

OFFICIAL STATEMENT

Dated June 24, 2026

Ratings:
S&P: “AAA”
Fitch: “AAA”
See (“OTHER INFORMATION - RATINGS” herein)

NEW ISSUE – BOOK-ENTRY-ONLY

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel to the County, interest on the Notes (defined below) will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof subject to the matters described under “TAX MATTERS” herein, including the alternative minimum tax on certain corporations.



\$138,410,000
WILLIAMSON COUNTY, TEXAS
LIMITED TAX NOTES, SERIES 2026

Dated Date: July 15, 2026

Due: February 15, as shown on page 2

Interest Accrues from the Date of Initial Delivery (defined below)

PAYMENT TERMS . . . Interest on the \$138,410,000 Williamson County, Texas, Limited Tax Notes, Series 2026 (the “Notes”) will accrue from the Date of Initial Delivery, defined below, of the Notes and will be payable February 15 and August 15 of each year until maturity commencing February 15, 2027, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Notes will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”) pursuant to the book-entry-only system described herein. Beneficial ownership of the Notes may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Notes will be made to the owners thereof.** Principal of, premium, if any, and interest on the Notes 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 Notes (see “THE NOTES – BOOK-ENTRY-ONLY SYSTEM”). The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see “THE NOTES – PAYING AGENT/REGISTRAR”).

AUTHORITY FOR ISSUANCE . . . The Notes are being issued pursuant to the Constitution and general laws of the State of Texas (the “State”), including particularly Chapters 1371 and 1431, Texas Government Code, as amended, an order (the “Order”) adopted by the Commissioners Court of Williamson County, Texas (the “County”) on May 19, 2026 which authorized the County Auditor, or in her absence, the County Judge (each a “Pricing Officer”) to approve the sale and pricing terms of the Notes pursuant to a pricing certificate (the Order and the pricing certificate collectively, the “Order”). The Notes are direct obligations of the County payable from the levy and collection of an ad valorem tax levied, within the limits prescribed by law, on all taxable property within the County, as provided in the Order (see “THE NOTES – AUTHORITY FOR ISSUANCE” and “THE NOTES – SECURITY AND SOURCE OF PAYMENT”).

PURPOSE . . . The Notes will be used for (a) designing, constructing, improving, expanding or acquiring judicial facilities and equipment to include land acquisition for a new judicial facility and jail, (b) constructing, reconstructing and expanding roads and acquiring certain right-of-way, and (c) paying the costs of issuance of the Notes (see “THE NOTES – PURPOSE”).

CUSIP PREFIX: 969888

MATURITY SCHEDULE, INTEREST RATES, PRICES AND OTHER TERMS

See Page 2 Hereof

OPTIONAL REDEMPTION . . . The Notes will **not** be subject to optional redemption prior to their stated maturities (see “THE NOTES – OPTIONAL REDEMPTION”).

LEGALITY . . . The Notes are offered for delivery when, as and if issued and received by the initial purchaser thereof (the “Purchaser”) and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, Austin, Texas (see “APPENDIX C – FORM OF BOND COUNSEL’S OPINION”).

DELIVERY . . . It is expected that the Notes will be available for delivery through DTC on July 15, 2026 (the “Date of Initial Delivery”).

MATURITY SCHEDULE

<u>2/15 Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield</u>	<u>CUSIP Numbers⁽¹⁾</u>
2027	\$ 15,435,000	5.000%	2.450%	969888EX0
2028	10,360,000	5.000%	2.500%	969888EY8
2029	10,895,000	5.000%	2.620%	969888EZ5
2030	11,450,000	5.000%	2.690%	969888FA9
2031	12,040,000	5.000%	2.770%	969888FB7
2032	38,135,000	5.000%	2.850%	969888FC5
2033	40,095,000	5.000%	2.940%	969888FD3

(Interest Accrues from the Date of Initial Delivery)

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This Official Statement, which includes the cover pages, the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction 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 Financial Advisor or the Purchaser. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or other matters described herein.

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

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

The agreements of the County and others related to the Notes 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 Notes is to be construed as constituting an agreement with the purchasers of the Notes. INVESTORS SHOULD READ THIS ENTIRE OFFICIAL STATEMENT, INCLUDING THE SCHEDULE AND ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

Neither the County, nor the Financial Advisor make any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company or its Book-Entry-Only System.

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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 Notes 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	Williamson County, Texas (the “County”) was organized in 1848. The County operates as specified under the Constitution of the State of Texas and statutes which provide for a Commissioners Court consisting of the County Judge and four Commissioners, one for each of four geographical Commissioners Precincts. The County Judge is elected for a term of four years and the Commissioners for four-year staggered terms. Other major County elected officers include the County Clerk, County Tax Assessor-Collector and County Treasurer. The County Auditor is appointed for a term of two years by the State District Court judges having jurisdiction in the County. The County is approximately 1,104 square miles in area (see “APPENDIX A – GENERAL INFORMATION REGARDING THE COUNTY” and “COUNTY OFFICIALS, STAFF AND CONSULTANTS”).
THE NOTES	The Notes are being issued as \$138,410,000 Williamson County, Texas Limited Tax Notes, Series 2026. The Notes are issued as serial Notes maturing on February 15 in the years 2027 through and including 2033 (see “THE NOTES – GENERAL”).
PAYMENT OF INTEREST	Interest on the Notes accrues from the Date of Initial Delivery and is payable February 15, 2027, and each August 15 and February 15 thereafter until maturity (see “THE NOTES – GENERAL”).
AUTHORITY FOR ISSUANCE	The Notes are being issued pursuant to the Constitution and general laws of the State of Texas (the “State”), including particularly Chapters 1371 and 1431, Texas Government Code, as amended and an order authorizing the issuance of the Notes adopted by the Commissioners Court on May 19, 2026 which authorized a Pricing Officer to approve the sale and pricing terms of the Notes pursuant to a pricing certificate (such order and pricing certificate collectively, the “Order”) (see “THE NOTES – AUTHORITY FOR ISSUANCE”).
SECURITY FOR THE NOTES	The Notes constitute direct obligations of the County payable from a continuing ad valorem tax levied on all taxable property located within the County, at a rate within the limit prescribed by law as provided in the Order (see “THE NOTES – SECURITY AND SOURCE OF PAYMENT”).
USE OF PROCEEDS	The Notes will be used for (a) designing, constructing, improving, expanding or acquiring judicial facilities and equipment to include land acquisition for a new judicial facility and jail, (b) constructing, reconstructing and expanding roads and acquiring certain right-of-way, and (c) paying the costs of issuance of the Notes (see “PLAN OF FINANCE – PURPOSE”).
TAX EXEMPTION	In the opinion of Bond Counsel, interest on the Notes will be excludable from gross income for federal income tax purposes under existing law (see “TAX MATTERS”).
OPTIONAL REDEMPTION	The Notes will not be subject to optional redemption prior to their stated maturities (see “THE NOTES – OPTIONAL REDEMPTION”).
RATINGS	The Notes and the outstanding tax supported debt of the County have been rated “AAA” by S&P Global Ratings (“S&P”) and “AAA” by Fitch Ratings Inc. (“Fitch”) (see “OTHER INFORMATION – RATINGS”).
BOOK-ENTRY-ONLY SYSTEM ...	The definitive Notes 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 Notes may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Notes will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Notes 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 Notes (see “THE NOTES – BOOK-ENTRY-ONLY SYSTEM”).
PAYMENT RECORD	The County has never defaulted in payment of its outstanding debt obligations.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated County Population ⁽¹⁾	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at End of Fiscal Year	Funded Debt Per Capita	Ratio of Funded Debt to Taxable Assessed Valuation	% of Total Tax Collections
2022	671,418	\$ 84,913,236,063	\$ 126,469	\$ 1,109,300,000	\$ 1,652	1.31%	99.94%
2023	697,191 ⁽²⁾	106,996,097,118	153,467	1,122,900,000	1,611	1.05%	99.97%
2024	727,480	120,921,078,945	166,219	1,291,400,000	1,775	1.07%	99.89%
2025	727,480	130,461,559,681	179,334	1,402,705,000	1,928	1.08%	99.58%
2026	727,480	135,688,806,217	186,519	1,399,910,000 ⁽³⁾⁽⁴⁾	1,924	1.03%	98.01% ⁽⁵⁾

(1) Source: The County’s annual financial report.

(2) Fiscal Year 2024 population held constant for purposes of illustration.

(3) Includes \$71,922,150 which is a portion of the County’s Series 2012, 2015, 2016, 2017 Refunding Bonds, a portion of the Limited Tax Refunding and Park Bonds, Series 2020, Limited Tax Refunding Bonds, Series 2021 and Limited Tax Refunding Bonds, Taxable Series 2021 (collectively, the “Refunding Bonds”). The County’s Series 2013 Bonds are secured by (a) payments received by the County pursuant to a Pass-Through Toll Agreement between the County and the Texas Department of Transportation (“TxDOT”), together with any subsequent pass-through toll or other agreements pledged by the County to secure its pass-through toll obligations and (b) a pledge of an ad valorem tax, within the limit prescribed by law, on all property within the County to the extent such pass-through toll revenues are not sufficient to pay debt service on such Series 2013 Bonds. A portion of the Refunding Bonds are payable from various pass-through toll agreements with TxDOT and the County currently anticipates applying a portion of the pass-through toll revenues received to pay a portion of the debt service for such Refunding Bonds. See “TAX INFORMATION – AD VALOREM TAX DEBT AND TAX RATE LIMITATIONS” for information concerning the County’s taxing authority for payment of debt.

(4) Projected; includes the Notes.

(5) Partial collections as of March 31, 2026.

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COUNTY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

<u>Commissioners Court</u>	<u>Length of Service</u>	<u>Term Expires</u>
Steven Snell County Judge	1 Year	December, 2026
Terry Cook Commissioner, Precinct 1	9 Years	December, 2028
Cynthia P. Long Commissioner, Precinct 2	19 Years	December, 2026
Valerie Covey Commissioner, Precinct 3	19 Years	December, 2028
Russ Boles Commissioner, Precinct 4	7 Years	December, 2026

SELECTED ADMINISTRATIVE STAFF

<u>Name</u>	<u>Position</u>	<u>Length of Service</u>
Julie M. Kiley, CPA	County Auditor	31 Years ⁽¹⁾
Jalyn Morris, CIA	First Assistant Conty Auditor	21 Years ⁽²⁾
Nancy E. Rister	County Clerk	25½ Years
Larry Gaddes	Tax Assessor-Collector	9 Years
D. Scott Heselmeyer	County Treasurer	9 Years
Doyle "Dee" Hobbs, Jr.	County Attorney	13 Years

- (1) Ms. Kiley has worked in the County Auditor’s office for more than 31 years, most recently as First Assistant County Auditor. Effective January 1, 2023, Ms. Kiley was named as the County Auditor.
- (2) Ms. Morris has worked in the County Auditor’s office for more than 21 years, most recently as Internal Audit Director. Effective September 1, 2023, Ms. Morris was promoted to First Assistant County Auditor.

CONSULTANTS AND ADVISORS

Auditor..... Weaver and Tidwell, L.L.P.
Houston, Texas

Bond Counsel McCall, Parkhurst & Horton L.L.P.
Austin, Texas

Financial Advisor.....Specialized Public Finance Inc.
Austin, Texas

For additional information regarding the County, please contact:

Julie M. Kiley, CPA County Auditor Williamson County 710 Main Street Suite 301 Georgetown, Texas 78626 (512) 943-1500	or	Dan Wegmiller Managing Director Specialized Public Finance Inc. 248 Addie Roy Road Suite B-103 Austin, Texas 78746 (512) 275-7300
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OFFICIAL STATEMENT

RELATING TO

\$138,410,000 WILLIAMSON COUNTY, TEXAS LIMITED TAX NOTES, SERIES 2026

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of the \$138,410,000 Williamson County, Texas, Limited Tax Notes, Series 2026 (the “Notes”). The Notes are being issued pursuant to the Constitution and general laws of the State, including particularly Chapters 1371 and 1431, Texas Government Code, as amended, and an order adopted by the Commissioners Court of Williamson County, Texas (the “County”) on May 19, 2026 which authorized the County Auditor or the County Judge (each a “Pricing Officer”) to approve the sale and pricing terms of the Notes pursuant to a pricing certificate as authorized by such order (such order and pricing certificate collectively, the “Order”). The Notes are direct obligations of the County payable from a continuing ad valorem tax levied on all taxable property within the County, at a rate within the limit prescribed by law, as provided in the Order.

There follows in this Official Statement descriptions of the Notes, certain information regarding the County and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the County’s Financial Advisor, Specialized Public Finance Inc., Austin, Texas upon payment of reasonable copying, handling and delivery charges.

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

DESCRIPTION OF THE COUNTY . . . The County was organized in 1848 and operates as specified under the Constitution of the State of Texas (the “State” or “Texas”) and statutes which provide for a Commissioners Court consisting of the County Judge and four Commissioners, one from each of four geographical Commissioners Precincts. The County Judge is elected for a term of four years and the Commissioners are elected for four-year staggered terms. Other major County elected officers include the County Clerk, County Tax Assessor-Collector and County Treasurer. The County Auditor is appointed for a term of two years by the state District judges having jurisdiction in the County. The County covers approximately 1,104 square miles. The City of Georgetown is the County Seat. For more information regarding the County, see “APPENDIX A – GENERAL INFORMATION REGARDING THE COUNTY.”

THE NOTES

GENERAL . . . The Notes are dated July 15, 2026 and mature on February 15 in each of the years and in the amounts shown on page 2 of this Official Statement. Interest will accrue from the Date of Initial Delivery and will be computed on the basis of a 360-day year of twelve 30-day months. The Notes will be payable on February 15 and August 15, commencing February 15, 2027 until maturity. The definitive Notes will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”) pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Notes will be made to the owners thereof.** Principal of, premium, if any, and interest on the Notes will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Notes. See “BOOK-ENTRY-ONLY SYSTEM.”

AUTHORITY FOR ISSUANCE . . . The Notes are being issued pursuant to the Constitution and general laws of the State, including particularly Chapters 1371 and 1431, Texas Government Code, as amended, and an order adopted by the County which authorized a Pricing Officer to approve the sale and pricing terms of the Notes pursuant to a pricing certificate as authorized by such order (such order and pricing certificate collectively, the “Order”).

SECURITY AND SOURCE OF PAYMENT . . . The Notes are direct obligations of the County payable from the levy and collection of a direct and continuing ad valorem tax levied on all taxable property within the County, at a rate within the limit prescribed by law, as provided in the Order.

OPTIONAL REDEMPTION . . . **The Notes will not be subject to optional redemption prior to their stated maturities.**

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

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

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

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

To facilitate subsequent transfers, all Notes 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 Notes 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

All payments on the Notes 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 Notes held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments on the Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Notes purchased or tendered, through its Participant, to the Paying Agent/Registrar, and shall effect delivery of such Notes by causing the Direct Participant to transfer the Direct Participant's interest in such Notes, on DTC's records, to the Paying Agent/Registrar. The requirement for physical delivery of any Notes in connection with an optional or mandatory tender will be deemed satisfied when the ownership rights in such Notes are transferred by Direct Participants on DTC's records followed by a book-entry credit of such tendered Notes to the Paying Agent/Registrar's DTC account.

DTC may discontinue providing its services as depository with respect to the Notes 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, bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but neither the County nor the Purchaser take any responsibility for the accuracy thereof.

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT . . . In reading this Official Statement it should be understood while the Notes 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 Notes, 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.

EFFECT OF TERMINATION OF BOOK-ENTRY-ONLY SYSTEM . . . In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the County, the following provisions will be applicable to the Notes. The Notes may be exchanged for an equal aggregate principal amount of the Notes in authorized denominations and of the same maturity upon surrender thereof at the principal office for payment of the Paying Agent/Registrar. The transfer of any Note may be registered on the books maintained by the Paying Agent/Registrar for such purpose only upon the surrender of such Note to the Paying Agent/Registrar with a duly executed assignment in form satisfactory to the Paying Agent/Registrar. For every exchange or transfer of registration of Notes, the Paying Agent/Registrar and the County may make a charge sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. The County shall pay the fee, if any, charged by the Paying Agent/Registrar for the transfer or exchange. The Paying Agent/Registrar will not be required to transfer or exchange any Note after its selection for redemption. The County and the Paying Agent/Registrar may treat the person in whose name a Note is registered as an absolute owner thereof for all purposes, whether such Note is overdue or not, including for the purpose of receiving payment of, or on account of, the principal of, premium, if any, and interest on, such Note.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is BOKF, NA, 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 Notes are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Notes. Upon any change in the Paying Agent/Registrar for the Notes, the County agrees to promptly cause a written notice thereof to be sent to each registered owner of the Notes by United States mail, first-class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . If the Book-Entry-Only System should be discontinued, the Notes may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender 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. Notes may be assigned by the execution of an assignment form on the Notes or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Notes will be delivered by the Paying Agent/Registrar, in lieu of the Notes 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 Notes issued in an exchange or transfer of Notes 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 Notes 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 Notes registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Notes surrendered for exchange or transfer. See "THE NOTES – BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Notes. Neither the County nor the Paying Agent/Registrar shall be required to transfer or exchange any Note called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Note.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for determining to whom is owed the interest payable on the Notes 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 Registered Owner of an Note appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

REGISTERED OWNERS' REMEDIES . . . The Order establishes the following occurrences or events as "Events of Default": (i) the failure to make payment of the principal of or interest on any of the Notes when the same becomes due and payable; or (ii) default in the performance or observance of any other covenant, agreement or obligation of the County, the failure to perform which materially, adversely affects the rights of the Registered Owners of the Notes, including but not limited to, their prospect or ability to be repaid in accordance with the Order, and the continuation thereof for a period of 60 days after written notice of such default is given by any Registered Owners to the County. The Order does not provide for a trustee to enforce the covenants and obligations of the County.

On April 1, 2016, the Texas Supreme Court rules in *Wasson Interest, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) ("*Wasson I*"), that governmental immunity does not imbue a city with derivative immunity when it performs a proprietary, as opposed to governmental, function in respect to contracts executed by a city. On October 5, 2018, the Texas Supreme Court issued a second opinion to clarify *Wasson I*, *Wasson Interests, Ltd. v. City of Jacksonville*, 559 S.W. 3d 142 (Tex. 2018) ("*Wasson II*"), and together with *Wasson I*, "*Wasson*"), ruling that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function at the time it entered into the contract, not at the time of the alleged breach. In *Wasson*, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in regard to municipal contract cases (as opposed to tort claim cases), it is incumbent on the courts to determine whether a function was governmental or proprietary based upon the statutory and common law guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the state's immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Issues related to the applicability of a governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question.

