunding	-
Total principal to be paid to bondholders	<u>\$103,520,000</u>
Liability as of September 30, 2025	<u>\$ 60,385,000</u>

Limited Tax Refunding Bonds, Series 2021

(authorized by Commissioners Court and issued on June 15, 2021)

\$28,930,000 Limited Tax Refunding Bonds, Series 2021 were issued to (i) refund a portion of the County's outstanding tax debt for debt service savings; and (ii) pay cost of issuance associated with the sale of the Taxable Bonds. Principal maturities will occur annually beginning February 15, 2022, with installments ranging from \$625,000 to \$4,955,000. Interest payments occur semi-annually on February 15th and August 15th ranging from .302% to 1.963%. The final principal and interest payment is due on February 15, 2033. The refunding resulted in savings of \$5,177,013 due to a decrease in cash flow requirements and had an economic gain of \$2,338,065. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

Limited Tax Refunding Bonds, Series 2021

Refunding	\$ 28,930,000
Total principal to be paid to bondholders	<u>\$ 28,930,000</u>
Liability as of September 30, 2025	<u>\$ 16,475,000</u>

Limited Tax Permanent Improvement Bonds, Series 2022

(authorized by voters on November 6, 2018, issued June 15, 2022)

\$82,870,000 Limited Tax Permanent Improvement Bonds, Series 2022 were issued for (i) constructing, improving and maintaining non-tolled, high-speed highways and freeways within Collin County and related service and frontage roads; including the acquisition of land and rights-of-ways therefor; and including participating in the cost of joint county-state and county-city projects; (ii) constructing, improving and maintaining roads and bridges within Collin County, including the acquisition of land and rights-of-way therefor; and including participating in the cost of joint county-state and county-city projects; (iii) acquiring and improving land for park and open space purposes; including joint

county-city projects, and (iv) paying the costs of issuance associated with the sale of the Bonds. Principal maturities will occur annually beginning on February 15, 2023 with installments ranging from \$1,745,000 to \$30,055,000. Interest payments occur semi-annually on February 15th and August 15th ranging from 4.0% to 5.0%. The final principal and interest payment is due on February 15, 2042. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

Limited Tax Permanent Improvement Bonds, Series 2022

New Issue	\$ 82,870,000
Total principal to be paid to bondholders	<u>\$ 82,870,000</u>
Liability as of September 30, 2025	<u>\$ 49,235,000</u>

Limited Tax Permanent Improvement Bonds, Series 2023

(authorized by voters on November 6, 2018, issued July 1, 2023)

\$243,395,000 Limited Tax Permanent Improvement Bonds, Series 2023 were issued for (i) constructing, improving and maintaining non-tolled, high-speed highways and freeways within Collin County and related service and frontage roads; including the acquisition of land and rights-of-ways therefor; and including participating in the cost of joint county-state and county-city projects; (ii) acquiring and improving land for park and open space purposes; including joint county-city projects, and (iii) paying the costs related to the issuance of the Bonds. Principal maturities will occur annually beginning on February 15, 2024 with installments ranging from \$7,060,000 to \$25,290,000. Interest payments occur semi-annually on February 15th and August 15th ranging from 4.0% to 5.0%. The final principal and interest payment is due on February 15, 2043. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

Limited Tax Permanent Improvement Bonds, Series 2023

New Issue	\$243,395,000
Total principal to be paid to bondholders	<u>\$243,395,000</u>
Liability as of September 30, 2025	<u>\$211,045,000</u>

Limited Tax Permanent Improvement and Refunding Bonds, Series 2024

(authorized by voters on November 7, 2023, issued June 15, 2024)

\$198,725,000 Limited Tax Permanent Improvement and Refunding Bonds, Series 2024 were issued for (i) designing, developing, constructing, renovating, improving, expanding and equipping court facilities and juvenile and adult detention facilities, including juvenile probation facilities; (ii) designing, developing, constructing, renovating, improving, extending, expanding and maintaining non-tolled roads and bridges within Collin County, including the acquisition of land and rights-of way therefor; and including participating in the cost of joint county-state and county-city projects; (iii) acquiring and improving land for park and open space purposes, including joint county-city projects; (iv) designing, developing, constructing, renovating, improving, expanding, and equipping the Collin County Medical Examiner’s office facilities; (v) designing, developing, constructing, renovating, improving, expanding, and equipping the existing Collin County animal shelter; (vi) refunding certain outstanding debt obligations of the County for debt service savings, and (vii) paying the costs of issuing the Bonds. Principal maturities will occur annually beginning on February 15, 2025 with installments ranging from \$6,400,000 to \$24,425,000. Interest payments occur semiannually on February 15th and August 15th ranging from 4.0% to 5.0%. The final principal and interest payment is due on February 15, 2044. The refunding resulted in savings of \$3,286,264 due to a decrease in cash flow requirements and had an economic gain of \$740,110. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

Limited Tax Permanent Improvement and Refunding Bonds, Series 2024

New Issue	\$198,235,000
Refunding	490,000
Total principal to be paid to bondholders	<u>\$198,725,000</u>
Liability as of September 30, 2025	<u>\$174,300,000</u>

Limited Tax Permanent Improvement and Refunding Bonds, Series 2025

(authorized by voters on November 7, 2023, issued July 1, 2025)

\$220,280,000 Limited Tax Permanent Improvement and Refunding Bonds, Series 2025 were issued for (i) designing, developing, constructing, renovating, improving, expanding and equipping court facilities and juvenile and adult detention facilities, including juvenile probation facilities; (ii) designing, developing, constructing, renovating, improving, extending, expanding and maintaining non-tolled roads and bridges within Collin County, including the acquisition of land and rights-of way therefor; and including participating in the cost of joint county-state and county-city projects; (iii) acquiring and improving land for park and open space purposes, including joint county-city projects; (iv) designing, developing, constructing, renovating, improving, expanding, and equipping the Collin County animal shelter; (v) designing, developing, reconstructing, renovating, improving, expanding, and equipping the existing the Collin County Medical Examiner’s office facilities; (vi) refunding certain outstanding debt obligations of the County for debt service savings, and (vii) paying the costs of issuing the Bonds. Principal maturities will occur annually beginning on February 15, 2026 with installments ranging from \$6,365,000 to \$22,460,000. Interest payments occur semiannually on February 15th and August 15th with 5.0% interest. The final principal and interest payment is due on February 15, 2045. The refunding resulted in savings of \$4,825,295 due to a decrease in cash flow requirements and had an economic gain of \$992,797. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