On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3rd 325 (Tex. 2006) ("*Tooke*"), that a waiver of governmental immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the County's governmental immunity from a suit for money damages, Owners may not be able to bring such a suit against the County for breach of the Notes or covenants 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 Notes.

Chapter 1371, as amended, Texas Government Code ("Chapter 1371"), which forms part of the authority for the issuance of the Notes, permits the County to waive sovereign immunity in the proceedings authorizing the issuance of the Notes. However, 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 sovereign immunity from a suit for money damages beyond Chapter 1371, Owners of the Notes may not be able to bring such a suit against the County for breach of the Notes or Order covenants.

As noted above, the Order provides that Registered Owners of Notes may exercise the remedy of mandamus to enforce the obligations of the County under the Order. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

The County is also 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 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 Registered Owners 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 Order and the Notes are

qualified with respect to the customary rights of debtors relative to their creditors, including rights afforded to creditors under the Bankruptcy Code.

AMENDMENTS TO THE ORDER . . . The County has reserved the right to amend an Order without the consent of any owners of the Notes of the affected series to (1) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the owners, (2) grant additional rights or security for the benefit of the owners, (3) add events of default as shall not be inconsistent with the provisions of the Order that do not materially adversely affect the interests of the owners, (4) qualify the Order under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (5) make such other provisions in regard to matters or questions arising under the Order that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the County, do not materially adversely affect the interests of the owners.

The Order provides that the owners of the Notes of the affected series aggregating 51% of the principal amount of the Notes of such series as authorized by the Order shall have the right from time to time to approve any amendment not described above if it is deemed necessary or desirable by the County; provided, however, that without the consent of the owners of 100% in original principal amount of the Notes no amendment may be made for the purpose of: (1) making any change in the maturity of any of the Notes; (2) reducing the rate of interest borne by any of the Notes; (3) reducing the amount of the principal of, or redemption premium, if any, payable on any Notes; (4) modifying the terms of payment of principal of or interest or redemption premium on Notes or imposing any condition with respect to such payment; or (5) changing the minimum percentage of the principal amount of Notes necessary for consent to such amendment. Reference is made to the Order for further provisions relating to the amendment thereof.

PURPOSE . . . The Notes will be used for (a) designing, constructing, improving, expanding or acquiring judicial facilities and equipment to include land acquisition for a new judicial facility and jail, (b) constructing, reconstructing and expanding roads and acquiring certain right-of-way, and (c) paying the costs of issuance of the Notes.

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

Sources:	
Principal	\$ 138,410,000.00
Reoffering Premium	12,427,849.85
Total Sources	<u>\$ 150,837,849.85</u>
Uses:	
Deposit to Project Fund	\$ 150,000,000.00
Deposit to Debt Service Fund	41.70
Underwriters' Discount	338,892.73
Costs of Issuance	498,915.42
Total Uses	<u>\$ 150,837,849.85</u>

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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. Reference is made to 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.

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 Texas Legislature (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.

AD VALOREM TAX LAW . . . 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 ("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 Williamson Central Appraisal District (the "Appraisal District"). Except as 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 years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

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

Through December 31, 2026, an appraisal district is prohibited from increasing the appraised value of real property during the 2025 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than \$5,160,000 (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 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 ("Productivity Value"). 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 taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

LOCAL OPTION HOMESTEAD EXEMPTIONS . . . The governing body of a taxing unit, such as a city or county, 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 the appraised value of the homesteads of persons 65 years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption

described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

Cities, counties and school districts that adopted an optional homestead exemption described in (1), above, for the 2022 tax year are prohibited from repealing or reducing the exemption through December 31, 2027.

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

PERSONAL PROPERTY . . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the “production of income” is taxed based on the property’s market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property. State law grants an exemption from ad valorem taxation of \$125,000 of the market value of tangible personal property that is held or used for the production of income and has taxable situs at the same location in the taxing unit (or, if the person leases such property, regardless of where the property is located in the taxing unit).

FREEPORT EXEMPTIONS . . . Certain goods 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 to tax Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods, principally inventory, that are stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days (“Goods-in-Transit”), are exempt from ad valorem taxation unless a taxing unit takes official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax Goods-in-Transit beginning the following tax year. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include special inventories such as motor vehicles or boats in a dealer’s retail inventory. A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

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

TAX INCREMENT FINANCING ZONES . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment financing zones (“TIRZ”) within its boundaries, and other overlapping taxing units may agree to contribute taxes levied against the “Incremental Value” in the TIRZ to finance or pay for project costs, as defined in Chapter 311, Texas Government Code, general located within the TIRZ. 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 “Incremental Value,” and during the existence of the TIRZ, all or a portion of the taxes levied by each participating taxing unit against the Incremental Value in the TIRZ are restricted to paying project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units. See “TAX INFORMATION – COUNTY APPLICATION OF PROPERTY TAX CODE” for descriptions of any TIRZ created in the County.

CHAPTER 381 AGREEMENTS . . . The County is authorized, pursuant to Chapter 381, Texas Local Government Code, as amended (“Chapter 381”), to establish programs to promote state or local economic development and to stimulate business and commercial activity in the County. In accordance with a program established pursuant to Chapter 381, the County may make loans or grants of public funds for economic development purposes, however no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the County. The County may contract with the federal government, the State, another political subdivision, a nonprofit organization or any other entity, including private entities, for the administration of such a program.

The County has entered into several Chapter 381 agreements with various entities including Samsung, Apple, Kalahari, LSTA, and St. David’s. The terms and provisions of each agreement varies. During fiscal year 2025 the payments under such agreements totaled approximately \$3,100,219 and during fiscal year 2026 the payments are estimated to total approximately \$6,938.842.

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 TAX CODE” for descriptions of any 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 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, Tax Code to clarify that “damage” for purposes of such statute is limited to “physical damage.” For more information on the exemption, reference is made to Section 11.35 of the Property Tax Code, as amended.

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

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

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

“no-new-revenue tax rate” means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year’s total tax levy (adjusted) from the current year’s total taxable values (adjusted).

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

“unused increment rate” means the cumulative foregone revenue amount for the three tax years prior to the current tax year divided by the total taxable value of property for the current, year less exemptions.

“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 (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. 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 each appraisal district in which such county participates 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.

For counties with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that 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.

For counties with a population less than 30,000 as of the most recent federal decennial census, if the 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 has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a county's adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the county's voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the county would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

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

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

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the County's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the County's tax-supported debt obligations, meeting the definition of "debt" as defined in Chapter 26, as amended, Texas Tax Code ("Chapter 26") including the Notes. See "TAX INFORMATION – AD VALOREM TAX DEBT AND TAX RATE LIMITATIONS" for a description of the debt service tax rate limitations applicable to the Notes.

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.

COUNTY AND TAXPAYER REMEDIES . . . Under certain circumstances, the County and its taxpayers 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 as of the most recent federal decennial census may additionally protest the determinations of appraisal district directly to a three-member special panel of the appraisal review board, selected by a State district judge, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$62,883,169 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 "– PUBLIC HEARING AND MAINTENANCE AND OPERATION TAX RATE LIMITATIONS"). The Property Tax Code also establishes a procedure for 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.

COUNTY'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the County are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. 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 the State and each local taxing unit, including the County, having power to tax the property. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes. 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, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. 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 interest increases at the rate of 1% each month. 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. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the County’s lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

COUNTY APPLICATION OF TAX CODE . . . On May 17, 2022, the Commissioners Court voted to increase the tax exemption for the over 65 from \$90,000 to \$125,000 and disabled persons from \$75,000 to \$125,000, which became effective beginning Fiscal Year 2023.

The County grants a local option tax limitation to residence homesteads of persons that qualify for the over 65 and disabled persons exemption per Section 11.201 of the Property Tax Code.

On May 25, 2021, the Commissioners’ Court approved an exemption of 1.5% of the market value of residence homesteads (or a minimum exemption of \$5,000) which became effective beginning Fiscal Year 2022. On May 17, 2022, the Commissioners Court approved an exemption of 5% which became effective beginning Fiscal Year 2023.

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 does not tax nonbusiness personal property; and the Williamson County Tax Assessor collects taxes for the County.

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

The County has not taken action to tax goods-in-transit.

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

The County has adopted a tax abatement policy. The County has entered into several tax abatement agreements including Samsung and Titan. For the County’s 2026 fiscal year, such abatement agreements resulted in total reductions in valuation of \$176,415,986 per certified roll.

2023 LEGISLATIVE SESSION . . . On July 13, 2023, during the Second Special Session, the Texas Legislature passed Senate Bill 2, which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the “subjected property”) whose appraised values are not more than \$5 million dollars (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 (collectively, the “appraisal cap”). After the 2024 tax year, through December 31, 2026, the appraisal cap 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. The appraisal cap became effective on January 1, 2024, since the constitutional amendment proposed by House Joint Resolution 2 during the Second Special Session was approved by the voters on November 7, 2023.

FUTURE AND PROPOSED STATE LEGISLATION . . . The 90th Texas Legislature will convene in regular session in January, 2027. The regular session will last for 140 days, and thereafter the Governor may call one or more special sessions. During any legislative session the Texas Legislature may enact laws that materially change current law relating to the County including with respect to property taxes. Both the Governor and Lt. Governor of the State have prioritized passing legislation during the current 90th Texas Legislature for significant property tax relief. The County makes no representation regarding any actions the Texas Legislature

may take during this current or future legislative sessions but intends to monitor proposed legislation for any developments applicable to the County.

TABLE 1 – VALUATION, EXEMPTIONS AND AD VALOREM TAX DEBT

2025/26 Market Valuation Established by Williamson Central Appraisal District (excluding totally exempt property)		\$ 164,766,245,587
Less Exemptions/Reductions at 100% Market Value:		<u>(29,077,639,370)</u>
2025/26 Taxable Assessed Valuation		<u>\$ 135,688,606,217</u>
County Funded Debt Payable from Ad Valorem Taxes (as of 4-1-2026)		
Outstanding Unlimited Tax Bonds	\$ 637,125,000	
Outstanding Limited Tax Debt	624,375,000 ⁽¹⁾	
The Notes	<u>138,410,000</u>	
Total Debt Payable from Ad Valorem Taxes		\$ 1,399,910,000
Unaudited Interest and Sinking Fund as of 4-1-2026		\$ 39,589,399
Ratio Tax Supported Debt to Taxable Assessed Valuation		1.03%

2026 Estimated Population - 727,480⁽²⁾
Per Capita Taxable Assessed Valuation - \$186,519
Per Capita Ad Valorem Debt Payable from Ad Valorem Taxes - \$1,924

(1) Includes \$71,922,150 which is a portion of the Series 2012, 2015, 2016, 2017 Refunding Bonds, a portion of the Limited Tax Refunding and Park Bonds, Series 2020, Limited Tax Refunding Bonds, Series 2021 and Limited Tax Refunding Bonds, Taxable Series 2021 (collectively, the “Refunding Bonds”). The Series 2013 Bonds are secured by (a) payments received by the County pursuant to a Pass-Through Toll Agreement between the County and the Texas Department of Transportation (“TxDOT”), together with any subsequent pass-through toll or other agreements pledged by the County to secure its pass-through toll obligations and (b) a pledge of an ad valorem tax, within the limit prescribed by law, on all property within the County to the extent such pass-through toll revenues are not sufficient to pay debt service on such Series 2013 Bonds. A portion of the Refunding Bonds refunded obligations are payable from various pass-through toll agreements with TxDOT and the County currently anticipates applying a portion of the pass-through toll revenues received to pay a portion of the debt service for such Refunding Bonds. See “TAX INFORMATION – AD VALOREM TAX DEBT AND TAX RATE LIMITATIONS” for information concerning the County’s taxing authority for payment of debt.

(2) Source: The County.

TABLE 2 – ASSESSED VALUATIONS BY CATEGORY

	2026		2025		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real Property	\$ 167,428,652,572	95.58%	\$ 162,638,736,859	95.60%	\$ 155,815,129,343	95.97%
Personal Property	7,736,961,989	4.42%	7,478,294,612	4.40%	6,550,191,861	4.03%
Total Market Value	<u>\$ 175,165,614,561</u>	100.00%	<u>\$ 170,117,031,471</u>	100.00%	<u>\$ 162,365,321,204</u>	100.00%
Less: Total Reductions	<u>(10,399,368,974)</u>		<u>(9,425,113,717)</u>		<u>(8,711,392,996)</u>	
Total Assessed	<u>\$ 164,766,245,587</u>		<u>\$ 160,691,917,754</u>		<u>\$ 153,653,928,208</u>	
Less: Exemptions	<u>(29,077,639,370)</u>		<u>(30,230,358,073)</u>		<u>(32,732,849,263)</u>	
Net Taxable	<u><u>\$ 135,688,606,217</u></u>		<u><u>\$ 130,461,559,681</u></u>		<u><u>\$ 120,921,078,945</u></u>	
	2023		2022			
	Amount	% of Total	Amount	% of Total		
Real Property	\$ 153,585,492,467	96.40%	\$ 101,854,332,434	95.10%		
Personal Property	5,741,154,915	3.60%	5,242,956,287	4.90%		
Total Market Value	<u>\$ 159,326,647,382</u>	100.00%	<u>\$ 107,097,288,721</u>	100.00%		
Less: Total Reductions	<u>(7,159,784,274)</u>		<u>(15,585,727,510)</u>			
Total Assessed	<u>\$ 152,166,863,108</u>		<u>\$ 91,511,561,211</u>			
Less: Exemptions	<u>(45,170,765,990)</u>		<u>(6,598,325,148)</u>			
Net Taxable	<u><u>\$ 106,996,097,118</u></u>		<u><u>\$ 84,913,236,063</u></u>			

NOTE: Valuations shown are total appraised values reported by the Williamson Central Appraisal District to the State Comptroller of Public Accounts.

TABLE 3 – VALUATION AND AD VALOREM TAX DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at End of Fiscal Year	Ratio of Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2022	671,418 ⁽²⁾	\$ 84,913,236,063	\$ 126,469	\$ 1,109,300,000	1.31%	\$ 1,652
2023	697,191	106,996,097,118	153,467	1,122,900,000	1.05%	1,611
2024	727,480	120,921,078,945	166,219	1,291,400,000	1.07%	1,775
2025	727,480	130,461,559,681	179,334	1,402,705,000	1.08%	1,928
2026	727,480	135,688,606,217	186,519	1,399,910,000 ⁽³⁾⁽⁴⁾	1.03%	1,924

(1) Source: The County’s annual financial report.

(2) Fiscal Year 2024 population held constant for purposes of illustration.

(3) Includes \$71,922,150 which is a portion of the Series 2012, 2015, 2016, 2017 Refunding Bonds, a portion of the Limited Tax Refunding and Park Bonds, Series 2020, Limited Tax Refunding Bonds, Series 2021 and Limited Tax Refunding Bonds, Taxable Series 2021 (collectively, the “Refunding Bonds”). The Series 2013 Bonds are secured by (a) payments received by the County pursuant to a Pass-Through Toll Agreement between the County and the Texas Department of Transportation (“TxDOT”), together with any subsequent pass-through toll or other agreements pledged by the County to secure its pass-through toll obligations and (b) a pledge of an ad valorem tax, within the limit prescribed by law, on all property within the County to the extent such pass-through toll revenues are not sufficient to pay debt service on such Series 2013 Bonds. A portion of the Refunding Bonds refunded obligations are payable from various pass-through toll agreements with TxDOT and the County currently anticipates applying a portion of the pass-through toll revenues received to pay a portion of the debt service for such Refunding Bonds. See “TAX INFORMATION – AD VALOREM TAX DEBT AND TAX RATE LIMITATIONS” for information concerning the County’s taxing authority for payment of debt.

(4) Projected; includes the Notes.

TABLE 4 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate ⁽¹⁾	General Fund	Interest and Sinking Fund	Tax Levy ⁽¹⁾	% Current Collections	% Total Collections
2022	\$ 0.4008	\$0.2358	\$ 0.1650	\$ 337,127,235	99.77%	99.94%
2023	0.3381	0.2042	0.1339	360,989,161	99.68%	99.97%
2024	0.3331	0.1992	0.1339	400,651,596	99.47%	99.89%
2025	0.3557	0.2118	0.1439	455,330,796	99.58%	99.58%
2026	0.3694	0.2225	0.1469	514,434,129	97.89% ⁽²⁾	98.01% ⁽²⁾

(1) Does not include the Road and Bridge Tax, which is \$0.044329 for Fiscal Year 2026, and no part of which may be used for debt service (see “TAX INFORMATION – AD VALOREM TAX DEBT AND TAX RATE LIMITATIONS” herein).

(2) Partial collections as of March 31, 2026.

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TABLE 5 – TEN LARGEST TAXPAYERS

Name of Taxpayer	2025/26	% of Total
	Taxable Assessed Valuation	Taxable Assessed Valuation
Samsung Austin Semiconductor LLC	\$ 1,525,416,879	1.12%
City of Round Rock ⁽¹⁾	576,729,349	0.43%
Dell Computer Holdings LP	451,608,880	0.33%
Oncor Electric Delivery Company	422,806,665	0.31%
Apple Inc.	360,000,000	0.27%
ZT Systems	293,750,487	0.22%
Atmos Energy/Mid-Tex Distribution	275,135,502	0.20%
BRI 1869 Parmer LLC	270,000,000	0.20%
Linde Inc.	255,936,716	0.19%
Citicorp North America	228,807,327	0.17%
	<u>\$ 4,660,191,805</u>	<u>3.43%</u>

(1) Property consists of a leasehold estate of property to the Kalahari Resort, which is owned by the City of Round Rock.

AD VALOREM TAX DEBT AND TAX RATE LIMITATIONS

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

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

However, courthouse, jail and certain other types of bonds may be issued under the authority of Section 1473.101 of the Texas Government Code which removes the above limitations.

Article VIII, Section 9, of the Texas Constitution, imposes a limit of \$0.80 per \$100 Assessed Valuation for all constitutional purposes, including the General Fund, Permanent Improvement Fund, Road and Bridge Fund and Jury Fund, and debt service of bonds, notes, warrants and anticipation notes issued against such funds. Administratively, as a condition of approval of limited tax obligations, the Attorney General of the State of Texas will permit allocation of \$0.40 of the \$0.80 constitutional tax rate for debt service. The Texas Constitution also authorizes (i) a special Road and Bridge Tax for the further maintenance of the public roads not to exceed \$0.15 per \$100 of assessed valuation, none of which may be used for payment of debt service, and (ii) a tax for Farm-to-Market or Flood Control purposes not to exceed \$0.30 per \$100 of assessed valuation. The Notes are limited tax obligations.