Limited Tax Permanent Improvement and Refunding Bonds, Series 2025

New Issue	\$212,607,000
Refunding	7,673,000
Total principal to be paid to bondholders	<u>\$220,280,000</u>
Liability as of September 30, 2025	<u>\$220,280,000</u>

Tax Notes, Series 2025

(authorized by Commissioners Court and issued July 1, 2025)

\$7,920,000 Tax Notes, Series 2025 were issued for (i) acquiring equipment and machinery for existing County buildings and facilities, including the Courthouse, adult and juvenile detention facilities, judicial facilities, and the central plant, to include HVAC, boilers, cooling towers, elevators, power supply and generators; (ii) renovating, improving, and equipping adult and juvenile detention facilities, JP facilities and the Courthouse; (iii) acquiring and implementing asset management software; (iv) paying professional services related to the Projects, and (v) paying the costs of issuance of the Notes. Principal maturities will occur annually beginning on February 15, 2026 with installments ranging from \$2,920,000 to \$5,000,000. Interest payments occur semiannually on February 15th and August 15th with 5.0% interest. The final principal and interest payment is due on February 15, 2027.

Tax Notes 2025

Tax Note	\$ 7,920,000
Total principal to be paid to bondholders	<u>\$ 7,920,000</u>
Liability as of September 30, 2025	<u>\$ 7,920,000</u>

Unlimited Tax Road and Refunding Bonds, Series 2015

(authorized by voters on November 6, 2007, issued July 1, 2015)

\$67,075,000 Unlimited Tax Road and Refunding Bonds, Series 2015 were issued to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in the aid thereof, throughout the County, including participation in the cost of joint state highway and joint city-county projects, (ii) refund a portion of the County’s outstanding debt for debt service savings; and (iii) pay costs of issuance associated with the sale of the Unlimited Tax Bonds. Principal maturities will occur annually beginning on February 15, 2016 with installments ranging from \$1,870,000 to \$6,605,000. Interest payments occur semi-annually on February 15th and August 15th ranging from 2.0% to 5.0%. The final principal and interest payment is due on February 15, 2029. The refunding resulted in savings of \$6,691,450 due to a decrease in cash flow requirements and had an economic gain of \$2,274,002. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

Unlimited Tax Road and Refunding Bonds, Series 2015

New Issue	\$ 43,488,000
Refunding	23,587,000
Total principal to be paid to bondholders	<u>\$ 67,075,000</u>
Liability as of September 30, 2025	<u>\$ 6,080,000</u>

Unlimited Tax Road and Refunding Bonds, Series 2016

(authorized by voters on November 6, 2007, issued August 1, 2016)

\$51,825,000 Unlimited Tax Road and Refunding Bonds, Series 2016 were issued to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in the aid thereof, throughout the County, including participation in the cost of joint state highway and joint city-county projects; (ii) refund a portion of the County's outstanding unlimited tax debt for debt service savings; and (iii) pay costs of issuance associated with the sale of the Unlimited Tax Bonds. Principal maturities will occur annually beginning on February 15, 2017, with installments ranging from \$1,835,000 to \$17,850,000. Interest payments occur semi-annually on February 15th and August 15th ranging from 2.0% to 5.0%. The final principal and interest payment is due on February 15, 2028. The refunding resulted in savings of \$6,802,300 due to a decrease in cash flow requirements and had an economic gain of \$3,247,095. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

Unlimited Tax Road and Refunding Bonds, Series 2016

New Issue	\$ 30,782,000
Refunding	21,043,000
Total principal to be paid to bondholders	<u>\$ 51,825,000</u>
Liability as of September 30, 2025	<u>\$ 7,795,000</u>

h. Defeased Bonds

In prior years the County defeased certain general obligation bonds by placing the proceeds of new bonds into irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. As of September 30, 2025, Collin County does not have any defeased bonds.

i. Arbitrage Rebate Liabilities

The Tax Recovery Act of 1986 established regulations for the rebate to the federal government of arbitrage earnings on certain local governmental bonds issued after December 31, 1985, and all local governmental bonds issued after August 31, 1986. Issuing governments must calculate any rebate due on an annual basis and remit the amount due at least every five years. The County currently has \$23,207,515 cumulative rebate liability.

j. Changes in Non-current Liabilities

Non-current liabilities for the year ended September 30, 2025, were as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due within one year
Governmental activities:					
General obligation bonds	\$ 841,715,000	\$ 228,200,000	\$ 87,160,000	\$ 982,755,000	\$ 72,350,000
Lease liability	677,827	-	372,880	304,947	157,847
Subscription liability	1,261,840	7,955,720	3,162,562	6,054,998	1,682,164
Compensated absences	12,959,506	16,271,158	14,353,872	14,876,792	7,658,983
Claims and judgements	2,898,987	176,984	6,896	3,069,075	544,569
Arbitrage liability	14,425,215	8,782,300	-	23,207,515	-
Unamortized bond premium	83,117,388	15,708,413	5,590,430	93,235,371	-
Total	<u>\$ 957,055,763</u>	<u>\$ 277,094,575</u>	<u>\$ 110,646,640</u>	<u>\$ 1,123,503,698</u>	<u>\$ 82,393,563</u>

Compensated absences are liquidated in funds that have employees (i.e., General Fund, General Road and Bridge Fund, Health Care Foundation Fund, etc.). The County has no other post-employment benefits due to Commissioners Court

eliminating the benefit that created the liability in 2010.

k. General Obligation Bonds

The annual debt service for general obligation bonds is as follows:

Year ending September 30	Principal	Interest	Total
2026	\$ 72,350,000	\$ 42,293,123	\$ 114,643,123
2027	51,680,000	39,164,154	90,844,154
2028	48,260,000	36,913,400	85,173,400
2029	47,760,000	34,760,601	82,520,601
2030	49,695,000	32,583,299	82,278,299
2031-2035	261,195,000	128,688,557	389,883,557
2036-2040	278,395,000	69,403,384	347,798,384
2041-2045	173,420,000	15,751,250	189,171,250
Total	<u>\$ 982,755,000</u>	<u>\$ 399,557,768</u>	<u>\$ 1,382,312,768</u>

The Debt Service Fund has \$4,907,731 to service the general long-term bond retirement as of September 30, 2025. There are a number of limitations and restrictions contained in the various bond indentures. The County is in compliance with all limitations and restrictions, and the County continues to monitor the debt proceeds used to ensure compliance.