Unlimited Tax Bonds . . . Article III, Section 52, Texas Constitution, authorizes the County to levy a separate tax, without legal limit as to rate, to pay debt service on County road bonds issued pursuant to such authority. Article III, Section 52 of the Texas Constitution also provides that unlimited tax bond debt may not exceed 25% of the County’s assessed valuation of real property.

Road Maintenance (Special Road and Bridge Tax) . . . Imposed by Texas Constitution (Article VIII, Section 9), \$0.15 per \$100 assessed valuation, no part of which may be used for debt service. The County has voted a special Road and Bridge Fund tax.

Farm-to-Market and Flood Control Purposes . . . Imposed by Texas Constitution (Article VIII, Section 1-a), \$0.30 per \$100 assessed valuation after exemption of residential homesteads up to \$3,000; no allocation prescribed by statute between debt service and maintenance. The County has not voted a special tax for Farm-to-Market or Flood Control purposes.

TABLE 6 – TAX ADEQUACY

2026 Principal and Interest Requirements ⁽¹⁾	\$ 199,926,714
\$ 0.1489 Tax Rate at 99% Collection Produces ⁽²⁾	\$ 200,019,931

(1) Includes the Notes.

(2) Based on Fiscal Year 2026 taxable assessed valuation of \$135,688,606,217. See Table 1.

TABLE 7 – ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the County are paid out of ad valorem taxes levied by such entities on properties within the County. Such entities are independent of the County and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax obligations (“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 obligations since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional obligations, the amount of which cannot be determined. The table on the next page reflects the estimated share of overlapping ad valorem tax debt of the County.

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Taxing Jurisdiction	Total Tax Supported Debt	Estimated % Applicable	County's Overlapping Tax Supported Debt as of 3-31-2026
Williamson County	\$ 1,399,910,000 ⁽¹⁾	100.00%	\$ 1,399,910,000
Special Districts			
Austin CCD	\$ 657,685,000	20.23%	133,049,676
Avery Centre Road District No. 1	9,340,000	100.00%	9,340,000
Berry Creek Highlands MUD	14,125,000	100.00%	14,125,000
Block House MUD	5,970,000	100.00%	5,970,000
Brushy Creek MUD	9,730,000	100.00%	9,730,000
Brushy Creek MUD-Sendero Springs & Cornerstone	7,220,000	100.00%	7,220,000
CLL MUD No. 1	11,715,000	100.00%	11,715,000
Cool Water MUD	45,245,000	100.00%	45,245,000
Highlands at Mayfield Ranch MUD	30,030,000	100.00%	30,030,000
Lakeside MUD #3	17,335,000	11.86%	2,055,931
Lakeside WCID #2A	36,845,000	4.69%	1,728,031
Leander MUD No. 1	26,475,000	100.00%	26,475,000
Leander MUD No. 2	30,610,000	100.00%	30,610,000
Leander MUD No. 3	9,975,000	100.00%	9,975,000
Leander TODD MUD #1	33,485,000	100.00%	33,485,000
North Austin MUD #1	3,475,000	89.85%	3,122,288
North San Gabriel MUD #1	32,950,000	100.00%	32,950,000
North San Gabriel MUD #2	5,620,000	100.00%	5,620,000
Northwest Williamson Co. MUD #2	25,395,000	100.00%	25,395,000
Northwoods Road District #1	8,360,000	100.00%	8,360,000
Palmera Ridge MUD	30,465,000	100.00%	30,465,000
Paloma Lake MUD #1	16,320,000	100.00%	16,320,000
Paloma Lake MUD #2	14,280,000	100.00%	14,280,000
Parkside at Mayfield Ranch MUD	18,785,000	100.00%	18,785,000
Parkside on the River MUD No. 1	29,940,000	100.00%	29,940,000
Pearson Place Road District	4,045,000	100.00%	4,045,000
Rancho del Cielo MUD	16,500,000	100.00%	16,500,000
Round Rock MUD #1	38,150,000	100.00%	38,150,000
Round Rock MUD #2	19,625,000	100.00%	19,625,000
Siena MUD #1	47,850,000	100.00%	47,850,000
Siena MUD #2	28,335,000	100.00%	28,335,000
Somerset Hills Road District #3	8,145,000	100.00%	8,145,000
Somerset Hills Road District #4	23,205,000	100.00%	23,205,000
Sonterra MUD	65,020,000	100.00%	65,020,000
South Fork Ranch MUD	8,300,000	100.00%	8,300,000
Southeast Williamson County MUD #1	48,490,000	100.00%	48,490,000
Stonewall Ranch MUD	22,105,000	100.00%	22,105,000
Upper Brushy Creek WCID	48,465,000	100.00%	48,465,000
Walsh Ranch MUD	3,755,000	100.00%	3,755,000
Watch Hill MUD	2,760,000	100.00%	2,760,000
West Williamson County MUD #1	32,375,000	100.00%	32,375,000
West Williamson County MUD #2	35,215,000	100.00%	35,215,000
Williamson County MUD #10	8,895,000	100.00%	8,895,000
Williamson County MUD #11	16,445,000	100.00%	16,445,000
Williamson County MUD #12	65,490,000	100.00%	65,490,000
Williamson County MUD #13	22,645,000	100.00%	22,645,000
Williamson County MUD #15	27,545,000	100.00%	27,545,000
Williamson County MUD #19	51,745,000	100.00%	51,745,000
Williamson County MUD #19A	44,435,000	100.00%	44,435,000
Williamson County MUD #19B	17,540,000	100.00%	17,540,000
Williamson County MUD #19C	22,435,000	100.00%	22,435,000
Williamson County MUD #19E	21,885,000	100.00%	21,885,000
Williamson County MUD #19F	22,115,000	100.00%	22,115,000
Williamson County MUD #19G	5,155,000	77.88%	4,014,714
Williamson County MUD #22	32,435,000	100.00%	32,435,000
Williamson County MUD #23	105,640,000	100.00%	105,640,000
Williamson County MUD #25	65,685,000	100.00%	65,685,000
Williamson County MUD #26	18,805,000	100.00%	18,805,000
Williamson County MUD #28	52,510,000	100.00%	52,510,000
Williamson County MUD #29	64,815,000	100.00%	64,815,000
Williamson County MUD #30	16,070,000	100.00%	16,070,000
Williamson County MUD #31	38,725,000	100.00%	38,725,000
Williamson County MUD #32	46,630,000	100.00%	46,630,000
Williamson County MUD #34	19,235,000	100.00%	19,235,000
3 B&J MUD	12,300,000	100.00%	12,300,000
Williamson County Water, Sewer, Irrigation & DD #3	26,425,000	86.32%	22,810,060
Williamson-Liberty Hill MUD	38,050,000	100.00%	38,050,000
Total Special Districts			\$ 1,867,230,699
Cities			
Austin ⁽²⁾	\$ 2,394,870,000	5.26%	\$ 125,970,162
Bartlett	1,820,000	65.71%	1,195,922
Cedar Park	260,145,000	93.08%	242,142,966
Florence	2,474,000	100.00%	2,474,000
Georgetown	506,995,000	100.00%	506,995,000
Granger	110,000	100.00%	110,000
Hutto ⁽²⁾	631,640,000	100.00%	631,640,000
Jarrell	47,750,000	100.00%	47,750,000
Leander ⁽²⁾	294,840,000	78.86%	232,510,824
Liberty Hill ⁽²⁾	6,385,000	100.00%	6,385,000
Pflugerville	945,250,000	0.51%	4,820,775
Round Rock	418,660,000	97.05%	406,309,530
Taylor	156,760,000	100.00%	156,760,000
Thorndale	10,875,000	0.15%	16,313
Thrall	1,280,000	100.00%	1,280,000
Total Cities			\$ 2,366,360,492
School Districts			
Bartlett ISD	\$ 24,147,000	51.54%	\$ 12,445,364
Burnet CISD	47,780,000	0.81%	387,018
Coupland ISD	26,400,000	97.03%	25,615,920
Florence ISD	57,255,000	87.03%	49,829,027
Georgetown ISD	1,096,480,000	100.00%	1,096,480,000
Granger ISD	42,635,000	100.00%	42,635,000
Hutto ISD	770,055,000	100.00%	770,055,000
Jarrell ISD	431,115,104	100.00%	431,115,104
Leander ISD	1,483,944,911	72.74%	1,079,421,528
Lexington ISD	6,508,000	0.65%	42,302
Liberty Hill ISD	958,847,702	100.00%	958,847,702
Pflugerville ISD	625,365,000	0.23%	1,438,340
Round Rock ISD	1,179,285,000	74.37%	877,034,255
Taylor ISD	120,554,542	100.00%	120,554,542
Thorndale ISD	32,928,000	9.50%	3,128,160
Thrall ISD	76,060,000	100.00%	76,060,000
Total School Districts			\$ 5,545,089,261
Total Direct and Overlapping Tax Supported Debt			\$ 11,178,590,451
Ratio of Direct and Overlapping Tax Supported Debt to 2024 Taxable Assessed Valuation			8.24%
Per Capita Overlapping Tax Supported Debt			\$ 15,366

(1) Includes the Notes.

(2) Includes public improvement district debt.

DEBT INFORMATION

TABLE 8 – DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Ad Valorem Tax Debt ⁽¹⁾			The Notes ⁽²⁾			Total Debt Service Requirements
	Principal	Interest	Total	Principal	Interest	Total	
2026	\$ 141,205,000	\$ 58,721,714	\$ 199,926,714	\$ -	\$ -	\$ -	\$ 199,926,714
2027	147,180,000	50,361,706	197,541,706	15,435,000	7,111,333	22,546,333	220,088,040
2028	144,825,000	44,361,444	189,186,444	10,360,000	5,889,750	16,249,750	205,436,194
2029	133,290,000	38,545,130	171,835,130	10,895,000	5,358,375	16,253,375	188,088,505
2030	133,790,000	32,783,180	166,573,180	11,450,000	4,799,750	16,249,750	182,822,930
2031	112,375,000	27,410,535	139,785,535	12,040,000	4,212,500	16,252,500	156,038,035
2032	78,940,000	23,236,921	102,176,921	38,135,000	2,958,125	41,093,125	143,270,046
2033	53,110,000	20,375,213	73,485,213	40,095,000	1,002,375	41,097,375	114,582,588
2034	47,020,000	18,264,819	65,284,819	-	-	-	65,284,819
2035	43,790,000	16,417,954	60,207,954	-	-	-	60,207,954
2036	45,520,000	14,685,690	60,205,690	-	-	-	60,205,690
2037	45,970,000	12,949,255	58,919,255	-	-	-	58,919,255
2038	47,750,000	11,170,619	58,920,619	-	-	-	58,920,619
2039	49,720,000	9,203,806	58,923,806	-	-	-	58,923,806
2040	51,915,000	7,013,828	58,928,828	-	-	-	58,928,828
2041	32,385,000	5,161,816	37,546,816	-	-	-	37,546,816
2042	33,890,000	3,661,091	37,551,091	-	-	-	37,551,091
2043	22,825,000	2,376,775	25,201,775	-	-	-	25,201,775
2044	23,940,000	1,261,750	25,201,750	-	-	-	25,201,750
2045	13,265,000	331,625	13,596,625	-	-	-	13,596,625
	<u>\$ 1,402,705,000</u>	<u>\$ 398,294,870</u>	<u>\$1,800,999,870</u>	<u>\$ 138,410,000</u>	<u>\$ 31,332,208</u>	<u>\$ 169,742,208</u>	<u>\$1,970,742,079</u>

- (1) Includes (a) ad valorem tax debt secured by a levy of the County’s \$0.80 tax for constitutional purposes and (b) ad valorem tax debt secured by a levy of the County’s unlimited tax for roads. See “TAX INFORMATION – AD VALOREM TAX DEBT AND TAX RATE LIMITATIONS.” Includes \$71,922,150 which is a portion of the Series 2012, 2015, 2016, 2017 Refunding Bonds, a portion of the Limited Tax Refunding and Park Bonds, Series 2020, Limited Tax Refunding Bonds, Series 2021 and Limited Tax Refunding Bonds, Taxable Series 2021 (collectively, the “Refunding Bonds”) and a portion of the Bonds. The Series 2013 Bonds are secured by (a) payments received by the County pursuant to a Pass-Through Toll Agreement between the County and the Texas Department of Transportation (“TxDOT”), together with any subsequent pass-through toll or other agreements pledged by the County to secure its pass-through toll obligations and (b) a pledge of an ad valorem tax, within the limit prescribed by law, on all property within the County to the extent such pass-through toll revenues are not sufficient to pay debt service on such Series 2013 Bonds. A portion of the Refunding Bonds refunded obligations are payable from various pass-through toll agreements with TxDOT and the County currently anticipates applying a portion of the pass-through toll revenues received to pay a portion of the debt service for such Refunding Bonds.
- (2) Interest calculated at the rates shown on the inside cover page hereof.

TABLE 9 – INTEREST AND SINKING FUND BUDGET PROJECTION

Net Unlimited Tax and Limited Tax Supported Debt Service Requirements, 9-30-2026		\$ 199,926,714 ⁽¹⁾
Interest and Sinking Fund, 9-30-2025	\$ 12,322,046	
Transfers from Pass-Through Toll Program	-	
Budgeted for the Redemption of Existing Debt	20,000,000 ⁽²⁾	
Fiscal Year 2026 Interest and Sinking Fund Tax Levy @ 100% Collections	<u>199,326,563</u>	<u>231,648,609</u>
Estimated Balance, 9-30-2026		<u>\$ 31,721,895</u>

- (1) Includes the Notes.
(2) Preliminary, subject to change.

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TABLE 10 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

<u>Purpose</u>	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Amount Heretofore Issued</u>	<u>Authorization Being Used</u>	<u>Unissued Balance</u>
Road Improvements	11/7/2023	\$ 825,000,000	\$ 310,000,000	\$ -	\$ 515,000,000
Parks	11/7/2023	59,000,000	30,000,000	-	29,000,000
Total		\$ 884,000,000	\$ 340,000,000	\$ -	\$ 544,000,000

ISSUANCE OF ADDITIONAL DEBT . . . The County does not currently anticipate the issuance of additional new money ad valorem tax debt within the next nine months but may consider the issuance of additional ad valorem tax supported debt for refunding purposes that result in debt service savings within the next twelve months.

PENSION FUND . . . See “APPENDIX B – EXCERPTS FROM THE ANNUAL FINANCIAL REPORT” notes section for information regarding the County’s pension fund.

OTHER POST-EMPLOYMENT BENEFITS . . . For information concerning other postretirement benefits, see the notes to the “EXCERPTS FROM THE WILLIAMSON COUNTY, TEXAS ANNUAL FINANCIAL REPORT” in APPENDIX B.

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FINANCIAL INFORMATION

TABLE 11 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ending September 30,				
	2025	2024	2023	2022	2021
Revenues:					
Taxes	\$ 273,669,972	\$ 242,388,952	\$ 222,043,939	\$ 202,549,557	\$ 187,802,861
Fees	19,856,652	18,876,846	18,195,641	18,476,363	16,951,289
Fines and Forfeitures	2,710,114	2,537,852	1,952,559	1,609,602	1,601,140
Charges for Services	22,685,910	22,629,827	18,952,568	18,234,562	16,101,001
Intergovernmental	7,524,127	3,002,807	2,607,870	1,988,137	2,531,681
Interest and Other	18,316,806	21,726,287	15,336,653	(801,248)	3,117,041
Total Revenues	\$ 344,763,581	\$ 311,162,571	\$ 279,089,230	\$ 242,056,973	\$ 228,105,013
Expenditures:					
General Government	\$ 82,874,870	\$ 81,084,528	\$ 73,142,592	\$ 54,156,928	\$ 47,024,253
Public Safety	134,417,793	124,523,013	117,137,875	102,380,136	93,094,932
Administration of Justice	42,931,685	38,230,173	35,552,095	31,073,275	27,620,713
Community Services	14,743,721	15,145,786	13,197,429	13,660,479	12,645,115
Capital Outlay	24,779,479	5,645,770	2,610,874	2,521,081	3,371,850
Debt Service	65,557	102,769	98,620	1,679	-
Total Expenses	\$ 299,813,105	\$ 264,732,039	\$ 241,739,485	\$ 203,793,578	\$ 183,756,863
Excess (Deficiency) of Revenues Over Expenditures	\$ 44,950,476	\$ 46,430,532	\$ 37,349,745	\$ 38,263,395	\$ 44,348,150
Other Financing Sources (Uses)	(30,040,521)	(11,239,278)	(10,881,473)	(30,001,604)	(15,540,883)
Net Increase (Decrease)	\$ 14,909,955	\$ 35,191,254	\$ 26,468,272	\$ 8,261,791	\$ 28,807,267
Fund Equity at Beginning of Year	237,748,225	202,556,971	176,088,699	167,826,908	139,019,641
Fund Equity at End of Year	\$ 252,658,180	\$ 237,748,225	\$ 202,556,971	\$ 176,088,699	\$ 167,826,908

Source: County's audited financial statements.

FINANCIAL ADMINISTRATION . . . Under the Texas Constitution and Texas law, financial administration is the responsibility of the Commissioners Court, they set policy. The County Auditor has general oversight of the financial records (i.e., accounting) and auditing and is responsible for the revenue estimate during the budget setting process. They execute all policies set by the Commissioners Court regarding financial administration along with any statutory requirements. The approval of all claims (i.e., expenditures) is a dual responsibility of the County Auditor and Commissioners Court. The County Treasurer is the custodian of County funds.

ACCOUNTING AND BUDGET POLICIES . . . The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-wide and Fund Financial Statements . . . The governmental-wide financial statement (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The statement of activities demonstrates 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 or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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

Measurement Focus, Basis of Accounting and Basis of Presentation . . . The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless

of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of intergovernmental revenues, which have a one-year period of availability. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, landfill closer/post close costs, are recorded only when the liability has matured.

Property taxes, sales taxes, franchise fees and licenses, intergovernmental revenues, certain charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the County receives the cash as the resulting receivables are deemed immaterial.

General Fund Balance. The County's adopted policy is to maintain balances in the General Fund equal to not less than 35% expenditures. The goal for the Road and Bridge Fund is to maintain balances equal to not less than 25% of expenditures.

Budgetary Procedures. The County's Fiscal Year begins October 1 and ends September 30. The annual budget is prepared by the Budget Officer. Departments furnish the necessary information for the Budget Officer to properly prepare the budget. The County Auditor projects the revenues for the County. The Commissioners Court reviews the budget preparation during June, July and August. The Commissioners Court approves the budget and sets the County's tax rate in August. The County has appointed a long-term planning committee to formulate long-term financial policies and multi-year budget planning.

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INVESTMENTS

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

LEGAL INVESTMENTS . . . Under Texas law, 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 of Texas 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 of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) certificates of deposit (i) meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) that are issued by or through an institution that either has its main office or a branch in Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (7) or in any other manner and amount provided by law for County deposits or, (ii) where (a) the funds are invested by the County through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the County as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the County; (iii) the broker or the depository institution selected by the County arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the County; (iv) 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 (v) the County appoints the depository institution selected under (ii) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the 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; (9) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a contribution of cash and obligations described in clause (1) which are pledged to the County, and in the County's name and deposited at the time the uninvested is made with the County or with a third party selected and approved by the County and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (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 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (12) no-load money market mutual funds registered with and regulated by the SEC and complies with SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7); and (13) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

A political subdivision such as the County may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (7) 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 (7) above, clauses (11) through (13) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the County, held in the County's name and deposited at the time the investment is made with the County or a third party designated by the County; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

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

The County is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3)

collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under Texas law, the County is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for County funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups; methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Texas Public Funds Investment Act. All County funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

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

Under Texas law, the County is additionally required to: (1) annually review its adopted policies and strategies, (2) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the County to disclose the relationship and file a statement with the Texas Ethics Commission and the County, (3) require the registered principal of firms seeking to sell securities to the County to: (a) receive and review the County's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the County's investment policy, (5) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement, (6) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the County's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, (7) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements and (8) provide specific investment training for the Treasurer, the chief financial officer (if not the Treasurer) and the investment officer.

TABLE 12 – CURRENT INVESTMENTS⁽¹⁾

As of March 31, 2026, the County's available funds were invested as follows:

Investments	Market Value	% of Total
LOGIC	\$ 90,823,356	6.91%
Texas Class	215,500,765	16.40%
Texas Class Government	112,678,194	8.57%
TexPool	164,563,866	12.52%
TexPool Prime	164,805,906	12.54%
Treasury Notes	237,314,180	18.06%
Treasury DD SLGS	84,504,186	6.43%
PEFCO/FHLMC	68,996,060	5.25%
FNMA	6,178,766	0.47%
FAMC	4,957,165	0.38%
Municipal Securities	26,465,872	2.01%
FHLB/FFCB	63,697,622	4.85%
Royal Bank of Canada	58,859,580	4.48%
MUFG Bank, Ltd. NY Branch	14,770,705	1.12%
	\$ 1,314,116,223	100.00%

(1) Unaudited.

TAX MATTERS

OPINION . . . On the date of initial delivery of the Notes, McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”) (i) for federal income tax purposes, interest on the Notes will be excludable from the “gross income” of the holders thereof and (ii) the Notes will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference under section 57(a)(5) of the Internal Revenue Code of 1986 (the “Code”). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Notes. See “APPENDIX C – FORM OF BOND COUNSEL’S OPINION.”

In rendering its opinion, Bond Counsel will rely upon (a) the County’s federal tax certificate, and (b) covenants of the County with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure by the County to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The opinion of Bond Counsel is conditioned on compliance by the County with the covenants and the requirements described in the preceding paragraph, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Notes.

Bond Counsel’s opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel’s opinion is not a guarantee of a result. Existing Law is subject to change by Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Notes.

A ruling was not sought from the Internal Revenue Service by the County with respect to the Notes or the property financed or refinanced with proceeds of the Notes. Bond Counsel’s opinion represents its legal judgment based upon its review of Existing Law and the representations of the Issuer that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Notes, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the County as the taxpayer and the Owners may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT . . . The initial public offering price to be paid for one or more maturities of the Notes may be less than the principal amount thereof or one or more periods for the payment of interest on the Notes may not be equal to the accrual period or be in excess of one year (the “Original Issue Discount Obligations”). The difference between (i) the “stated redemption price at maturity” of each Original Issue Discount Obligation, and (ii) the initial offering price to the public of such Original Issue Discount Obligation would constitute original issue discount. The “stated redemption price at maturity” means the sum of all payments to be made on the Notes less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Obligation in the initial public offering 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 Obligation equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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

Under Existing Law, the original issue discount on each Original Issue Discount Obligation is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Notes 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 Obligation for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Obligation.

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

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES . . . The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Notes. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE NOTES.

Interest on the Bonds may be includable in certain corporation's "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Notes, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Notes, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount obligations" to the extent such gain does not exceed the accrued market discount of such obligations; although for this purpose, a de minimis amount of market discount is ignored. A "market discount obligations" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

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

INFORMATION REPORTING AND BACKUP WITHHOLDING . . . Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Notes will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

FUTURE AND PROPOSED LEGISLATION . . . Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Notes under Federal or state law and could affect the market price or marketability of the Notes. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

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CONTINUING DISCLOSURE OF INFORMATION

THE COUNTY . . . In each Order, the County has made the following agreement for the benefit of the registered and beneficial owners of the Notes of a respective series. The County is required to observe the agreement for so long as it remains obligated to funds to pay a respective series of Notes. Under the 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 (“MSRB”).

ANNUAL REPORTS . . . The County will provide to the MSRB updated financial information and operating data annually. The information to be updated includes 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 5, 8, 10 through 12 and in APPENDIX B. The County will update and provide this information within 6 months after the end of each fiscal year beginning with fiscal year ending in 2026. If audited financial statements are not available when the information is provided, the County will provide audited financial statements when and if they become available and unaudited financial statements within 12 months after the fiscal year end, unless audited financial statements are sooner provided. Financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the County may be required to employ from time to time pursuant to state law or regulation. The County may provide updated information in full text or may incorporate by reference documents available on EMMA or filed with the U.S. Securities and Exchange Commission.

The County’s current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the County changes its fiscal year. If the County changes its fiscal year, it will notify the MSRB. If the County fails to provide updated information as described above, it will provide timely notice of the failure to the MSRB.

EVENT NOTICES . . . The County will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The County will provide notice of any of the following events with respect to the Notes: (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 Notes, or other material events affecting the tax status of the Notes; (7) modifications to rights of Beneficial Owners of the Notes, if material; (8) Note calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Notes, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the County or other obligated person within the meaning of CFR § 240.15c2-12 (the “Rule”); (13) consummation of a merger, consolidation, or acquisition involving the County or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the County or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an 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 debt obligation or derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the County, or a guarantee of any such debt obligation or derivative instrument, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such 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 any such financial obligation of the County, any of which reflect financial difficulties. The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Notes nor the Order makes any provision for debt service reserves, credit enhancement, or liquidity enhancement.

For these purposes, (a) any event described in clause (12) in the preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and 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 or business of the County, and (b) the County intends the words used in clauses (15) and (16) in the preceding paragraph and the definition of financial obligation in this section to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

AVAILABILITY OF INFORMATION FROM MSRB . . . The County has agreed to provide the foregoing information only to the MSRB. All documents provided by the County to the MSRB described above under “Annual Reports” and “Notice of Certain Events” will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

The address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, VA 22314, and its telephone number is (703) 797-6600. Information is filed electronically with the MSRB through the Electronic Municipal Market Access (EMMA) system, where it is accessible by the public, free of charge, at www.emma.msrb.org.

Should the Rule be amended to obligate the County to make filing with or provide notices to entities other than the MSRB, the County agrees to undertake such obligation with respect to the Notes in accordance with the Rule as amended.

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 Notes 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 Notes may seek a writ of mandamus to compel the County to comply with its agreement.

The continuing disclosure agreement may be amended by the County from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the County, but only if (1) the provisions, as amended, would have permitted an underwriter to purchase or sell Notes in the primary offering of the Notes in compliance with the Rule, taking into account any amendments or interpretation of the Rule since such offering as well as such changed circumstances and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Order that authorizes such an amendment) of the Outstanding Obligations consent to such amendment or (b) a person that is unaffiliated with the County (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Notes. The County may also amend or repeal the provisions of the continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Notes in the primary offering of the Notes. If the County amends its agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided.

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OTHER INFORMATION

RATINGS . . . The Notes and the outstanding tax supported debt of the County have been rated “AAA” by S&P Global Ratings (“S&P”) and “AAA” by Fitch Ratings Inc. (“Fitch”). An explanation of the significance of such ratings may be obtained from the company furnishing the ratings. The ratings reflect only the respective views of such organizations and the County makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of such companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Notes. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

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

REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE . . . The sale of the Notes 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 Notes have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Notes been qualified under the securities acts of any jurisdiction. The County assumes no responsibility for qualification of the Notes under the securities laws of any jurisdiction in which the Notes may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Notes 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 Notes are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Notes by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Notes be assigned a rating of at least “A” or its equivalent as to investment quality by a national rating agency. See “OTHER INFORMATION – RATINGS.” In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Notes are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Notes 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 Notes are legal investments for various institutions in those states.

LEGAL OPINIONS . . . Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the initial Bonds are valid and binding obligations of the County payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the County. Issuance of the Bonds is also subject to the legal opinion of McCall, Parkhurst & Horton L.L.P. (“Bond Counsel”), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Bonds, to the effect that the Bonds are valid and binding obligations of the County payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel’s legal opinion will also address the matters described below under “TAX MATTERS.” Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. In connection with the issuance of the Bonds, Bond Counsel has been engaged by, and only represents, the County. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of Bonds actually issued, sold and delivered, and therefore, such fees are contingent upon the sale and delivery of the Bonds.

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

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

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

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

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

FORWARD-LOOKING STATEMENTS . . . The statements contained in this Official Statement, and in any other information provided by the County, that are not purely historical, are forward-looking statements, including statements regarding the County's expectations, hopes, intentions, or strategies regarding the future.

Readers should not place undue reliance on forward-looking statements. All forward looking statements included in this Official Statement are based on information available to the County on the date hereof, and the County assumes no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and 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 would prove to be accurate.

INITIAL PURCHASER . . . After requesting competitive bids for the Notes, the County accepted the bid of Jefferies LLC (the "Purchaser") to purchase the Notes at the interest rates shown on page 2 of the Official Statement at a price of approximately 108.734% of par. The Purchaser can give no assurance that any trading market will be developed for the Notes after their sale by the County to the Purchaser. The County has no control over the price at which the Notes are subsequently sold and the initial yield at which the Notes will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

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

Reference is made to original documents in all respects. The Order authorizing the issuance of the Notes will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Notes by the Purchaser.

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

UPDATING THE OFFICIAL STATEMENT DURING UNDERWRITING PERIOD . . . If, subsequent to the date of the Official Statement to and including the date the Purchaser is no longer required to provide an Official Statement to potential customers who request the same pursuant to Rule 15c2-12 of the federal Securities Exchange Act of 1934 (the "Rule") (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the "end of the underwriting period"), the County learns or is notified by the Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the County will promptly prepare and supply to the Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Purchaser, unless the Purchaser elects to terminate its obligation to purchase the Notes as described in the notice of sale accompanying this Official Statement. The obligation of the County to update or change the Official Statement will terminate when the County delivers the Notes to the Purchaser (the "end of the underwriting period" within the meaning of the Rule), unless the Purchaser provides written notice the County that less than all of the Notes have been sold to ultimate customers on or before such date, in which case the obligation to update or change the Official Statement will extend for an additional period of time of 25 days after all of the Notes have been sold to ultimate customers. In the event the Purchaser provides written notice to the County that less than all of the Notes have been sold to ultimate customers, the Purchaser agrees to notify the County in writing following the occurrence of the "end of the underwriting period" as defined in the Rule.

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

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

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

/s/ Steven Snell
County Judge
Williamson County, Texas

ATTEST:

/s/ Nancy E. Rister
County Clerk
Williamson County, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE COUNTY

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This APPENDIX contains a brief discussion of certain economic and demographic characteristics of the area in which the County is located. Information in this Appendix has been obtained from the sources noted. Such sources are believed to be reliable, although no investigation has been made to verify the accuracy of such information.

LOCATION

Williamson County, Texas (the “County”) organized in 1848, is a Central Texas County and has an area of approximately 1,104 square miles. The City of Georgetown is the County seat. The economy is diversified by agribusiness, manufacturing and education. The different cities within the County offer many recreational, historical and cultural opportunities.

LABOR MARKET PROFILE

	Williamson County	
	March 2026	March 2025
Total Civilian Labor Force	433,318	430,581
Total Employment	418,013	415,765
Total Unemployment	15,305	14,816
Percent Unemployed	3.5%	3.4%

	State of Texas	
	March 2026	March 2025
Total Civilian Labor Force	15,852,300	15,840,969
Total Employment	15,203,256	15,206,914
Total Unemployment	649,044	634,055
Percent Unemployed	4.1%	4.0%

TRANSPORTATION

Roadways. Roadways and highways located within the County include one interstate highway, two U.S. highways and five state highways as well as numerous County and farm-to-market roads.

Interstate Highway 35 transverses the center of the County, passing through the cities of Georgetown and Round Rock. This highway provides limited access roadways to Dallas and Fort Worth to the north and to Austin and San Antonio to the south. U.S. Highway 79 is a four lane highway from Round Rock through the eastern portion of the County. U.S. Highway 183, another four lane roadway, passes through the southwest portion of the County serving the Cedar Park and Leander areas and providing direct access to Austin.

The state highways include State Highway 95 passing through the eastern quadrant of the County, State Highway 195 in the northwestern area of the County and connecting to IH 35, and State Highway 29 in the central area connecting Georgetown with Taylor to the east and to U.S. 183 in the western quadrant of the County. In addition, two principal segments of the Central Texas Turnpike System, State Highway 45 (which traverses the County’s southern boundary and crosses IH-35 at the City of Round Rock) and State Highway 130 (which parallels IH-35), traverse the County.

Railways. Railway systems, providing movement of materials in and out of the major commercial and industrial areas of the County, include the MKT Railroad, the Missouri Pacific Railroad, the Southern Pacific Railroad and Georgetown Railroad.

Other Transportation. Other transportation activities serving the County include numerous freight companies and bus facilities. There are several small airports in the County, the most active being the Georgetown Municipal Airport and the Taylor Municipal Airport, both providing facilities for personal aircraft and some commercial aircraft. Commercial passenger facilities are located at the Austin Bergstrom International Airport in Travis County, some twenty miles from the center of Williamson County.

EDUCATION

The County contains 16 independent school districts. The largest district is Round Rock Independent School District covering a large portion of south and southwest Williamson County. Other school districts include Georgetown Independent School District, Leander Independent School District and Taylor Independent School District.

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APPENDIX B

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

The information contained in this APPENDIX consists of excerpts from the Williamson 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.

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Independent Auditor's Report

To the Honorable County Judge,
and County Commissioners
Williamson County, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Williamson County (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, 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 and the budgetary comparison for the General Fund and Special Road and Bridge Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

As discussed in Note 3 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*. Beginning net position has been restated in the government-wide financial statements as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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 and the Required Supplementary Information, as listed in the table of contents, 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, which 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 Fund Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and *State of Texas Grant Management Standards* and is also not a required part of the basic financial statements.

The Combining and Individual Fund Statements and Schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate 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 Fund Statements and Schedules and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the Annual Comprehensive Financial Report ("ACFR"). The other information comprises the Introductory and Statistical Information Sections, as listed in the table of contents, 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 the report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 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 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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
March 27, 2026

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Management's Discussion and Analysis

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Management's Discussion and Analysis

As management of Williamson County, we offer readers of the Williamson County financial statements this narrative overview and analysis of financial activities of Williamson County for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages ix through xv of this report.

Financial Highlights

- The assets and deferred outflows of Williamson County exceeded its liabilities and deferred inflows at the close of the fiscal year by \$1.399 billion. Of this amount, \$864.7 million is restricted for specific purposes such as: road and bridge, debt service, capital projects, and state and federal programs.
- As of the close of the current fiscal year, Williamson County's governmental funds reported combined ending fund balances of \$1.123 billion.
- The unassigned fund balance for the General Fund was \$187.2 million, or 62.5 of total General Fund expenditures, down from 64.5% last year. The major factors for the variances in revenues and expenditures are explained later in the analysis.
- The County issued bonds, redeemed bonds, and defeased bonds this fiscal year. In June 2025, the County issued \$88.6 million in Limited Tax Notes and \$140.7 million and \$66.1 million in Unlimited Tax Road Bonds and Limited Tax Refunding and Park Bonds, respectively. In September 2025, the County redeemed and defeased \$20.0 million of the Limited Tax Refunding Bonds, Series 2016. \$20 million was deposited in an escrow account. The outstanding principal amount redeemed was \$19.5 million.

Overview of the Financial Statements

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

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of Williamson County's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Williamson County is improving or deteriorating.

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

In the Statement of Net Position and Statement of Activities, the County presents information of the primary government (governmental activities).

Governmental Activities – Most of the County's basic services are reported here, such as public safety, parks, and community services. Property taxes finance most of these activities.

The government-wide financial statements can be found on pages 23 and 24 of this report.

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All County funds can be divided into 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 government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on balances of unencumbered resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

Williamson County maintains 58 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General Fund, Special Road and Bridge Fund, Debt Service Fund, Capital Project Fund, and Grants Fund, all of which are major funds. Data from the other 53 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Williamson County adopts an annual appropriated budget for its General Fund, certain Special Revenue Funds, and the Debt Service Fund. Budgetary comparison statements have been provided for the General Fund and Special Road and Bridge Fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 25 through 30 of this report.

Proprietary Funds. The only proprietary fund that Williamson County maintains is Internal Service Funds, which is an accounting device used to accumulate and allocate costs internally among the County's various functions. Williamson County uses three Internal Service Funds to account for; the Benefits Fund, Fleet Maintenance Fund, and the Risk Management Fund. Because these services predominantly benefit the government, they have been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements provide separate information for the Fleet Maintenance Fund and the Benefits Fund. Both Internal Service Funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the Internal Service Funds is provided in the form of combining statements elsewhere in the report.

The basic proprietary fund financial statements can be found on pages 31 through 33 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support Williamson County's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 34 and 35 of this report.

Notes to the Financial Statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the financial statements can be found on pages 37 through 74 of this report.