l. Lease Liability

A summary of lease payables, as of September 30, 2025, for governmental activities are as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Liability	Amounts Outstanding 09/30/25	Amounts Due Within One Year
Governmental activities:					
Right to Use:					
Buildings	0.435%	2021	\$ 1,236,248		\$ -
Machinery and Equipment	3.445%	2022	547,131	284,884	148,018
Machinery and Equipment	3.445%	2022	8,867	5,152	2,677
Machinery and Equipment	3.445%	2022	32,248	14,911	7,152
Total governmental activities				<u>\$ 304,947</u>	<u>\$ 157,847</u>

The future principal and interest lease payments as of September 30, 2025, are as follows for governmental activities:

Year Ended September 30	Governmental Activities		
	Principal	Interest	Total Requirements
2026	\$ 149,275	\$ 8,572	\$ 157,847
2027	154,485	3,361	157,846
2028	1,187	5	1,192
2029	-	-	-
Totals	<u>\$ 304,947</u>	<u>\$ 11,938</u>	<u>\$ 316,885</u>

m. Subscription Liability

A summary of subscription payables, as of September 30, 2025, for governmental activities are as follows:

Purpose of Subscription	Interest Rate	Initial Year of Subscription	Amount of Initial Liability	Amounts Outstanding 09/30/25	Amounts Due Within One Year*
Governmental activities:					
Right to Use:					
Subscriptions	3.049%	2024	\$ 800,037	\$ 321,208	\$ 331,002
Subscriptions	3.107%	2022	115,250	-	-
Subscriptions	2.570%	2024	1,024,018	-	-
Subscriptions	3.049%	2025	6,587,735	5,407,314	1,180,421
Subscriptions	3.049%	2025	1,367,985	326,476	170,741
Total governmental activities				<u>\$ 6,054,998</u>	<u>\$ 1,682,164</u>

* Includes Accrued Interest Imputed

The future principal and interest payments as of September 30, 2025, are as follows for governmental activities:

Year Ended September 30,	Governmental Activities		
	Principal	Interest	Total Requirements
2026	\$ 1,506,706	\$ 175,458	\$ 1,682,164
2027	1,212,484	138,677	\$ 1,351,162
2028	1,078,712	101,709	\$ 1,180,421
2029	1,111,602	68,819	\$ 1,180,421
2030	1,145,494	34,926	\$ 1,180,420
Totals	<u>\$ 6,054,998</u>	<u>\$ 519,589</u>	<u>\$ 6,574,586</u>

n. Conduit Debt

The Collin County Housing Finance Corporation issues single-family revenue bonds to provide financial assistance to qualified homeowners in which Collin County is a conduit issuer of the debt; however, the County is not obligated in any way to repay the debt.

o. Inter-fund Receivables, Payable Balances, and Transfers

Activity between funds that represent the current portion of lending/borrowing and inter-fund charges for goods and services arrangements outstanding at year end are referred to as "Due to/Due from other funds." The composition of inter-fund balances as of September 30, 2025, is as follows:

	<u>Due from</u>	<u>Due to</u>
General Fund	\$ 2,901,057	\$ -
Grants Fund	-	2,901,057
Total	<u>\$ 2,901,057</u>	<u>\$ 2,901,057</u>

The activity between the General Fund and other funds represents local matching of grants.

All transfers are reported under other financing sources (uses). The accumulated total of inter-fund transfers for the fiscal year ending September 30, 2025, is as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Grant Fund	General Fund	45,162
Grant Fund	Nonmajor Funds	403,584
Health Care Foundation	General Fund	2,000,000
Nonmajor Funds	Road and Bridge Fund	255,000
Nonmajor Funds	Nonmajor Funds	11,270
Collin County Toll Road Authority Fund	General Fund	62,276,304
Collin County Toll Road Authority Fund	2018 Permanent Improvement Bond	96,418,604
Collin County Toll Road Authority Fund	Nonmajor Funds	11,089,949
Total		<u>\$ 172,499,873</u>

Transfers out of the General Fund, 2018 Permanent Improvement Fund, and Nonmajor Funds totaling \$169,784,857 were transferred to the Collin County Toll Road Authority (CCTRA) Fund in order to reclassify the fund as part of governmental funds. Transfers out of the General Fund and Nonmajor Funds to Grant Funds consists of \$448,746 were to support grant match requirements, additionally \$2,000,000 was transferred out of the General Fund to the Health Care Foundation to support health care operations. Transfers out from the Road and Bridge Fund consists of \$255,000 to support road projects within another fund. Transfers from specific Nonmajor funds to other Nonmajor funds consists of \$11,270 in order to close out remaining balances in Capital Project funds.

p. Encumbrances

Encumbrance balances are generally rolled over at year end into the next year and the budget is increased in the new year to cover the encumbrances. Encumbrances in funds other than the General Fund are included in restricted fund balances of those funds. The General Fund has encumbrances in the amount of \$31,319,670. The Commissioners Court has taken action to commit these rolled-over encumbrances to fund the outstanding purchase orders from the prior year. The more significant encumbrances are as follows:

Permanent improvement building projects	\$ 13,141,042
Outer Loop project	17,061,091
Information technology projects	9,018,400
Road projects	62,149,442
Building projects	97,382,680
Document preservations	1,450,533
Total	<u>\$ 200,203,187</u>

Encumbrances in an amount of \$9,794,462 were rolled over in the General Road and Bridge Fund. Of this amount, \$4,029,626 was for equipment for which the purchase was not completed in 2025, \$859,965 for road maintenance projects, \$2,220,026 was allocated for program contingency, \$1,877,015 for building improvements, \$282,732 of encumbrances were rolled over for consulting.

The Health Care Foundation Fund had \$1,103,855 restricted encumbrances roll over from 2025 to 2026. Of these amounts \$417,500 was for project access, \$284,220 was for software maintenance, \$77,842 was rolled over for grant programs to non-profit organizations, and \$24,900 for software.

Encumbrances in an amount of \$63,612,790 were rolled over in Grant Funds. Of this amount \$63,611,336 was related to buildings.

The 2018 Permanent Improvement Bond Fund had \$46,110,419 of encumbrances roll over from 2025 to 2026. Of this amount \$31,551,651 was rolled over for road construction and \$10,787,767 for consulting.

The 2023 Permanent Improvement Bond Fund had \$55,937,824 of encumbrances roll over from 2025 to 2026. Of this amount \$16,760,191 was rolled over for building construction, \$15,953,097 for architecture and \$12,905,247 for consulting.

An encumbered amount of \$14,130,555 was rolled over in all other governmental funds. These encumbrances were \$9,028,647 for infrastructure, \$3,500,000 for indexing service, \$244,706 for buildings and \$50,849 for grant awards.