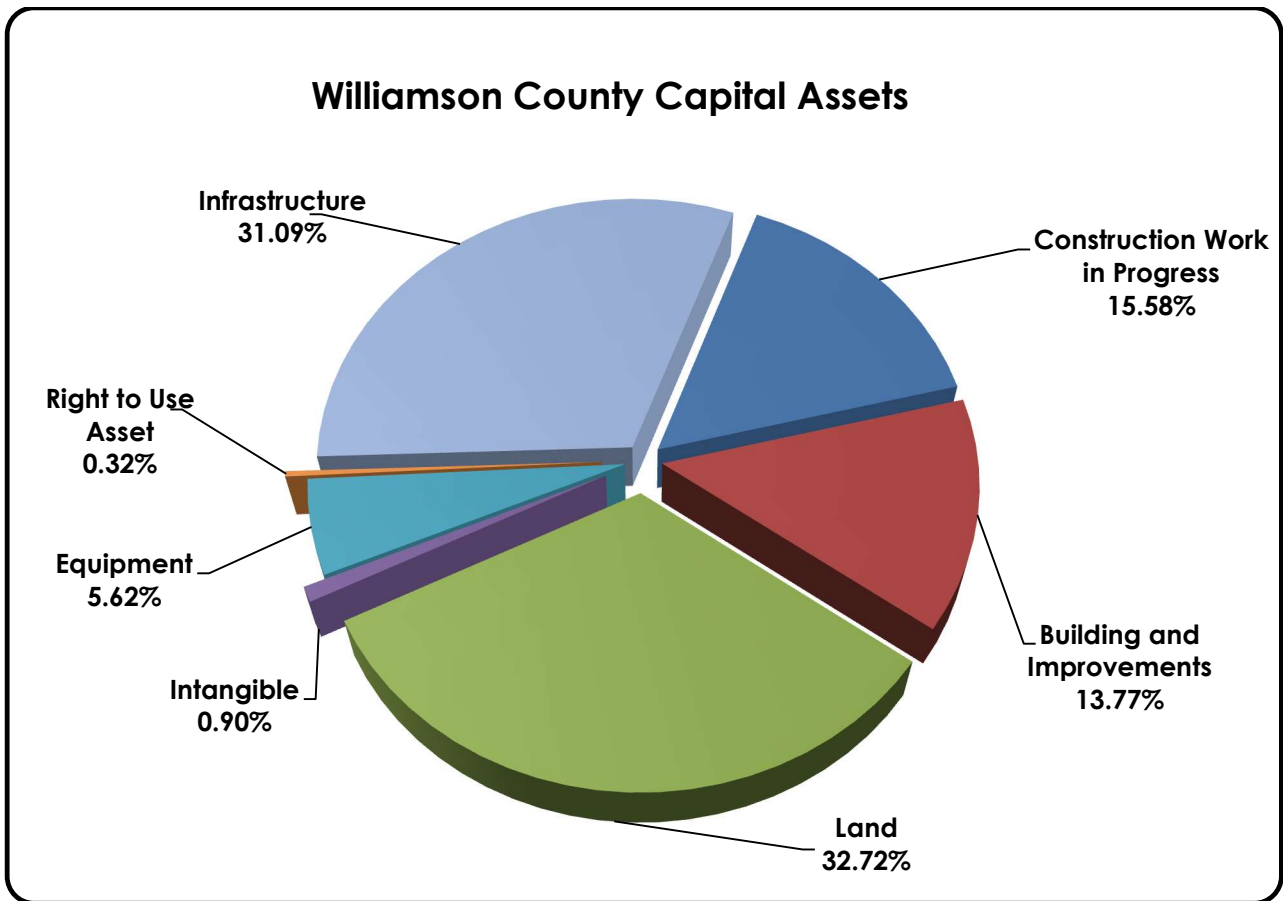
The combining statements referred to earlier in connection with non-major governmental funds and Internal Service Funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 90 through 145 of this report.

Summary of Statement of Net Position

	Primary Government	
	Governmental Activities	
	2025	2024
Current assets and other assets	\$ 1,347,796,565	\$ 1,356,363,469
Capital assets	1,989,343,734	1,769,545,158
Total assets	3,337,140,299	3,125,908,627
Deferred outflows of resources	34,090,955	40,740,114
Total deferred outflows of resources	34,090,955	40,740,114
Current liabilities	197,855,398	175,834,850
Noncurrent liabilities	1,747,481,635	1,634,716,529
Total liabilities	1,945,337,033	1,810,551,379
Deferred inflows of resources	26,896,525	12,776,380
Total deferred inflows of resources	26,896,525	12,776,380
Net position:		
Net investment in capital assets	1,565,842,320	1,331,729,835
Restricted	864,716,668	871,723,729
Unrestricted	(1,031,561,292)	(860,132,582)
Total net position	\$ 1,398,997,696	\$ 1,343,320,982

Total net position increased \$55.7 million compared to the prior fiscal year, reflecting significant year-over-year changes in both assets and liabilities as of September 30, 2025. The most substantial activity occurred within capital assets, which increased \$219.8 million due to continued investment in long-term infrastructure. This increase was driven by ongoing county road improvement projects, the acquisition of right-of-way to support transportation expansion, and additional equipment purchases necessary to maintain operational capacity. The acceptance of several newly developed subdivisions also contributed to the growth in capital assets, as developer constructed infrastructure was transferred to the County. Offsetting a portion of these increases, noncurrent liabilities rose \$112.8 million, primarily reflecting additional long-term obligations incurred to finance capital improvements and other long-range commitments. These changes collectively demonstrate the County's continued emphasis on infrastructure development and the corresponding impact on its long-term financial position.

This increase in 2025 is mainly due to the issuance of \$140.7 million in Unlimited Tax Road Bonds, \$88.6 million in Limited Tax Notes, and \$66.1 million in Limited Tax Refunding and Park bonds, offset by principal paydowns of \$123.8 million, \$40.8 million of refundings, and \$19.5 million of defeasances.



A portion of the County's net position, totaling \$1.989 billion, represents its investment in capital assets, including land, buildings, infrastructure, and equipment. These assets are essential to delivering public services and are therefore not available to support future spending. Because these resources are tied up in long-lived assets, they cannot be readily converted to cash or used to meet current financial obligations. In addition, the debt associated with these capital assets must be repaid from other revenue sources, as the assets themselves cannot be liquidated to satisfy related liabilities. This relationship between invested capital and outstanding debt is a key element of the County's long-term financial structure and reflects the ongoing commitment to maintaining and expanding public infrastructure.

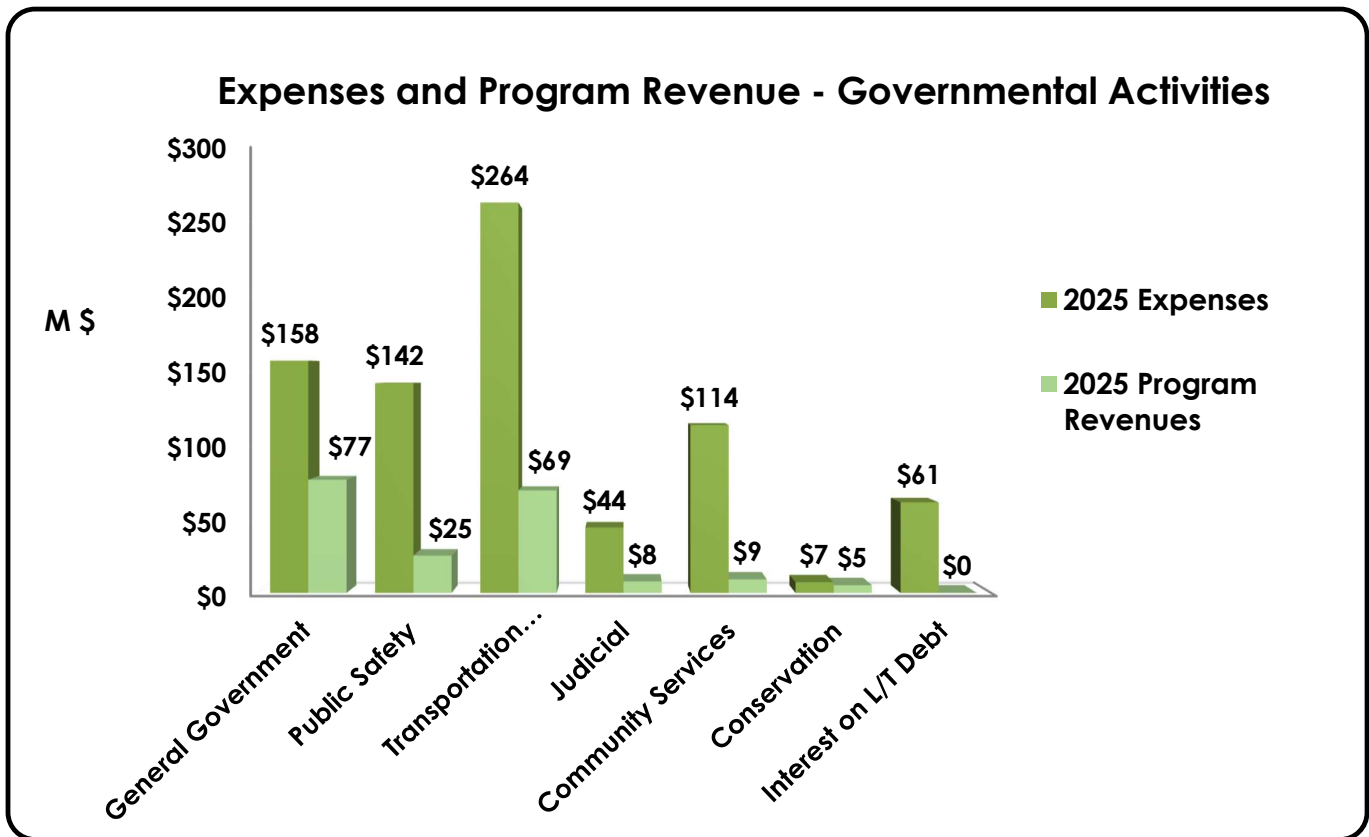
However, investment in capital assets does not necessarily correlate directly with changes in capital assets. Many road projects, once completed, are contributed to the local entity responsible for on-going maintenance. In 1999, County Commissioners recognized the need to address transportation in the County. Discussions with local and state governments and community leaders led to the development of a Multi-Corridor Plan. Since 2000, to facilitate economic growth and to increase the quality of life, the County started responsibly issuing road bonds to address road improvements countywide. As road projects are complete, ownership is transferred to the appropriate local entity. This plan has benefited the County by making travel faster and safer.

Williamson County's Changes in Net Position

	Primary Government	
	Governmental Activities	Governmental Activities
	2025	2024
Revenues		
Program revenues:		
Charges for services	\$ 72,487,595	\$ 65,340,902
Operating grants and contributions	99,535,064	71,405,749
Capital grants and contributions	21,891,386	37,521,246
General revenues:		
Property taxes	515,120,231	458,733,345
Other taxes	88,055,497	26,304,520
Investment earnings	57,522,651	69,128,100
Miscellaneous	853	318,241
Total revenues	854,613,277	728,752,103
Expenses		
General government	157,580,567	120,176,434
Public safety	142,298,463	147,418,771
Transportation support	264,416,495	109,699,020
Judicial	44,407,170	41,353,084
Community services	113,868,842	59,390,503
Conservation	7,238,391	728,476
Interest on long-term debt	61,446,048	38,762,528
Total expenses	791,255,976	517,528,816
Change in net position	63,357,301	211,223,287
Net position, beginning	1,343,320,982	1,132,097,695
Restatement - change in accounting principle	(7,680,587)	-
Net position, ending	\$ 1,398,997,696	\$ 1,343,320,982

Changes in net position reflect the combined effect of year-over-year movements in revenues and expenses. For fiscal year 2025, the County's net position increased \$55.7 million, compared to an increase of \$211.2 million in 2024. Included in net position is the restatement for the implementation of GASB 101 – Compensated Absences, which resulted in the reduction of net position by \$7.7 million. Revenue growth was outpaced by significant increases in expenses. Total revenues rose \$125.8 million to \$854.5 million, driven primarily by higher property tax collections, which increased \$56.4 million due to continued growth in countywide property values. Other taxes increased \$61.8 million, reflecting expanded economic activity and tax base growth. Charges for services increased \$7.1 million, and operating grants and contributions rose \$28.0 million, indicating higher program activity and grant funding. These gains were partially offset by a \$15.6 million decline in capital grants and contributions, as the County accepted fewer roadway and land assets for maintenance in 2025. Investment earnings decreased by \$11.6 million, reflecting lower returns compared to the prior year as interest rates on invested assets have decreased compared to 2024.

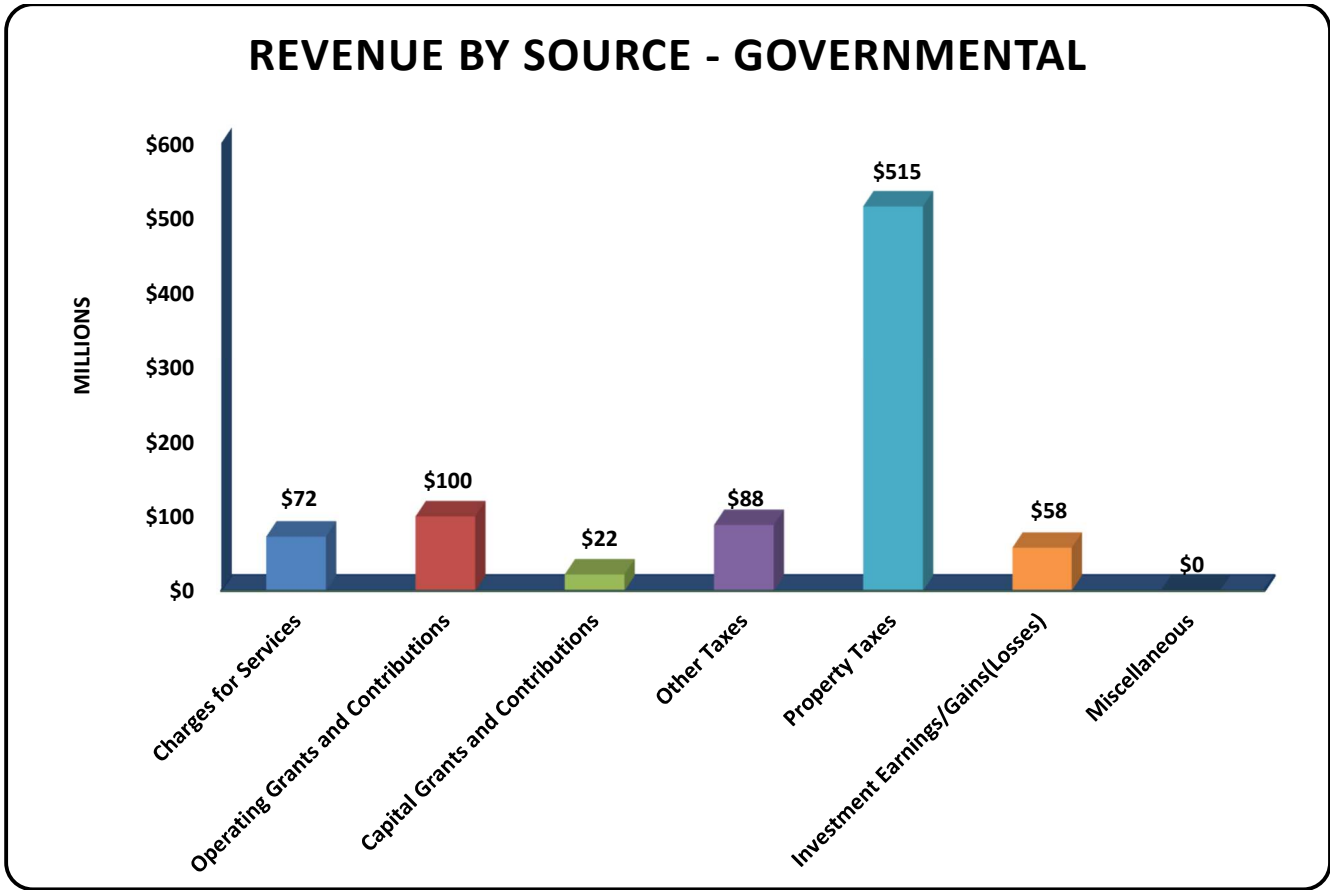
Expenses increased by \$273.7 million to \$791.3 million, with the most significant increases occurring in transportation support, community services, and general government. Transportation support expenses rose \$154.7 million, reflecting substantial infrastructure activity. Community services also rose sharply by \$54.5 million, reflecting increased investments in facility improvements, repairs, and park maintenance. General government expenses increased due to the addition of sixty-four full-time and four part-time to full-time positions, as well as a 3% cost of living increase and a merit increase of up to 3% approved by Commissioners Court. Transportation support increased spending by \$30 million in capital projects and \$4.5 million in roads and bridges maintenance. Community Services increase is primarily attributable to an addition of \$56.8 million in the Local Provider Participation program. Interest on long-term debt rose \$22.7 million, primarily due to the impact of the 2024 Limited Tax Notes, which increased interest costs by \$10.3 million. Judicial expenses increased modestly by \$3.1 million, and Public Safety decreased by \$5.1 million.