IV. Other Information

a. Risk Management

The County elected to provide a limited risk self-funded group health insurance program to eligible employees and dependents; and is partially self-insured against the risks arising from tort claims, workers' compensation benefits due to employees who are injured while on duty, losses of funds by theft or other means in all fee offices of the County and any and all other claims asserted by employees and/or third parties against the County arising out of the normal conduct of County business. The County has also chosen to be a reimbursing employer under the unemployment compensation program administered by the Texas Employment Commission.

The Employee Insurance Fund was established to account for the County's group health and dental insurance. A third-party administrator, United Healthcare, administers the County plan. During the year ended September 30, 2025, the County paid \$1,700 per month, for medical and dental benefits per budgeted position, to the plan. Employees, at their option, authorized payroll deductions to pay premiums for dependents. In accordance with state law, the County was protected against catastrophic individual loss by stop-loss coverage. Individual stop-loss deductible is \$100 thousand per person.

The Employee Insurance Fund experienced an decrease of \$3.1 million in benefits paid in 2025 after experiencing an increase of \$6.2 million in 2024 compared to 2023. Total net position increased by \$4.6 million. Management continues

to monitor the claims and has made changes to coverage to help keep costs down. The County’s Workers’ Compensation Fund self-insurance program provides medical and indemnity payments as required by law for on-the-job related injuries up to a stop loss of \$500,000. The third-party administrator for the program monitors the filing of claims, verifies the legitimacy of those claims, and proemployees. The County is protected against catastrophic individual or aggregate loss by stop-loss coverage by a third-party insurance plan.

Losses as a result of theft or by other means, and damage or destruction of assets are accounted for in the Liability Claims Internal Service Fund. The County carries insurance through various commercial insurance companies to limit losses to reasonable deductible levels. In 2025 the County did not experience any identified material violations of financial-related legal or contractual provisions.

Premiums are paid into each individual insurance internal service fund by the other funds they service. Contracted insurance providers receive disbursements from each fund based on monthly enrollment and premium calculations or actual cost plus an administrative fee. All of each fund’s resources are available to pay the particular type of claims, claim reserves and administrative costs of that specific program. Liabilities of each fund are reported when it is probable that a loss or claim has occurred, and the amount of the loss or claim is known or can be reasonably estimated.

Liabilities include an amount for claims or judgments that have been incurred but not reported. The estimate of the claims and judgments liability also includes amounts to guard against catastrophic loss. No settlements in the past three years have exceeded insurance coverage. Changes in the medical, workers’ compensation, and claims liability amounts in 2025 and 2024 are as follows (in thousands):

	Prior Year Liability	Estimates	Payments	Current Year Liability
2025 Employee Medical	855	37,966	37,966	855
2024 Employee Medical	855	41,042	41,042	855
2025 Workers’ Compensation	638	425	425	638
2024 Workers’ Compensation	638	545	545	638
2025 Liability Insurance	446	2,071	2,071	446
2024 Liability Insurance	446	1,457	1,457	446

b. Commitments and Contingencies

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. A contingent liability was not established because potential reimbursements are considered immaterial.

The County is named as a defendant in various lawsuits related to alleged violations of constitutional and employment rights. In all of these cases, the County is denying the allegations and is vigorously defending against them. County officials estimate that the potential claims against the County will not materially nor adversely affect the financial position of the County.

c. Longevity Pay

Longevity pay for the County’s employees is calculated and paid annually. The formula for its calculation has been adopted as policy by the Commissioners Court; however, it is only available to employees hired before December 18, 2007. There is no liability as of September 30, 2025, because the full longevity payment has been recorded in the Government Fund Statements as a current expenditure since the liability was paid as part of the last payroll in 2025.

d. Post-Retirement Health Benefits

Plan Description

The County’s post-employment benefit plan is a single-employer defined benefit plan. The County offers health benefits at actuarial cost with no supplements. The applicable coverage amount applies to both retiree and the retiree’s spouse when they reach age 65 and is available only if the retiree is not covered under another insurance policy other than Medicare. Spouse coverage is only available if they were on the County’s plan prior to the employee’s retirement from

the County. County coverage is secondary to eligibility for Medicare coverage. No post-employment liability exists since retirees are paying the full cost of this benefit.

e. Retirement Commitments

Plan Description

The County Employee Pension Plan (CEPP) provides retirement, disability and death benefits for all of its full-time employees through an agent multiple-employer defined benefit pension plan in the Texas County and District Retirement System (TCDRS). The Board of Trustees is responsible for the administration of the statewide agent multi-employer public employee defined benefit pension retirement system consisting of nearly 870 public employee defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the board of trustees at P. O. Box 2034, Austin, Texas 78768-2034 or can be viewed at www.tcdrs.org.

The plan provisions are adopted by the governing body of the employer, within the options available in the state statutes governing the TCDRS (TCDRS Act). Members employed by Collin County can retire at age 60 and above with eight or more years of service, with 30 years of service, regardless of age, or when the sum of their age and years of service equal 75 or more. Members are vested after eight years of employment but must leave their accumulated contributions in the plan until retirement to receive any employer-financed benefit.

Benefits Provided

TCDRS provides retirement, disability and death benefits for all full-time employees. Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest at a fixed 7% rate per annum, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's contribution commitment. 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.

Benefit terms provide for cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The Commissioners Court chooses to provide a cost-of-living adjustment every third year. The amount of the adjustment is also determined every third year by the Commissioners Court.

Employees covered by benefit terms

As of December 31, 2024, the plan had 4,532 members of which 1,938 are depositing members and 1,520 are inactive members entitled but not yet receiving benefits. As of December 31, 2024 there were 1,074 retired employees receiving benefits from the program averaging \$2,743 per month per retired employee.

Contributions

The County elected the annually determined contribution rate (variable rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The required actuarial rate for calendar years 2024 and 2025, was 7.58% and 7.49%, respectively. However, the County contributed an amount of 10.00% and 10.00%, respectively. The contribution rate payable by the employee members for the calendar years of 2025 and 2024 was 7.0% as adopted by the governing body of the County. The employee contribution rate and the County's contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act. If a plan has had an adverse experience, the TCDRS Act has provisions that allow the employer to contribute a fixed supplemental contribution rate determined by the System's actuary above the regular rate for 25 years or to reduce benefits earned in the future.

f. Net Pension Liability (Asset)

The County's net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Real rate of return	5.00%
Inflation	2.50%
Investment rate of return	7.50%
Salary increases	4.70%

Updated mortality assumptions were adopted in the actuarial valuation of December 31, 2024. All other actuarial assumptions that determined the total pension liability as of December 31, 2024, were based on the results of an actuarial experience study for the period of January 1, 2017, through December 31, 2020. Mortality rates are as follows:

Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

All actuarial assumptions that determined the total pension liability as of December 31, 2024 were based on the results of a public sector actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB 68. The economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting and revised assumptions were adopted. These revisions included reductions in the investment return, wage growth, and maximum payroll growth assumptions. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

The long-term expected rate of return on pension plan investments is 7.60%. The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2025 information for a 10-year time horizon. The valuation assumption for long-term expected return is reassessed at a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting.

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

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

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

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

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

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

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

Discount Rate

The Discount rate used to calculate the total pension asset was 7.60%. This rate reflects the long-term rate of return funding valuation assumption of 7.50% plus a 0.10% adjustment to be gross of the administration expenses. The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

Changes in Net Pension Liability / (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balance at 12/31/2023	\$ 786,281,942	\$ 854,118,434	\$ (67,836,492)
Changes for the year:			
Service cost	19,842,831	-	19,842,831
Interest on total pension liability ⁽¹⁾	59,910,377	-	59,910,377
Effect of economic/demographic gains or losses	5,685,312	-	5,685,312
Effect of plan changes ⁽²⁾	-	-	-
Refund of contributions	(1,571,373)	(1,571,373)	-
Benefit payments	(34,754,448)	(34,754,448)	-
Administrative expenses	-	(506,338)	506,338
Member contributions	-	10,856,229	(10,856,229)
Net investment income	-	86,850,541	(86,850,541)
Employer contributions	-	15,459,538	(15,459,538)
Other ⁽³⁾	-	(298,043)	298,043
Balance at 12/31/2024	<u>\$ 835,394,641</u>	<u>\$ 930,154,540</u>	<u>\$ (94,759,899)</u>

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

⁽²⁾ No plan changes valued

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

Sensitivity of Net Pension Asset to Changes in the Discount Rate

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

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 948,953,690	\$ 835,394,641	\$ 740,462,034
Fiduciary net position	930,154,540	930,154,540	930,154,540
Net pension liability/(asset)	<u>\$ 18,799,150</u>	<u>\$ (94,759,899)</u>	<u>\$ (189,692,506)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued TCDRS financial report.

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

For the year ended September 30, 2025, the County recognized pension expense of \$5,682,692. At December 31, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,176,285	\$ -
Changes of assumptions	-	-
Net difference between projected and actual experience	-	8,723,517
Contributions made subsequent to measurement date	12,114,926	-
Total	<u>\$ 18,291,211</u>	<u>\$ 8,723,517</u>

An amount of \$12,114,926 is reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension asset for the year ending September 30, 2026 . Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:		
2026	\$	(4,324,765)
2027		14,571,068
2028		(8,325,343)
2029		(4,468,192)
Total	\$	<u>(2,547,232)</u>

h. Tax Abatements

Collin County occasionally implements tax abatements which are negotiated by cities within the County to promote economic activity and attract new businesses to the County in order to increase the tax base. As of September 30, 2025, the County has tax abatement agreements with 3 businesses. Each agreement was negotiated under Section 312 of the State of Texas Tax Code, and agreements allow for a 10-100% abatement of the taxable value of property. There are no provisions to recapture the abated taxes. The County has not made any commitments as part of the agreements other than to reduce taxes. The County is not subject to any tax abatement agreements entered into by other governmental entities.

Business	Tax Reduction (thousands)	Contracted property Abatement Percentage
7900 Legacy Drive Owner LLC	\$ 18,280	24%
FedEx Office & Print Services Inc.	5,000	44%
Texas Instruments Inc.	1,691,841	53%
Total	<u>\$ 1,715,121</u>	

i. Accounting Changes and Error Corrections

During the year the County had changes within the financial reporting entity:

- 1) The Collin County Toll Road Authority (CCTRA) was established to accelerate construction of critical infrastructure, specifically the Collin County Outer Loop, by allowing local control over funding, project development, and tolling rather than relying solely on state funding. It was designed to secure rights-of-way, manage development, and keep revenue local. Although created to advance the Outer Loop as a toll road, the Commissioners Court later shifted the project to a freeway. Because management determined that the activity did not meet the criteria for enterprise fund reporting, as it would not recover costs through user fees and was not self-sustaining in nature, it has been reclassified to governmental funds and will no longer be reported as an enterprise fund. The reclassification did not have a material impact on total net position but affected the presentation between governmental and business-type activities.

j. Future Financial Reporting Requirements

The GASB has issued the following statements::

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. The requirements of this statement are effective for fiscal years beginning after June 15, 2025

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of

government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures, including right to use assets related to leases, Subscription-Based Information Technology Arrangements, and public-private or public-public partnerships. In addition, this statement requires intangible assets other than those three types to be disclosed separately by major class. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 105, *Subsequent Events* – The objective of this Statement is to provide improved guidance on evaluating, recognizing, and disclosing events that occur after the financial statement date but before the statements are available to be issued. It defines recognized and non-recognized subsequent events and requires disclosure of the evaluation date. The requirements of this statement are effective for fiscal years beginning after June 15, 2026.



REQUIRED SUPPLEMENTARY INFORMATION



Year ended September 30, 2025

Required Supplementary Information
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget (GAAP Basis) and Actual
General Fund
For The Year Ended September 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget positive (negative)
Revenues				
Property taxes	\$ 263,992,161	\$ 263,992,161	\$ 262,579,644	\$ (1,412,517)
Licenses and permits	670,000	670,000	643,797	(26,203)
Federal and state funds	8,821,770	8,821,770	9,853,097	1,031,327
Fees and charges for services	25,066,348	25,160,305	27,086,050	1,925,745
Fines and forfeitures	1,113,000	1,113,000	1,711,682	598,682
Rental revenues	291,550	291,550	262,341	(29,209)
Interest and unrealized gains (losses)	13,889,000	13,889,000	17,722,844	3,833,844
Miscellaneous	156,400	166,400	1,422,840	1,256,440
Total revenues	<u>314,000,229</u>	<u>314,104,186</u>	<u>321,282,295</u>	<u>7,178,109</u>
Expenditures				
Current				
General administration	57,079,747	61,644,395	44,709,750	16,934,645
Judicial	34,170,810	35,045,550	32,944,799	2,100,751
Financial administration	20,672,965	20,720,675	19,517,865	1,202,810
Legal	22,348,058	21,382,677	20,163,414	1,219,263
Public facilities	15,981,334	17,048,550	15,698,173	1,350,377
Equipment services	3,609,216	3,615,576	2,707,118	908,458
Public safety	112,474,635	118,262,817	113,523,569	4,739,248
Health and welfare	34,955,049	37,922,178	37,026,108	896,070
Culture and recreation	1,279,214	1,290,433	1,226,055	64,378
Conservation	375,829	375,829	339,903	35,926
Capital outlay	6,556,722	45,524,258	18,519,606	27,004,652
Debt service				
Principal retirement	-	3,550,656	3,550,656	-
Interest and fiscal charges	-	33,648	33,648	-
Total debt service	-	<u>3,584,304</u>	<u>3,584,304</u>	-
Total expenditures	<u>309,503,579</u>	<u>366,417,242</u>	<u>309,960,664</u>	<u>56,456,578</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,496,650</u>	<u>(52,313,056)</u>	<u>11,321,631</u>	<u>63,634,687</u>
Other financing sources (uses)				
Transfers out	(3,900,000)	(64,597,755)	(64,321,466)	276,289
Sale of assets	-	827,930	827,929	(1)
Issuance of subscriptions	-	7,955,720	7,955,720	-
Total other financing sources (uses)	<u>(3,900,000)</u>	<u>(55,814,105)</u>	<u>(55,537,817)</u>	<u>276,288</u>
Net change in fund balances	<u>596,650</u>	<u>(108,127,161)</u>	<u>(44,216,186)</u>	<u>63,910,975</u>
Fund balances - beginning	383,523,466	383,523,466	383,523,466	-
Fund balances - ending	<u>\$ 384,120,116</u>	<u>\$ 275,396,305</u>	<u>\$ 339,307,280</u>	<u>\$ 63,910,975</u>