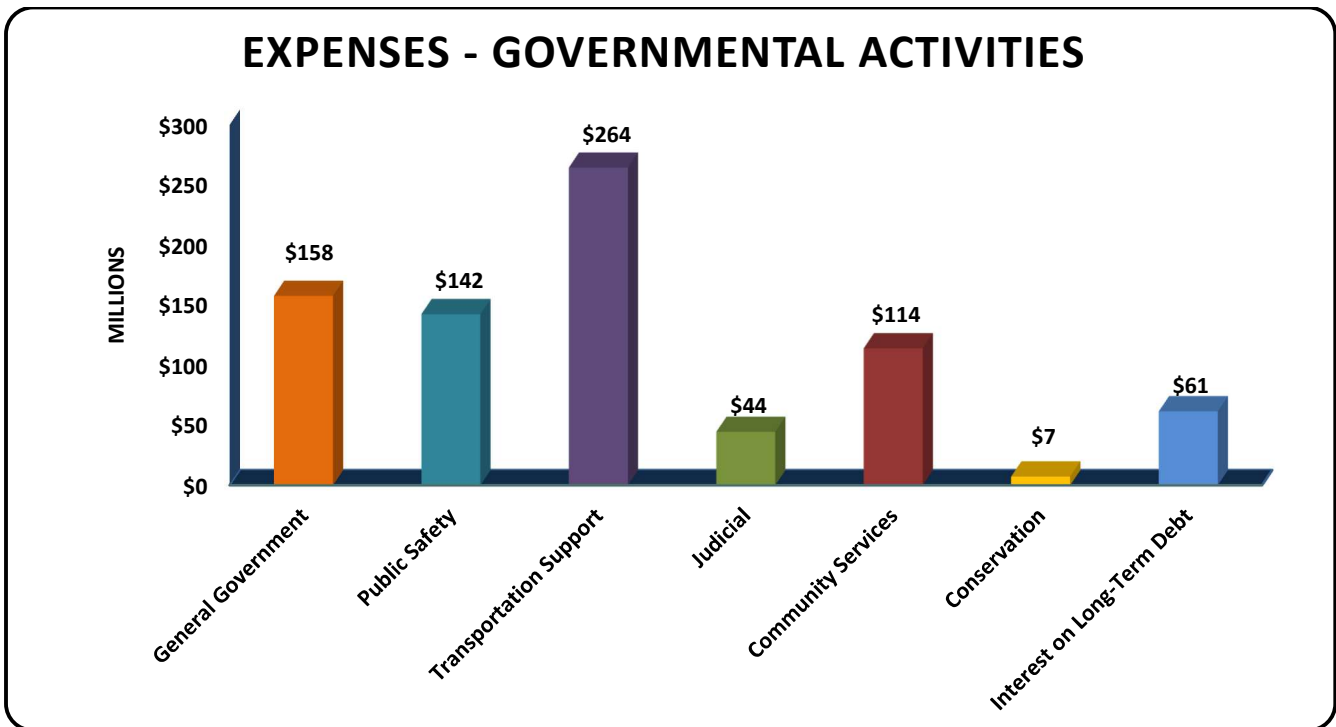
The bar chart provides a comparative illustration of expenses and the corresponding direct program revenues for similar County service areas. Additional detail on both expenses and program revenues is presented in the Statement of Activities on page 24.

The bar chart below reflects the full composition of County revenues, including general revenue sources such as property taxes, other taxes, investment earnings, and miscellaneous revenues. These revenue streams are not tied to specific County services but instead support overall governmental operations.

Program revenues, charges for services and operating and capital grants, are also included to provide a complete picture of the County's total revenue base for 2025.



The bar chart below breaks out all expenses by type of service provided by the County.



Financial Analysis of the Governmental Funds

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

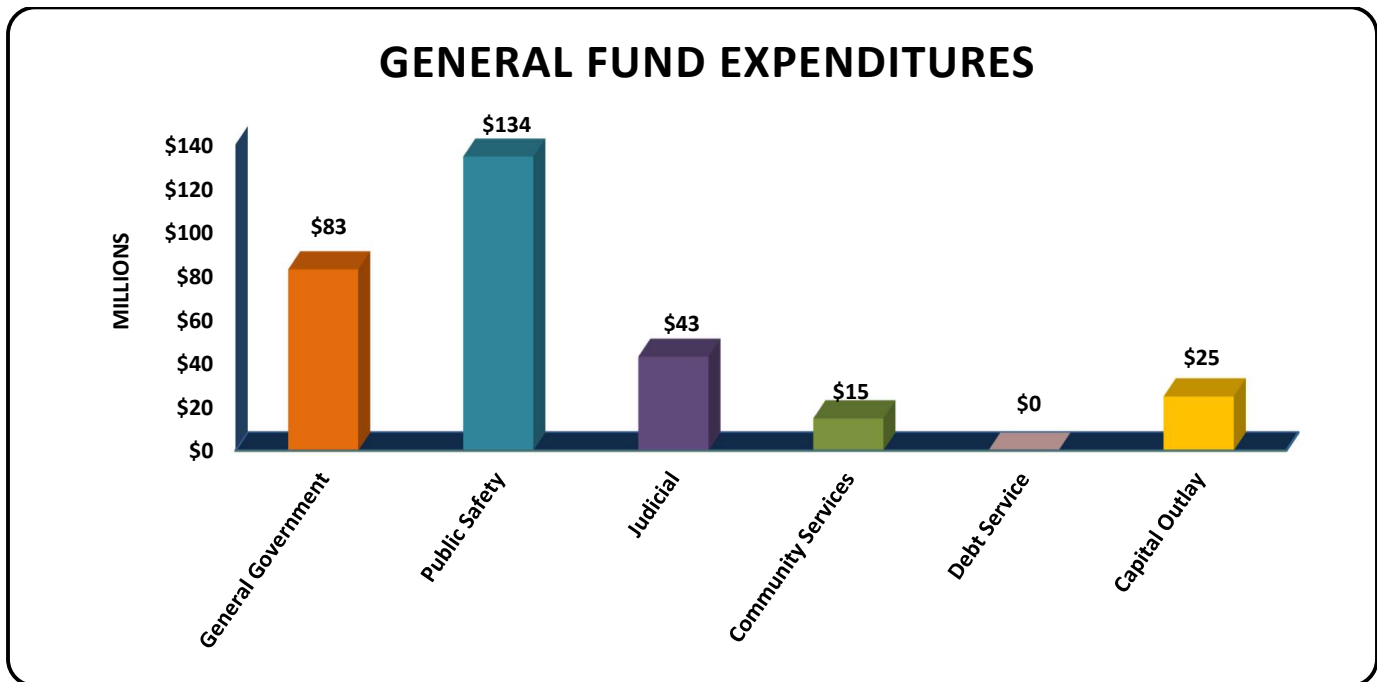
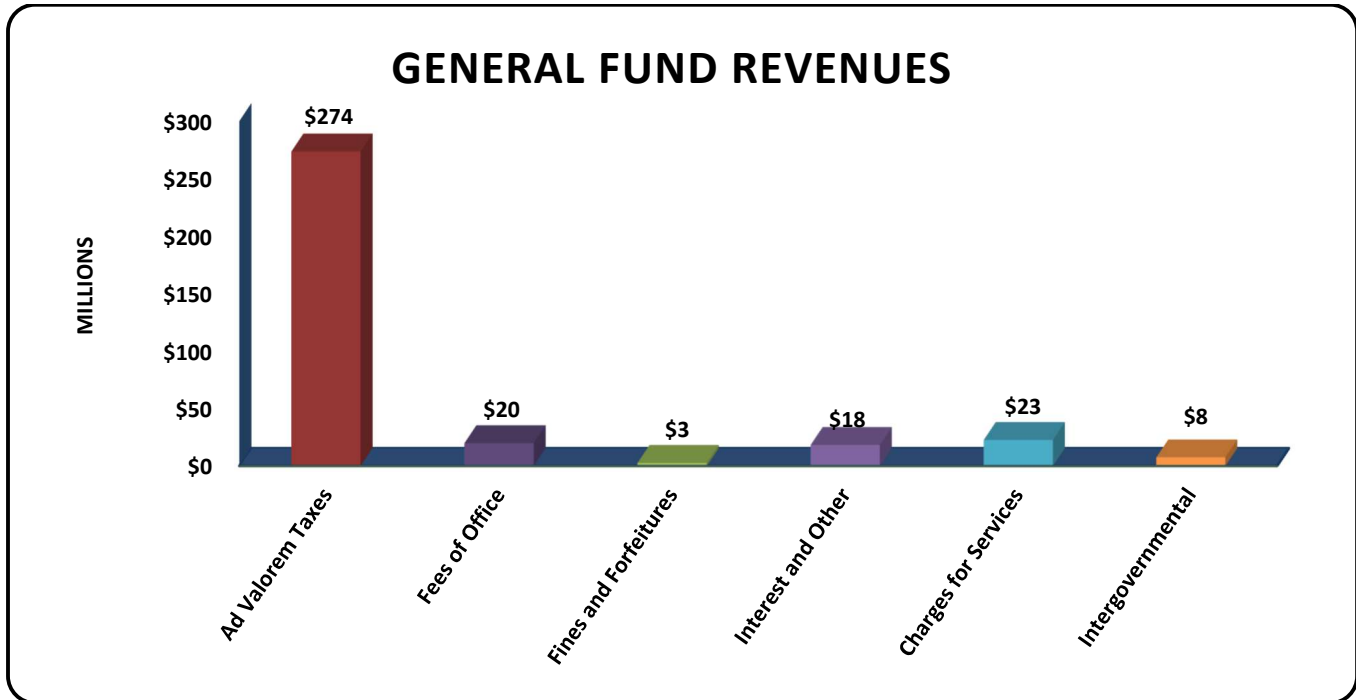
Governmental Funds. The focus of this section is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Williamson County's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of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

Governmental funds ended the year with a combined fund balance of \$1.123 billion, an increase of \$14.9 million compared to the prior year. The increase is driven by various factors and reflects continued growth in spendable resources and a strong overall financial position across major operating and capital funds. Property tax collections across all tax collecting funds grew due to the increase of taxable assessed value, primarily from growth and development in the County. The mandatory Local Provider Participation program increased \$56.8 million in 2025. Investment earnings for the year were \$54.6 million and fair value for investments at fiscal year-end resulted in an unrealized gain of \$1.9 million. Thus the \$56.5 million gain in investments in governmental funds. The Pass-Through Fund decreased by \$14.2 million. The decrease in the fund was due to a \$16.3 million transfer to the Debt Service Fund to pay a portion of the bonded debt. The Somerset Hills Road District No. 3 issued \$1.9 million in Unlimited Tax Road Bonds. Somerset Hills Road District No. 4 issued \$2.5 million in Unlimited Tax Road Bonds. The Avery Centre Road District No. 1 issued \$3.5 million in Unlimited Tax Road Bonds. \$1.0 million of the governmental fund balance is non-spendable. \$934.7 million of the fund balance is restricted and earmarked for specific purposes that have been either imposed by state legislation or by formal action of Commissioners Court. The remaining balance is unassigned and can be used for any purpose. The Capital Projects Fund continues to represent the largest portion of governmental fund balances, with \$766.3 million restricted for ongoing and future infrastructure projects.

General Fund. The General Fund is the chief operating fund of the County. At the end of the current fiscal year, total fund balance of the General Fund was \$252.7 million with a \$0.1 million non-spendable fund balance for prepaid expenses. In 2013, the County established a plan to reduce excess reserves to fund various county capital projects. In 2017, the County began funding another program, the "Corridor Plan", with a portion of the General Fund tax rate committed to this program. The corridor plan will focus on identifying and preserving future transportation corridors within the county. The Corridor Plan is also being funded from Road and Bridge excess reserves. \$65.3 million of the General Fund balance is committed to both plans. \$43.4 million is committed to capital projects and \$23.9 million is committed to the transportation plan. As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance for 2025 represents 62.5% of total General Fund expenditures. This significant fund balance to total expenditure ratio indicates a healthy financial position. The County has adopted a policy to maintain an appropriate level of unassigned General Fund balance to protect against a reduction of services due to temporary revenue shortfalls or unexpected one-time expenditures. A Fund Balance Policy adopted by the Commissioners Court in 2009 states that the level shall not be less than 35% of total General Fund budgeted expenditures.

The fund balance of Williamson County's General Fund has increased by 6.3% during the current fiscal year. General Fund revenues increased by \$33.6 million. Tax revenue increased by \$31.3 million. The continued growth in the County with new homes and new businesses along with the increase in taxable property values are the factors contributing to the increase in tax revenue. Investment earnings and changes in the fair value of investments totaled \$17.0 million in 2025, compared to \$20.4 million in 2024, reflecting a decrease of \$3.4 million primarily attributable to lower returns on invested balances. General Fund expenditures increased by \$35.1 million this fiscal year. Forty-two (42) new full-time positions and three (3) part-time to full-time positions were added in fiscal year 2025. A 3% cost of living increase and a merit of up to 3% was approved during the budget process. As the County population increases, the

demand for additional facility enhancements increases, resulting in an increase of \$19.1 million in capital outlay expenditures, of which \$18.0 million was for the purchase of the Lake Creek Campus. Increases in Public Safety expenditures totaling \$9.9 million were primarily driven by higher costs associated with personnel in Law Enforcement who received a 3% cost of living adjustment and a 2% step increase in their paychart. The \$4.7 million increase in Judicial expenditures is largely attributable to additional costs within the District and County Courts due to indigent defense.



General Fund Budgetary Highlights. The County budget is prepared according to financial policies, approved by Commissioners Court, and is in accordance with generally accepted accounting principles accepted in the United States. The Budget Officer is responsible for preparing the budget. By statute, the County Auditor is solely responsible for projecting County revenues. The budget is set at a line-item level as a management tool during the fiscal year. Budgetary transfers of more than \$1,000 must be approved by Commissioners Court.

Overall actual revenues were higher than budgeted revenues. Actual revenues were \$11.0 million more than budgeted. Charges for Services exceeded budget by \$2.3 million. Charges for Emergency Medical Services (EMS) were the main factor, making up \$0.9 million of the overage. Investment earnings this fiscal year are \$17.0 million. The fair value for investments at fiscal year-end resulted in an unrealized gain of \$0.8 million, for a total \$16.2 million gain in investment earnings for the General Fund. Actual expenditures were \$32.6 million less than budgeted. The County has several positions that remain unfilled, resulting in approximately \$20.6 million that was unspent for personnel, primarily in Jail and Law Enforcement, County Sheriff, and Emergency Medical Services. Unfilled positions result in benefit costs being reduced as well as a reduction in other costs such as training and travel. Capital outlay was under budget by \$11.0 million of which the County Sheriff had approximately \$3.3 million variance to budget due to vehicles not delivered and placed in service in 2025 and Emergency Medical Services had approximately \$6.6 million variance to budget due to ambulances which did not arrive in the fiscal year. As a result, these capital amounts will be reappropriated in 2026.

Additional information on Williamson County's General Fund Budget to Actuals can be found on page 29 and pages 80 through 82 of this report.

Long-Term Debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$1.581 billion. Williamson County's debt has increased by \$120.2 million during the current fiscal year. Several factors contributed to the increase. In June 2025, the County issued \$88.6 million in Limited Tax Notes, \$140.7 million in Unlimited Tax Road Bonds, and \$66.1 million in Limited Tax Refunding and Park Bonds. In September 2025, the County redeemed and defeased \$20.0 million of the Limited Tax Refunding Bonds, Series 2016. \$20.0 million of debt service was deposited to an escrow account. This amount included \$19.5 million in principal and the remainder in interest. The debt defeasance resulted in savings of \$6.0 million over the next 11 years.

Additional information on Williamson County's long-term debt can be found in Note 13 on pages 59 through 64 of this report.

Debt Service Fund. The total fund balance at year end is \$12.3 million, all of which is restricted for payment of debt service. This balance reflects a current year net increase of \$1.4 million dollars. Tax revenue increased by \$22.8 million. The continued growth in the county with new homes and new businesses along with the increase in property values are the factors contributing to the additional tax revenue. Expenditures increased by \$30.9 million. This is primarily due to an increase in principal debt payments. Expenditures exceed revenues by \$14.3 million. A transfer in of \$16.3 million offsets any deficit and contributes to the minor increase in fund balance. These are the key changes to the increase in the debt service fund.

The County's continued investment in infrastructure has resulted in substantial growth of the tax base. In 2006, County management pledged to the citizens a stabilization of the portion of the tax rate supporting debt service. The current fund balance is sufficient to maintain this goal while continuing to address the needs of the County.

Additional information on Williamson County's long-term debt can be found in Note 13 on pages 59 through 64 of this report.

Capital Projects Fund. The Capital Projects Fund had a total balance of \$678.7 million which is an increase from fiscal year 2024 of \$6.9 million. The increase in fund balance is due to issuance of long-term debt. Road bond proceeds in the amount of \$150.0 million and limited tax notes of \$94.0 million offset increased expenditures. Investment earnings this fiscal year are \$25.4 million. The fair value for investments at fiscal year-end resulted in an unrealized gain of \$1.2 million, for a total \$25.4 million gain in investment earnings for the capital project fund. Williamson County partnered with several entities on various projects. The contributions by these partners increased by \$7.0 million as compared to last year. These include agreements with Brushy Creek Mud on Great Oaks Bridge and the City of Round Rock for the Corridor H (Sam Bass Rd.) project. Williamson County also partnered with the City of Georgetown and Jonah Special Utility District on Southeast Inner Loop, Segment 2, the City of Georgetown on Corridor C (SH29 Bypass) and CR 255 and 289, and the City of Round Rock on CR112 widening and Old Settlers Boulevard for construction costs pursuant to the agreements. Expenditures from the Capital Projects Fund were \$384.8 million with capital outlay expenditures accounting for \$309.0 million. The top 10 major expenditures during the year include \$44.6 million for Southeast Inner Loop, Segment 2, \$44.6 million for the Administration Building on Inner Loop, \$19.1 million for the Juvenile Justice Center Addition, \$14.2 million for Corridor H (Sam Bass Road), \$12.1 million for CR 255 and 289, \$5.0 million for Corridor C (SH 29 Bypass), \$4.0 million for CR 112 widening (CR 117 to CR 10), \$3.6 million for Old Settlers Boulevard, and \$3.5 million for CR 314 widening and safety improvements.

Capital Assets. Williamson County's investment in capital assets as of September 30, 2025, amounts to \$2.0 billion (net of accumulated depreciation). These investments include land, building improvements, equipment, park facilities, roads, highways, and bridges.

Major capital asset additions during the current fiscal year include the following:

- Cool Water Ph 2
- Cool Water Ph 5, Section 3 & 4
- Corridor C
- CR 176 at FM 2243
- CR 200 Ph 1
- CR 332 Realignment
- CR 404 realignments
- Paloma Lake, Section 7B
- Rancho Santa Fe, Section 2
- Santa Rita Ranch Ph 1, Section 23
- Santa Rita Ph 2A, Section 5
- Santa Rita Ranch Ph 5, Section 4A
- Sonterra West Ph 3, Section 3
- Sunrise Acres

Additional information on Williamson County's capital assets can be found in Note 8 on pages 55 through 56 of this report.

Special Road and Bridge Fund. The Special Road and Bridge Fund has a total fund balance of \$49.6 million, with a net increase of \$6.4 million. Commissioners Court adopted a tax rate of \$.044329 per \$100 of valuation for Road & Bridge activities. The increase in taxable assessed value (TAV) allows the County to implement an increase in county road maintenance and improvement projects. This additional funding is part of a long-range plan for maintaining and improving county roads.

Grants Fund. The Grants Fund has a zero-fund balance. The fund is used to account for monies from other governments and private entities for programs not fully funded by the County. Cash and investments for the Grant Fund are \$57.0 million. Intergovernmental revenue increased from last year. The ARPA funding continues to reflect unearned revenue as the County continues to spend the funds on allowable projects. In FY 2025, the County recognized \$38.6 million from the Federal government for the American Rescue Plan Act (ARPA). The County also received \$1 million in U.S. Election Assistance Commission and \$2.3 million from the U.S Department of Housing an Urban Development in HUD Block grant funding. The Grant Fund saw an decrease in Investment earnings of \$1.7 million due to a reduction in the invested balance attributable to the increased spend of ARPA funds and a decline in short-term interest rates.

Proprietary Funds. Proprietary funds are made up of three Internal Service Funds which include the Fleet Service Fund, the Benefits Fund, and the Risk Management Fund.

Economic Factors and Next Year's Budgets and Rates

Economic Conditions. Williamson County's population growth has been driven in part by its location in Central Texas. The population boom has contributed to housing demands and job growth. Low tax rates, affordable housing and business incentives are major factors that have contributed to the County's growth. The County adopted a tax rate of \$0.413776 per \$100 of taxable value for tax year 2025. This rate is the voter approved tax rate. To meet the needs of the growing County, Sixty-four (64) new full-time positions and four (4) part-time to full-time positions were added for Fiscal Year 2025. The County will use reserves for major capital improvements, including Public Safety software suite and ERP Purchase/Upgrade. Capital building projects include the 911 Training Center at Lake Creek Annex, backup power for the Jail, and the Juvenile Justice Center Expansion Phase, all which will begin or continue in Fiscal Year 2026. The County plans to defease \$20.0 million of existing debt, in addition to the required Fiscal Year 2026 debt payments.

The Taxable Assessed Valuation (TAV) growth has been strong, spurred by affordable home prices and ample developable land. An increase of 10.1% TAV was recorded in fiscal year 2024. In fiscal year 2025 TAV grew 6.9%. Property tax collections remain consistent with historic levels. The average collection rate is 99.58%.

The overall economic base has grown. The County's location, stability, and growth in population has resulted in tremendous investments in the areas. New housing developments are happening throughout the County and businesses are continuing to expand and relocate to the area. The County continues to be a popular area for tech companies to expand. Additional medical facilities, schools, and recreation areas are being built because of the growth in the County. These factors provide the availability of jobs in Williamson County.

Unemployment. The September 2025 unemployment rate for Williamson County was about 3.9 %, up modestly from 3.6 % a year earlier. This county rate was lower than the Texas statewide unemployment rate of about 4.1 % and also below the national unemployment rate of about 4.4 % in September 2025, indicating a comparatively stronger local labor market.

All these factors were considered in preparing Williamson County's budget for fiscal year 2025.

Requests for Information

This financial report is designed to provide a general overview of Williamson County's finances for those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Office of the County Auditor
710 S. Main Street, Suite 301
Georgetown, Texas 78626
julie.kiley@wilcotx.gov

Basic Financial Statements

Williamson County, Texas

Statement of Net Position

September 30, 2025

	<u>Primary Governmental Activities</u>
ASSETS	
Cash and investments	\$ 1,295,684,915
Accounts receivable (net of allowance)	19,676,864
Due from other governments	26,419,998
Inventories	1,127,563
Prepaid items	813,014
Deferred contributions	3,333,196
Lease receivable	741,015
Capital assets	
Land	844,652,425
Intangible	23,258,253
Buildings and improvements	355,336,551
Infrastructure	802,567,424
Equipment	145,012,445
Construction in progress	402,283,057
Right to use asset- leases	478,818
Right to use asset- subscription	7,785,780
Less: accumulated depreciation / amortization	<u>(592,031,019)</u>
Total capital assets	<u>1,989,343,734</u>
Total assets	3,337,140,299
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	4,474,338
Deferred outflows related to pension	27,355,858
Deferred outflows related to OPEB	<u>2,260,759</u>
Total deferred outflows of resources	34,090,955
LIABILITIES	
Accounts payable	118,967,918
Accrued liabilities	12,389,493
Due to other governments	4,296,542
Unearned revenues	53,727,220
Accrued interest	8,474,225
Noncurrent liabilities	
Due within one year	175,372,005
Due in more than one year	<u>1,572,109,630</u>
Total liabilities	1,945,337,033
DEFERRED INFLOWS OF RESOURCES	
Deferred gain on refunding	2,736,249
Deferred inflows related to pension	6,632,906
Deferred inflows related to OPEB	16,812,760
Deferred inflows related to leases	<u>714,610</u>
Total deferred inflows of resources	26,896,525
NET POSITION	
Net investment in capital assets	1,565,842,320
Restricted for	
Debt service	7,887,111
Road and bridge	50,289,839
Capital Projects	678,909,630
Tobacco fund	11,326,836
Records management	12,855,707
Public safety	6,370,319
State and federal programs	97,077,226
Unrestricted	<u>(1,031,561,292)</u>
TOTAL NET POSITION	<u>\$ 1,398,997,696</u>

The Notes to the Financial Statements are an integral part of these statements.

Williamson County, Texas

Statement of Activities

For the Fiscal Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and
					Changes in
					Net Position
					Primary Government
					Governmental Activities
PRIMARY GOVERNMENT					
Governmental activities					
General government	\$ 157,580,567	\$ 30,510,174	\$ 46,324,408	\$ -	\$ (80,745,985)
Public safety	142,298,463	20,723,961	4,581,553	-	(116,992,949)
Transportation support	264,416,495	11,490,518	36,095,317	21,891,386	(194,939,274)
Judicial	44,407,170	6,457,499	1,324,462	-	(36,625,209)
Community services	113,868,842	2,988,330	6,266,720	-	(104,613,792)
Conservation	7,238,391	317,966	4,942,604	-	(1,977,821)
Interest on long-term debt	61,446,048	-	-	-	(61,446,048)
TOTAL PRIMARY GOVERNMENT	\$ 791,255,976	\$ 72,488,448	\$ 99,535,064	\$ 21,891,386	\$ (597,341,078)
GENERAL REVENUES					
Taxes					
Property taxes, levied for general purposes					\$ 185,428,928
Property taxes, levied for farm to market					57,826,298
Property taxes, levied for debt service					271,865,005
Other taxes					88,055,497
Investment earnings and unrealized gains/losses					57,522,651
Total general revenues					660,698,379
Change in net position					63,357,301
Net position, beginning of year, as previously reported					1,343,320,982
Restatement - change in accounting principle					(7,680,587)
Net position, beginning of year - restated					1,335,640,395
NET POSITION, end of year					\$ 1,398,997,696

The Notes to the Financial Statements are an integral part of these statements.

Williamson County, Texas

Balance Sheet – Governmental Funds

September 30, 2025

	General	Special Road and Bridge	Debt Service	Capital Projects	Grants	Other Governmental	Total Governmental Funds
ASSETS							
Cash and investments	\$ 268,597,347	\$ 52,865,691	\$ 12,322,046	\$ 752,307,132	\$ 56,999,109	\$ 132,009,805	\$ 1,275,101,130
Accounts receivable (net of allowance)	14,818,980	1,085,063	1,832,846	952,094	-	871,643	19,560,626
Due from other funds	413,420	509,662	-	-	206,909	294,048	1,424,039
Due from other governments	7,216,837	-	-	13,167,804	3,390,493	2,644,864	26,419,998
Lease Receivable	741,015	-	-	-	-	-	741,015
Inventories	-	847,822	-	-	-	-	847,822
Prepaid items	126,126	5,384	-	-	-	5,227	136,737
TOTAL ASSETS	\$ 291,913,725	\$ 55,313,622	\$ 14,154,892	\$ 766,427,030	\$ 60,596,511	\$ 135,825,587	\$ 1,324,231,367
LIABILITIES							
Accounts payable	\$ 14,280,317	\$ 4,362,216	\$ -	\$ 87,517,400	\$ 7,115,638	\$ 5,490,761	\$ 118,766,332
Accrued liabilities	8,348,399	661,567	-	-	266,947	382,881	9,659,794
Due to other funds	1,089,621	-	-	-	-	292,755	1,382,376
Due to other governments	4,111,112	-	-	-	182,872	2,562	4,296,546
Unearned revenue	584,625	7,925	-	100,000	53,031,054	3,616	53,727,220
Interest payable	183,520	-	-	-	-	-	183,520
Total liabilities	28,597,594	5,031,708	-	87,617,400	60,596,511	6,172,575	188,015,788
DEFERRED INFLOWS OF RESOURCES							
Deferred revenues	9,943,341	681,598	1,832,846	-	-	37,837	12,495,622
Deferred inflows - leases	714,610	-	-	-	-	-	714,610
Total deferred inflows of resources	10,657,951	681,598	1,832,846	-	-	37,837	13,210,232
FUND BALANCES							
Nonspendable	126,126	853,206	-	-	-	5,227	984,559
Restricted	-	48,747,110	12,322,046	678,809,630	-	129,609,948	869,488,734
Committed	65,284,779	-	-	-	-	-	65,284,779
Unassigned	187,247,275	-	-	-	-	-	187,247,275
Total fund balances	252,658,180	49,600,316	12,322,046	678,809,630	-	129,615,175	1,123,005,347
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 291,913,725	\$ 55,313,622	\$ 14,154,892	\$ 766,427,030	\$ 60,596,511	\$ 135,825,587	\$ 1,324,231,367

The Notes to the Financial Statements are an integral part of these statements.

Williamson County, Texas

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

Total fund balances - governmental funds	\$ 1,123,005,347
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>The County uses internal service funds to charge the costs of certain activities such as fleet and self-insurance to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statements of net position.</p>	18,774,288
<p>Capital assets, including accumulated depreciation / amortization, used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>	1,989,252,543
<p>Deferred contributions are not financial resources and, therefore, are not reported in the funds.</p>	3,333,196
<p>Losses (gains) on bond refundings are deferred and amortized in the government-wide financial statements.</p>	1,738,089
<p>Employee benefit related liabilities, and related accounts, are not due and payable in the current period and are not included in the fund financial statements, but are reported in the governmental activities in the statement of net position. These items include:</p>	
Net pension liability	(91,958,731)
Other post-employment benefit obligation (OPEB)	(43,632,004)
Deferred inflow of resources - OPEB	(16,812,760)
Deferred inflow of resources - Pension	(6,632,906)
Deferred outflow of resources - OPEB	2,260,759
Deferred outflow of resources - Pension	27,355,858
<p>Revenues earned but not available within 60 days of the year end are not recognized as revenue on the fund financial statements.</p>	12,495,622
<p>Interest payable on long term debt does not require current financial resources; therefore, interest payable is not reported as a liability in governmental funds balance sheet.</p>	(8,290,705)
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. These items include:</p>	
Lease liabilities	(244,233)
Subscription liability	(3,640,405)
Bonds payable	(1,455,800,000)
Bond issuance premium	(126,266,283)
Bond issuance discount	895,310
Arbitrage liability	(13,571,216)
Compensated absences	(13,264,073)
Net position of governmental activities	\$ 1,398,997,696

The Notes to the Financial Statements are an integral part of these statements.

Williamson County, Texas

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

	General	Special Road and Bridge	Debt Service	Capital Projects	Grants	Other Governmental	Total Governmental Funds
REVENUES							
Taxes	\$ 273,669,972	\$ 57,849,830	\$ 182,955,225	\$ -	\$ -	\$ 89,007,534	\$ 603,482,561
Fees of office	19,856,652	-	-	-	-	6,856,302	26,712,954
Fines and forfeitures	2,710,114	-	-	-	-	662,406	3,372,520
Intergovernmental	7,524,127	271,878	112,787	37,103,026	45,400,994	9,850,111	100,262,923
Charges for services	22,685,910	1,694,278	-	-	-	2,985,302	27,365,490
Motor vehicle registration	-	6,518,370	-	-	-	-	6,518,370
Investment earnings and unrealized gains(losses)	16,964,794	2,342,924	1,740,330	25,378,081	3,583,137	6,532,432	56,541,698
Miscellaneous	1,352,012	920,858	-	262,347	291,622	4,086,926	6,913,765
Total revenues	344,763,581	69,598,138	184,808,342	62,743,454	49,275,753	119,981,013	831,170,281
EXPENDITURES							
Current							
General government	82,874,870	-	-	4,315,392	40,434,455	24,290,904	151,915,621
Public safety	134,417,793	-	-	387,609	4,067,321	1,977,563	140,850,286
Transportation support	-	40,694,884	-	67,134,583	-	229	107,829,696
Judicial	42,931,685	-	-	-	180,611	1,290,189	44,402,485
Community services	14,743,721	-	-	2,033,132	1,382,307	92,589,477	110,748,637
Conservation	-	-	-	-	-	938,734	938,734
Debt service							
Principal	-	-	123,770,000	-	-	2,140,000	125,910,000
Interest and other charges	65,557	-	55,024,627	-	-	2,008,991	57,099,175
Payment to bond escrow agent	-	-	19,978,215	-	-	-	19,978,215
Bond issuance fees	-	-	330,618	1,977,986	-	355,094	2,663,698
Capital outlay	24,779,479	1,759,274	-	308,994,211	3,776,300	89,706	339,398,970
Total expenditures	299,813,105	42,454,158	199,103,460	384,842,913	49,840,994	125,680,887	1,101,735,517
Excess (deficiency) of revenues over expenditures	44,950,476	27,143,980	(14,295,118)	(322,099,459)	(565,241)	(5,699,874)	(270,565,236)
OTHER FINANCING SOURCES (USES)							
Issuance of long-term debt	-	-	6,926	257,463,074	-	7,895,000	265,365,000
Issuance of refunding bonds	-	-	37,930,000	-	-	-	37,930,000
Premium on issuance of long-term debt	-	-	2,889,196	18,543,412	-	-	21,432,608
Discount on issuance of long-term debt	-	-	-	-	-	(44,012)	(44,012)
Payment to bond escrow agent	-	-	(41,409,791)	-	-	-	(41,409,791)
Leases	112,150	-	-	-	-	-	112,150
Subscriptions	1,825,174	-	-	-	-	31,721	1,856,895
Proceeds from sale of capital assets	158,534	104,575	-	-	-	-	263,109
Transfers in	38,085	-	16,280,000	53,210,615	565,241	2,235,884	72,329,825
Transfers out	(32,174,464)	(20,895,315)	-	(265,883)	-	(18,994,163)	(72,329,825)
Total other financing sources (uses)	(30,040,521)	(20,790,740)	15,696,331	328,951,218	565,241	(8,875,570)	285,505,959
NET CHANGE IN FUND BALANCES	14,909,955	6,353,240	1,401,213	6,851,759	-	(14,575,444)	14,940,723
FUND BALANCES, beginning of year	237,748,225	43,247,076	10,920,833	671,957,871	-	144,190,619	1,108,064,624
FUND BALANCES, end of year	\$ 252,658,180	\$ 49,600,316	\$ 12,322,046	\$ 678,809,630	\$ -	\$ 129,615,175	\$ 1,123,005,347

The Notes to the Financial Statements are an integral part of these statements.

Williamson County, Texas

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

Net change in fund balances - total governmental funds	\$ 14,940,723
Amounts reported for governmental activities in the statement of activities are different because:	
The County uses internal service funds to charge the costs of certain activities such as fleet and self-insurance to appropriate functions in other funds. The change in net position of the internal service funds are reported with the governmental activities.	(1,715,548)
Governmental funds report outlays for capital assets as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. Additionally, disposal of capital assets is not recorded in the fund statements. These items include:	
Capital outlay	342,303,264
Depreciation / amortization expense	(57,700,853)
Net book value of current year disposals	(85,561,043)
Governmental capital assets donated to the County are not current financial resources and therefore, are not reported in the fund statements. Capital assets donated to the County in the current fiscal year increased net position.	20,797,899
Governmental funds report expenditures for costs of assets under construction that will be contributed on completion to another entity. However, in the statement of activities, the cost of those assets will be expensed when the completed asset is transferred.	(41,274,350)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, including:	
Property taxes	(306,833)
Adjudicated fines	1,065
Emergency medical services	876,426
Transportation	157,282
Expenditures related to the County's participation in its OPEB Plan are recorded as they are paid in the governmental funds, but are recognized based on the change in net OPEB liability in the Statement of Activities.	4,035,509
Expenditures related to the County's participation in the Texas County and District Retirement System are recorded as they are paid in the governmental funds, but are recognized based on the change in net pension liability in the Statement of Activities.	7,407,368
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Issuance of bonds	(303,295,000)
Premium on bond issuance	(21,432,608)
Discount on bond issuance	44,012
Deferred gain on refunding	(1,617,813)
Deferred loss on refunding	(3,991,765)
Principal payments on tax notes and bonds	186,235,000
Some expenses 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.	
Amortization of debt-related items	18,281,141
Increase in arbitrage liability	(11,472,686)
Decrease in compensated absences	434,203
Increase in accrued interest payable	(3,436,220)
Decrease in lease liability	8,862
Increase in subscription liability	(360,734)
Change in net position of governmental activities	\$ 63,357,301

The Notes to the Financial Statements are an integral part of these statements.

Williamson County, Texas

Statement of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
General Fund
For the Fiscal Year Ended September 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 274,389,323	\$ 274,389,323	\$ 273,669,972	\$ (719,351)
Fees of office	18,038,150	18,060,150	19,856,652	1,796,502
Fines and forfeitures	1,850,500	1,850,500	2,710,114	859,614
Intergovernmental	3,461,734	3,594,348	7,524,127	3,929,779
Charges for services	20,389,268	20,435,268	22,685,910	2,250,642
Investment earnings and unrealized gains/losses	14,654,675	14,654,675	16,964,794	2,310,119
Miscellaneous	165,400	779,050	1,352,012	572,962
Total revenues	332,949,050	333,763,314	344,763,581	11,000,267
EXPENDITURES				
Current				
General government	90,851,312	90,888,747	82,874,870	8,013,877
Public safety	141,263,057	143,110,935	134,417,793	8,693,142
Judicial	44,338,184	45,541,233	42,931,685	2,609,548
Community services	16,951,475	17,066,327	14,743,721	2,322,606
Debt service				
Interest and other charges	-	65,557	65,557	-
Capital outlay	19,632,651	35,781,029	24,779,479	11,001,550
Total expenditures	313,036,679	332,453,828	299,813,105	32,640,723
Excess of revenues over expenditures	19,912,371	1,309,486	44,950,476	43,640,990
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	100,000	100,000	158,534	58,534
Issuance of subscription liabilities	-	-	1,825,174	1,825,174
Issuance lease liabilities	-	-	112,150	112,150
Transfers in	-	-	38,085	38,085
Transfers out	(48,186,619)	(97,655,249)	(32,174,464)	65,480,785
Total other financing sources (uses)	(48,086,619)	(97,555,249)	(30,040,521)	67,514,728
Net change in fund balances	(28,174,248)	(96,245,763)	14,909,955	111,155,718
FUND BALANCES, beginning of year	237,748,225	237,748,225	237,748,225	-
FUND BALANCES, end of year	<u>\$ 209,573,977</u>	<u>\$ 141,502,462</u>	<u>\$ 252,658,180</u>	<u>\$ 111,155,718</u>

The Notes to the Financial Statements are an integral part of these statements.