**Required Supplementary Information
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget (GAAP Basis) and Actual
General Road and Bridge Special Revenue Fund
For The Year Ended September 30, 2025**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget positive (negative)
Revenues				
Licenses and permits	\$ 69,000	\$ 69,000	\$ 102,955	\$ 33,955
Fees and charges for services	28,785,400	28,785,400	30,585,200	1,799,800
Fines and forfeitures	653,000	653,000	547,145	(105,855)
Other local government funds	-	-	49,150	49,150
Interest and unrealized gains (losses)	2,843,000	2,843,000	3,407,414	564,414
Miscellaneous	160,530	960,530	853,642	(106,888)
Total revenues	32,510,930	33,310,930	35,545,506	2,234,576
Expenditures				
Current				
Public safety				
Information Technology GIS				
Salaries and benefits	103,244	103,350	103,349	1
Total information technology gis	103,244	103,350	103,349	1
Total public safety	103,244	103,350	103,349	1
Public transportation				
Road and Bridge Maintenance				
Salaries and benefits	9,460,547	9,460,547	8,702,136	758,411
Training and travel	29,616	29,616	5,963	23,653
Maintenance and operating	19,362,966	25,413,247	20,277,712	5,135,535
Total road and bridge maintenance	28,853,129	34,903,410	28,985,811	5,917,599
Engineering				
Salaries and benefits	1,596,277	1,596,277	1,499,875	96,402
Training and travel	30,135	24,640	10,272	14,368
Maintenance and operating	224,874	404,137	400,657	3,480
Total engineering	1,851,286	2,025,054	1,910,804	114,250
Services and Operations				
Salaries and benefits	740,762	740,762	740,295	467
Training and travel	10,493	10,493	727	9,766
Maintenance and operating	28,590	28,590	2,812	25,778
Total services and operations	779,845	779,845	743,834	36,011
Non-departmental				
Maintenance and operating	620,998	3,355,041	187,068	3,167,973
Total non-departmental	620,998	3,355,041	187,068	3,167,973
Total public transportation	32,105,258	41,063,350	31,827,517	9,235,833

**Required Supplementary Information
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget (GAAP Basis) and Actual
General Road and Bridge Special Revenue Fund
For The Year Ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget positive (negative)</u>
Conservation				
Soil Conservation				
Maintenance and operating	20,000	20,000	2,273	17,727
Total soil conservation	20,000	20,000	2,273	17,727
Total conservation	20,000	20,000	2,273	17,727
Capital outlay				
Public transportation	4,047,960	10,630,145	4,159,142	6,471,003
Total capital outlay	4,047,960	10,630,145	4,159,142	6,471,003
Total expenditures	36,276,462	51,816,845	36,092,281	15,724,564
Excess (deficiency) of revenues over (under) expenditures	<u>(3,765,532)</u>	<u>(18,505,915)</u>	<u>(546,775)</u>	<u>17,959,140</u>
Other financing sources (uses)				
Transfers out	-	(255,000)	(255,000)	-
Total other financing sources (uses)	-	(255,000)	(255,000)	-
Net change in fund balances	<u>(3,765,532)</u>	<u>(18,760,915)</u>	<u>(801,775)</u>	<u>17,959,140</u>
Fund balances - beginning	86,176,235	86,176,235	86,176,235	-
Fund balances - ending	<u>\$ 82,410,703</u>	<u>\$ 67,415,320</u>	<u>\$ 85,374,460</u>	<u>\$ 17,959,140</u>

**Required Supplementary Information
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget (GAAP Basis) and Actual
Health Care Foundation Special Revenue Fund
For The Year Ended September 30, 2025**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget positive (negative)
Revenues				
Federal and state funds	\$ 95,000	\$ 395,000	\$ 468,364	\$ 73,364
Fees and charges for services	105,800	105,800	125,070	19,270
Rental revenues	1,148,806	1,148,806	1,144,831	(3,975)
Interest and unrealized gains (losses)	367,000	367,000	293,756	(73,244)
Miscellaneous	1,500	1,500	6,932	5,432
Total revenues	<u>1,718,106</u>	<u>2,018,106</u>	<u>2,038,953</u>	<u>20,847</u>
Expenditures				
Current				
Public facilities				
Maintenance and operating	171,009	171,009	120,345	50,664
Total public facilities	<u>171,009</u>	<u>171,009</u>	<u>120,345</u>	<u>50,664</u>
Health and welfare				
Salaries and benefits	3,829,268	3,954,268	3,879,672	74,596
Training and travel	75,570	27,570	17,068	10,502
Maintenance and operating	2,012,118	2,727,366	1,084,321	1,643,045
Total health and welfare	<u>5,916,956</u>	<u>6,709,204</u>	<u>4,981,061</u>	<u>1,728,143</u>
Capital outlay				
Health and welfare	-	24,900	-	24,900
Total capital outlay	<u>-</u>	<u>24,900</u>	<u>-</u>	<u>24,900</u>
Total expenditures	<u>6,087,965</u>	<u>6,905,113</u>	<u>5,101,406</u>	<u>1,803,707</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,369,859)</u>	<u>(4,887,007)</u>	<u>(3,062,453)</u>	<u>1,824,554</u>
Other financing sources (uses)				
Transfers in	3,900,000	2,000,000	2,000,000	-
Total other financing sources (uses)	<u>3,900,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>
Net change in fund balances	<u>(469,859)</u>	<u>(2,887,007)</u>	<u>(1,062,453)</u>	<u>1,824,554</u>
Fund balances - beginning	6,390,471	6,390,471	6,390,471	-
Fund balances - ending	<u>\$ 5,920,612</u>	<u>\$ 3,503,464</u>	<u>\$ 5,328,018</u>	<u>\$ 1,824,554</u>

**Required Supplementary Information
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance – Budget (GAAP Basis) and Actual
 Local Provider Participation Special Revenue Fund
 For The Year Ended September 30, 2025**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget positive (negative)
Revenues				
Federal and state funds	\$ -	\$ -	\$ 285,158,359	\$ 285,158,359
Interest and unrealized gains (losses)	-	-	181,153	181,153
Total revenues	<u>-</u>	<u>-</u>	<u>285,339,512</u>	<u>285,339,512</u>
Expenditures				
Current				
Health and welfare				
Maintenance and operating	-	255,595,960	255,595,959	1
Total health and welfare	<u>-</u>	<u>255,595,960</u>	<u>255,595,959</u>	<u>1</u>
Total expenditures	<u>-</u>	<u>255,595,960</u>	<u>255,595,959</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(255,595,960)</u>	<u>29,743,553</u>	<u>285,339,513</u>
Net change in fund balances	<u>-</u>	<u>(255,595,960)</u>	<u>29,743,553</u>	<u>285,339,513</u>
Fund balances - beginning	39,635,310	39,635,310	39,635,310	-
Fund balances - ending	<u>\$ 39,635,310</u>	<u>\$(215,960,650)</u>	<u>\$ 69,378,863</u>	<u>\$ 285,339,513</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION SEPTEMBER 30, 2025

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted for all governmental funds with the exception of capital project funds and the following special revenue funds: Grants Fund, LEOSE Fund, Tax Assessor/Collector Motor Vehicle Tax Fund, District Attorney Service Fee Fund, Juvenile Case Manager Fund, and District Attorney Apportionment Fund. The budget for all capital project funds are adopted by project on a project-life term at the time debt is issued and amended as needed, and the budget is carried over from year to year until the funding is exhausted. All grant fund budgets are adopted at the grantor level and adoption is ministerial by Commissioners Court. All governmental fund annual appropriations lapse at year end.

On or before the last day of March all departments of the County submit requests for appropriations to the Budget Officer. The initial budget request and the Budget Officer's recommendations are provided to the Commissioners Court beginning in early August. Commissioners Court holds budget hearings to allow departments to justify requests not included in the Budget Officer's proposed budget. They hold public hearings and publish notices starting in August on the timetable required by state statute. By September 1st or as soon as possible thereafter, the budget and the tax rate are adopted with tax notices mailed on or after October 1st.

The appropriated budget is adopted annually by fund, department, and activity at the legal level of budgetary control. The categories of salary and benefits, training and travel, maintenance and operating, and capital outlay are the legal levels used. Effective September 1, 2005, the Commissioners Court amended this policy to allow the Budget Officer to amend the budget as needed for appropriation line items with a "For Your Information" notification to the Court for all amendments over \$5,000.

Encumbrance accounting is utilized by the County. Encumbered amounts for specific purposes for which amounts have not been previously restricted or committed are included within unassigned fund balance. Encumbrances at year end do not constitute expenditures or liabilities because expenditures are not recognized until the goods or services have been received. The encumbrances at year-end are carried forward to the next year and the budget is increased to accommodate the additional expenditures.

Year ended September 30, 2025

**Schedule of Changes in Net Pension
Liability and Related Ratios
For the Year Ended September 30, 2025**

Measurement Date December 31,	2024	2023	2022	2021	2020
Total Pension Liability					
Service cost	\$ 19,842,831	\$ 17,990,432	\$ 16,950,175	\$ 19,099,246	\$ 15,427,640
Interest total pension liability	59,910,377	56,586,396	52,701,978	50,012,233	47,078,994
Effect of plan changes	-	-	12,491,518	-	-
Effect of assumption changes or inputs	-	-	-	1,743,068	37,854,276
Effect of economic/demographic (gains) or losses	5,685,312	3,087,398	1,474,412	(2,682,246)	1,268,796
Benefit payments/refunds of contributions	(36,325,821)	(35,253,890)	(31,902,613)	(29,406,766)	(27,531,212)
Net change in total pension liability	49,112,699	42,410,336	51,715,470	38,765,535	74,098,494
Total pension liability - beginning	786,281,942	743,871,605	692,156,135	653,390,600	579,292,106
Total pension liability - ending (a)	<u>\$ 835,394,641</u>	<u>\$ 786,281,942</u>	<u>\$ 743,871,605</u>	<u>\$ 692,156,135</u>	<u>\$ 653,390,600</u>
Plan Fiduciary Net Position					
Employer contributions	\$ 15,459,538	\$ 21,088,494	\$ 26,348,423	\$ 23,796,008	\$ 13,626,805
Member contributions	10,856,229	9,384,178	8,663,235	8,134,007	8,597,980
Investment income net of investment expenses	86,850,541	85,041,778	(48,259,506)	147,262,259	63,193,855
Benefit payments refunds of contributions	(36,325,821)	(35,253,890)	(31,902,613)	(29,406,766)	(27,531,212)
Administrative expenses	(506,338)	(445,990)	(453,716)	(442,934)	(489,605)
Other	(298,043)	70,228	1,121,916	255,829	(96,335)
Net change in plan fiduciary net position	76,036,106	79,884,798	(44,482,261)	149,598,403	57,301,488
Plan fiduciary net position - beginning	854,118,434	774,233,636	818,715,897	669,117,494	611,816,006
Plan fiduciary net position - ending (b)	930,154,540	854,118,434	774,233,636	818,715,897	669,117,494
Net pension liability(asset) - ending (a) - (b)	<u>\$ (94,759,899)</u>	<u>\$ (67,836,493)</u>	<u>\$ (30,362,031)</u>	<u>\$ (126,559,762)</u>	<u>\$ (15,726,894)</u>
Fiduciary net position as a percentage of total pension liability	111.34%	108.63%	104.08%	118.28%	102.41%
Pensionable covered payroll	\$ 155,088,983	\$ 134,059,685	\$ 123,760,496	\$ 116,200,103	\$ 122,828,292
Net pension liability(asset) as a percentage of covered payroll	(61.10%)	(50.60%)	(24.53%)	(108.92%)	(12.80%)

**Schedule of Changes in Net Pension
Liability and Related Ratios
For the Year Ended September 30, 2025**

Measurement Date December 31,	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$ 14,976,089	\$ 13,951,288	\$ 13,628,780	\$ 13,724,564	\$ 13,068,419
Interest total pension liability	44,382,086	41,638,300	38,707,619	35,938,168	33,995,281
Effect of plan changes	-	-	2,245,910	-	(2,585,536)
Effect of assumption changes or inputs	-	-	2,757,271	-	4,458,386
Effect of economic/demographic (gains) or losses	395,327	2,235,811	1,345,392	(1,276,298)	(4,696,582)
Benefit payments/refunds of contributions	(26,312,316)	(23,691,304)	(21,994,196)	(20,231,700)	(19,104,645)
Net change in total pension liability	33,441,186	34,134,095	36,690,776	28,154,734	25,135,323
Total pension liability - beginning	545,850,920	511,716,825	475,026,049	446,871,315	421,735,992
Total pension liability - ending (a)	\$ 579,292,106	\$ 545,850,920	\$ 511,716,825	\$ 475,026,049	\$ 446,871,315
Plan Fiduciary Net Position					
Employer contributions	\$ 22,115,145	\$ 9,627,741	\$ 10,279,538	\$ 7,410,845	\$ 7,144,995
Member contributions	7,878,558	7,408,713	6,831,932	6,485,996	6,251,871
Investment income net of investment expenses	85,813,645	(10,133,067)	69,380,108	33,239,797	(10,637,387)
Benefit payments/refunds of contributions	(26,312,317)	(23,691,303)	(21,994,197)	(20,231,700)	(19,104,645)
Administrative expenses	(466,227)	(419,735)	(359,069)	(361,548)	(329,569)
Other	211,271	(143,811)	(68,820)	(291,377)	14,870
Net change in plan fiduciary net position	89,240,075	(17,351,462)	64,069,492	26,252,013	(16,659,865)
Plan fiduciary net position - beginning	522,575,931	539,927,393	475,857,901	449,605,888	466,265,753
Plan fiduciary net position - ending (b)	611,816,006	522,575,931	539,927,393	475,857,901	449,605,888
Net pension liability(asset) - ending (a) - (b)	\$ (32,523,900)	\$ 23,274,989	\$ (28,210,568)	\$ (831,852)	\$ (2,734,573)
Fiduciary net position as a percentage of total pension liability	105.61%	95.74%	105.51%	100.18%	100.61%
Pensionable covered payroll	\$ 110,509,961	\$ 105,838,753	\$ 97,599,035	\$ 92,657,082	\$ 89,312,442
Net pension liability(asset) as a percentage of covered payroll	(29.43%)	21.99%	(28.90%)	(0.90%)	(3.06%)

**Schedule of Employer Pension Contributions
For the Year Ended September 30, 2025**

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll⁽¹⁾	Actual Contribution as a % of Covered Payroll
2016	\$ 7,605,056	\$ 7,605,056	\$ -	\$ 95,063,203	8.0%
2017	7,712,184	7,712,184	-	96,402,295	8.0%
2018	8,297,299	10,768,915	(2,471,616)	103,716,240	10.4%
2019	8,736,291	9,896,932	(1,160,641)	109,203,637	9.1%
2020	9,392,281	26,467,183	(17,074,902)	117,403,519	22.5%
2021	9,282,271	9,282,271	-	116,028,391	8.0%
2022	11,031,335	25,566,539	(14,535,204)	121,463,268	21.0%
2023	12,377,746	35,321,746	(22,944,000)	130,292,066	27.1%
2024	14,770,740	14,770,740	-	149,585,570	9.9%
2025	16,437,951	16,437,951	-	164,379,513	10.0%

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

**Notes to Required Supplementary Information -
Texas County and District Retirement System
For the Year Ended September 30, 2025**

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.
Actuarial Cost Method	Entry age normal
Asset Valuation Method	5-year smoothed fair value
Inflation	2.50%
Salary Increases	Varies by age and service. 4.70% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: Employer contributions reflect that a 40% CPI COLA was adopted 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule. 2023: Employer contributions reflect that a 40% CPI COLA was adopted 2024: No changes in plan provisions were reflected in the Schedule.

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APPENDIX C

FORMS OF BOND COUNSEL'S OPINION

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BRACEWELL

July __, 2026

\$ _____
COLLIN COUNTY, TEXAS
LIMITED TAX PERMANENT IMPROVEMENT BONDS,
SERIES 2026

We have represented Collin County, Texas (the “Issuer”), as its bond counsel in connection with an issue of bonds (the “Bonds”) described as follows:

COLLIN COUNTY, TEXAS LIMITED TAX PERMANENT IMPROVEMENT BONDS, SERIES 2026, dated June 15, 2026, in the aggregate principal amount of \$ _____.

The Bonds mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Bonds and in the order (the “Bond Order”) adopted by the Commissioners Court of the Issuer on May 11, 2026 authorizing their issuance and the pricing certificate (the “Pricing Certificate”) executed as authorized therein (the Bond Order and the Pricing Certificate are collectively referred to as the “Order” herein).

We have represented the Issuer as its bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer’s Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

In our capacity as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; customary certificates of officers, agents and representatives of the Issuer, and other public officials; and other certified showings relating to the authorization and issuance of the Bonds. We also have analyzed such laws, regulations, guidance,

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documents and other materials as we have deemed necessary to render the opinions herein. We have also examined executed Bond No. 1 of this issue. Capitalized terms used herein, unless otherwise defined, have the meanings set forth in the Order.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Order, including, but not limited to, covenants relating to the tax-exempt status of the Bonds.

BASED ON SUCH EXAMINATION AND IN RELIANCE ON SUCH REPRESENTATIONS, CERTIFICATIONS, AND ASSUMPTIONS, IT IS OUR OPINION THAT:

- (A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the Issuer;
- (B) A continuing ad valorem tax upon all taxable property within Collin County, Texas, necessary to pay the interest on and principal of the Bonds, has been levied and pledged irrevocably for such purposes, within the limits prescribed by law, and the total indebtedness of the Issuer, including the Bonds, does not exceed any constitutional, statutory or other limitation; and
- (C) Interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Bonds is not an item of tax preference for purposes of alternative minimum tax on individuals, but we observe that such interest is taken into account in computing the alternative minimum tax on certain corporations.

The rights of the Owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

We express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds. This opinion is limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the representations or certifications of the Issuer and other parties are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Order, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of the original delivery

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of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

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