Williamson County, Texas

Statement of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
Special Road and Bridge Fund
For the Fiscal Year Ended September 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 58,078,568	\$ 58,078,568	\$ 57,849,830	\$ (228,738)
Intergovernmental	225,000	225,000	271,878	46,878
Charges for services	1,800,000	1,800,000	1,694,278	(105,722)
Motor vehicle registration	5,810,000	5,810,000	6,518,370	708,370
Investment earnings unrealized gains(losses)	2,300,000	2,300,000	2,342,924	42,924
Miscellaneous	10,000	10,000	920,858	910,858
Total revenues	68,223,568	68,223,568	69,598,138	1,374,570
EXPENDITURES				
Current				
Transportation support	44,110,271	44,991,270	40,694,884	4,296,386
Capital outlay	2,017,235	1,806,235	1,759,274	46,961
Total expenditures	46,127,506	46,797,505	42,454,158	4,343,347
Excess of revenues over expenditures	22,096,062	21,426,063	27,143,980	5,717,917
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	40,000	40,000	104,575	64,575
Transfers out	(27,026,000)	(26,356,000)	(20,895,315)	5,460,685
Total other financing sources (uses)	(26,986,000)	(26,316,000)	(20,790,740)	5,525,260
NET CHANGE IN FUND BALANCES	(4,889,938)	(4,889,937)	6,353,240	11,243,177
FUND BALANCES, beginning of year	43,247,076	43,247,076	43,247,076	-
FUND BALANCES, end of year	\$ 38,357,138	\$ 38,357,139	\$ 49,600,316	\$ 11,243,177

The Notes to the Financial Statements are an integral part of these statements.

Williamson County, Texas

Statement of Net Position

Proprietary Funds

September 30, 2025

	Governmental Activities
	Internal Service
ASSETS	
Current assets	
Cash and investments	\$ 20,583,785
Accounts receivable	84,433
Due from other funds	30,103
Interest receivable	31,805
Inventory	279,741
Prepaid expenses	676,277
	<hr/>
Total current assets	21,686,144
Noncurrent assets	
Capital assets	
Machinery and equipment	693,124
Intangible	6,547
Less accumulated depreciation and amortization	(608,476)
	<hr/>
Total noncurrent assets	91,195
	<hr/>
Total assets	21,777,339
LIABILITIES	
Current liabilities	
Accounts payable	201,586
Accrued liabilities	2,729,699
Due to other funds	71,766
	<hr/>
Total liabilities	3,003,051
NET POSITION	
Net investment in capital assets	91,195
Unrestricted	18,683,093
	<hr/>
TOTAL NET POSITION	\$ 18,774,288

The Notes to the Financial Statements are an integral part of these statements.

Williamson County, Texas
Statement of Revenues, Expenses,
and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	Governmental Activities
	<u>Internal Service</u>
OPERATING REVENUES	
Employer contributions	\$ 23,881,812
Employee contributions	5,949,527
Charges for services	<u>4,904,667</u>
Total operating revenues	34,736,006
OPERATING EXPENSES	
Claims	24,941,657
Payments to individuals	2,253,427
Insurance	3,224,187
Administration	3,417,703
Supplies and parts	3,542,015
Depreciation and amortization	<u>53,518</u>
Total operating expenses	<u>37,432,507</u>
Operating income	(2,696,501)
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenues	979,081
Capital contributions	<u>1,872</u>
Total nonoperating revenues (expenses)	<u>980,953</u>
Change in net position	(1,715,548)
NET POSITION, beginning of year	<u>20,489,836</u>
NET POSITION, end of year	<u>\$ 18,774,288</u>

The Notes to the Financial Statements are an integral part of these statements.

Williamson County, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	Governmental Activities
	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 34,743,894
Payments to suppliers	(34,099,694)
Payments to employees	(3,580,138)
	<hr/>
Net cash flows provided by operating activities	(2,935,938)
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Capitol Contributions	1,872
	<hr/>
Net cash flows provided by noncapital financing activities	1,872
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(12,831)
	<hr/>
Net cash flows used in capital and related financing activities	(12,831)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	1,054,672
	<hr/>
Net cash flows provided by investing activities	1,054,672
	<hr/>
Change in cash and cash equivalents	(1,892,225)
 CASH AND CASH EQUIVALENTS, beginning of year	<hr/> 22,476,010
 CASH AND CASH EQUIVALENTS, end of year	<hr/> \$ 20,583,785 <hr/>
 RECONCILIATION OF OPERATING INCOME TO NET PROVIDED BY/(USED IN) OPERATING ACTIVITIES	
Operating income	\$ (2,696,501)
Adjustments to reconcile operating income to net cash provided by/(used in) operating activities	
Depreciation	53,518
Change in assets and liabilities	
Accounts receivable	7,888
Due from other funds	(30,103)
Inventory	(10,704)
Prepays and other assets	(236,630)
Accounts payable	(194,779)
Accrued liabilities	303,705
Due to other funds	(132,332)
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<hr/> \$ (2,935,938) <hr/>

The Notes to the Financial Statements are an integral part of these statements.

Williamson County, Texas
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2025

	<u>Custodial Funds</u>
ASSETS	
Cash and investments	\$ 63,333,324
Accounts receivable	2,936,034
Prepaid assets	<u>40,206</u>
Total assets	66,309,564
LIABILITIES	
Accounts payable	674,112
Due to other governments	<u>1,873,287</u>
Total liabilities	2,547,399
NET POSITION	
Individuals, organizations, and other governments	<u>63,762,165</u>
TOTAL NET POSITION	<u><u>\$ 63,762,165</u></u>

The Notes to the Financial Statements are an integral part of these statements.

Williamson County, Texas

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Fiscal Year Ended September 30, 2025

	<u>Custodial Funds</u>
ADDITIONS	
Tax collections from other governments	\$ 3,099,089,737
Fees for other governments	1,315
Held for others	60,042,283
Interest income	<u>3,015,168</u>
Total additions	3,162,148,503
DEDUCTIONS	
Payment to other governments	3,053,506,300
Payment to individuals	<u>95,684,339</u>
Total deductions	<u>3,149,190,639</u>
Net increase in fiduciary net position	12,957,864
NET POSITION, beginning of year	<u>50,804,301</u>
NET POSITION, end of year	<u>\$ 63,762,165</u>

The Notes to the Financial Statements are an integral part of these statements.

Williamson County, Texas
Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

Williamson County, Texas (the County) uses a commission form of government under the laws and statutes of the constitution of the State of Texas. The County provides various services to advance the welfare, health, morals, comfort, safety, and convenience of the County and its inhabitants. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Financial Reporting Entity

The Governmental Accounting Standards Board (GASB) has issued Statement No. 14, *The Financial Reporting Entity* and Statement No. 61, *The Financial Reporting Entity: Omnibus*, which established standards for defining and reporting on the financial reporting entity. The discussion that follows includes not only the minimum guidelines for an entity's inclusion in the County's financial statements, but also the reasons that certain entities were excluded from the statements.

The definition of the reporting entity is based primarily on the notion of financial accountability. The elected officials governing Williamson County are accountable to their constituents for their public policy decisions, regardless of whether those decisions are carried out directly through the operations of the County or by their appointees through the operations of a separate entity. Therefore, the County is not only financially accountable for the organizations that make up its legal entity, it is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the County.

Depending on the significance of the County's financial and operational relationships with various separate entities, the organizations are classified as blended or discretely presented component units, related organizations, joint ventures, or jointly governed organizations, and the financial disclosure is treated accordingly.

Related Organizations – Where the Williamson County Commissioners Court (Commissioners Court) is responsible for appointing a majority of the members of a board of another organization, but the County's accountability does not extend beyond making such appointments, disclosure is made in the form of the relation between the County and such organization.

Blended Component Units

Avery Ranch Road District No. 1 (Avery Ranch District) was formed by the Commissioners Court in accordance with the Texas Government Code in February of 2001. The Avery Ranch District issues unlimited tax bonds for the purpose of developing roads within the District. The bonds constitute direct obligations of the Avery Ranch District payable from ad valorem taxes levied upon all taxable property located within the Avery Ranch District. The Avery Ranch District meets the financial accountability tests and is considered to be a blended component unit. Specifically, the government body is made up of Commissioners Court members and management of the primary government has operational responsibility for the Avery Ranch District.

Pearson Place Road District (Pearson District) was formed by the Commissioners Court in accordance with the Texas Government Code in July of 2010. The Pearson District issues unlimited tax bonds for the purpose of developing roads within the Pearson District. The bonds constitute direct obligations of the Pearson Place Road District payable from ad valorem taxes levied upon all taxable property located with the Pearson District. The Pearson District meets the financial accountability tests and is considered to be a blended component unit. Specifically, the government body is made up of Commissioners Court members and management of the primary government has operational responsibility for the Pearson District.

Williamson County, Texas

Notes to the Financial Statements

Northwoods Road District No. 1 (Northwoods District) was formed by Commissioners Court in August of 2011. The District issues unlimited tax bonds for the purpose of developing roads in the district. The fund is used to reimburse the developer for construction of the four-lane divided portion of Staked Plains Boulevard from Avery Ranch Subdivision to Lakeline Boulevard, and the widening and extension of Lakeline Boulevard to a four lane arterial from Lake Creek east to the Capital Metro right-of-way. The fund is also used to pay for the long-term debt expenditures for the district. The Northwoods District meets the financial accountability tests and is considered to be a blended component unit. Specifically, the government body is made up of Commissioners Court members and management of the primary government has operational responsibility for the Northwoods District.

Somerset Hills Road District No. 3 (Somerset Hills District #3) was formed by the Commissioners Court in February of 2008. The District issues unlimited tax bonds for the purpose of developing roads in the district. The fund is used to reimburse the developer and Williamson County for its share of the costs associated with construction expenses and land dedication for Ronald Reagan Boulevard from Farm to Market Road 2338 to State Highway 195. The District is governed by a Board comprised of the Williamson County Commissioners Court. The Somerset Hills District #3 meets the financial accountability tests and is considered to be a blended component unit. Specifically, the government body is made up of Commissioners Court members and management of the primary government has operational responsibility for the Somerset Hills District #3.

Somerset Hills Road District No. 4 (Somerset Hills District #4) was formed by the Commissioners Court in February of 2008. The District issues unlimited tax bonds for the purpose of developing roads in the district. The fund is used to reimburse the developer and Williamson County for its share of the costs associated with construction expenses and land dedication for Ronald Reagan Boulevard from Farm to Market Road 2338 to State Highway 195. The Somerset Hills District #4 meets the financial accountability tests and is considered to be a blended component unit. Specifically, the government body is made up of Commissioners Court members and management of the primary government has operational responsibility for the Somerset Hills District #4.

Avery Centre Road District No. 1 (Avery Centre District) was formed by the Commissioners Court in 2008. The Avery Centre District issues unlimited tax bonds for the purpose of developing roads in the district. The fund is for constructing, improving, acquiring, maintaining, reimbursing, financing and operating macadamized, graveled or paved roads, and turnpikes and related bridges, trails, drainage works, and other similar improvements, and carrying out other improvements. The Avery Centre District is governed by a Board comprised of the Williamson County Commissioners Court.

Williamson County Conservation Foundation is a nonprofit corporation formed under the laws of the Texas Nonprofit Corporation Act. It was formed by the Commissioners Court in December of 2002, as a pro-active approach to providing for conservation and the recovery of endangered species in the Williamson County area. The Foundation is governed by a Board appointed by the Commissioners Court, of which, two members are County Commissioners. The Foundation meets the financial accountability tests and is considered to be a blended component unit. Specifically, the Foundation's board is substantively the same as the Commissioners Court and management of the primary government has operational responsibility for the Foundation. Additionally, there is a financial burden relationship between the primary government and the Foundation. Complete financial statements for each of the individual component units may be obtained at the Williamson County Auditor's Office.

Based upon the foregoing criteria, the following entity is not included in the accompanying financial statements: the Williamson County and Cities Health District.

Williamson County, Texas

Notes to the Financial Statements

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenue.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included in program revenue are reported as general revenues.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

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

The Special Road and Bridge Fund is a special revenue fund used to account for revenue derived from ad valorem taxes, vehicle registration fees, and rebates from the State of Texas. Expenditures are legally restricted for maintenance and construction of County roads and bridges.

The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs.

The Capital Projects Fund is used to account for the acquisition of capital assets or construction of major capital projects.

Williamson County, Texas

Notes to the Financial Statements

The Grants Fund is used to account for federal, state, and private monies provided for the enhancement of programs not fully funded by the County.

Additionally, the County reports the following fund types:

Internal Service Funds account for the Benefits Program and Fleet Maintenance services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

Custodial Funds are used to account for assets held by the County on behalf of individuals and other governments. Examples include taxes, fines, bonds, and restitution.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements with the exception of interfund services provided and used.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenue includes all taxes. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's internal service funds are charges to customers for services. Operating expenses for the internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

Note 2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

Cash and Investments

The County pools cash resources of some funds and invests these funds jointly. Each fund owns a pro rata share of the cash and investments. The County is entitled to invest in obligations of the United States, the State of Texas, and certificates of deposit of state or national banks or savings and loan associations within the State. All investments are stated at fair market value.

Investment earnings are allocated to the respective funds based on the cash balances outstanding at the end of each month.

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectible amounts.

Williamson County, Texas
Notes to the Financial Statements

Ad valorem property taxes attach as enforceable liens as of January 1. Taxes are levied prior to September 30, payable on October 1, and are delinquent on February 1. The majority of the County's property tax collections occur during December and early January each year. To the extent that County property tax revenue results in current receivables as defined by the GASB they are recognized when levied.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded using the consumption method.

Deferred Contributions

Deferred contributions include the construction costs primarily of roads within the County that will be contributed upon completion to another governmental entity. Upon completion of the project, these assets will be transferred to another governmental entity and expensed in the statement of activities.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) and intangible assets (i.e., mitigation credits) are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Intangible assets were modified to comply with GASB Statement No. 51. Intangible assets are not physical in nature, do not have monetary form, and are identifiable. Intangible assets include mitigation credits, unregistered trademarks, easements, and software (acquired or internally developed). Like capital assets, the County defines intangible assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Intangible assets with definite estimated useful lives from 2 to 60 years are amortized using the straight-line method.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings and improvements	25 - 40
Vehicles	3 - 14
Machinery and equipment	5 - 15
Infrastructure	5 - 50
Improvements other than buildings	10 - 40
Right-of-use assets	2 - 6

Williamson County, Texas

Notes to the Financial Statements

Federal and State Grants

Revenue from federal and state grants is recognized on the basis of actual expenditures incurred, limited to the amount of the total grant award. Shared revenue is recognized based on the fiscal period to which the entitlements received apply.

Compensated Absences

The County recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee benefit account) during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

The Williamson County Personnel Policy provides employees with vacation leave and non-vesting accumulating rights to sick pay benefits. The policy allows all employees to accumulate a range of 80 to 168 hours of vacation per year depending on tenure and position, and to carry their vacation balance forward to the next fiscal year in an amount not to exceed 80 to 168 hours, respectively. Employees may also accrue up to 240 hours of compensatory time. Additionally, holiday time is accrued up to a maximum of 200 hours. Unused compensatory time and vacation leave time is paid upon termination. Governmental fund liability and expenditures are not recognized until they come due for payment.

A liability for the estimated value of leave benefits that will be paid upon separation of service or used by the employees as time off is included in the liability for compensated absences.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as charges on refundings, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Charges and gains on refundings are reported as deferred charges or gains and amortized over the term of the related debt.

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

Fund Balances and Net Position

Government-Wide Financial Statements

Net Position on the Statement of Net Position includes the following categories:

Net investment in capital assets – the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, net of premiums and discounts, excluding unspent proceeds, that are directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted – net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Williamson County, Texas

Notes to the Financial Statements

Unrestricted – the difference between the assets and liabilities that is not reported in any of the classifications above.

Governmental Fund Financial Statements

The County has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions* (GASB 54). The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. The statement 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. Fund balance classifications, under GASB 54 are nonspendable, restricted, committed, assigned, and unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB 54, the County classifies governmental fund balances as follows:

Nonspendable – includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact.

Restricted – includes fund balance amounts that are constrained for specific purposes, which are externally imposed by providers, such as creditors, or amount restricted due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the County through formal action of the highest level of decision-making authority. Committed fund balance is reported pursuant to resolution passed by the County Commissioners Court.

Unassigned – includes residual positive fund balance within the General Fund, which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed. Furthermore, committed fund balances are reduced first, followed by assigned amounts and then unassigned amounts where expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

The County has established a minimum fund balance policy whereby the County's unassigned general fund balance will be maintained at levels sufficient to protect the County's creditworthiness as well as its financial position from unforeseeable emergencies. The County will strive to maintain the unassigned general fund balance at a minimum level of 35% of total general fund budgeted expenditures.

Williamson County, Texas
Notes to the Financial Statements

A summary of the nature and purpose of fund balances at September 30, 2025, is as follows:

	General	Special Road and Bridge	Debt Service	Capital Projects	Other Governmental	Total Governmental Funds
Fund balances						
Nonspendable						
Inventory	\$ -	\$ 847,822	\$ -	\$ -	\$ -	\$ 847,822
Prepaid items	126,126	5,384	-	-	5,227	136,737
Total nonspendable	126,126	853,206	-	-	5,227	984,559
Restricted for						
Construction and maintenance						
of roads and bridges	-	48,747,110	-	-	36,722,372	85,469,482
Payment of general long-term debt						
principal, interest and related costs	-	-	12,322,046	-	1,985,087	14,307,133
Acquisition of capital assets	-	-	-	678,709,630	4,279,761	682,989,391
Construction and improvements						
of court buildings	-	-	-	-	780,685	780,685
Court mediations	-	-	-	-	1,316,037	1,316,037
Third Court of Appeals	-	-	-	-	1,045	1,045
Child safety, health or nutrition	-	-	-	-	937,387	937,387
Conservation of endangered species	-	-	-	-	27,627,913	27,627,913
Technological enhancements	-	-	-	-	565,845	565,845
The County Jail	-	-	-	-	4,612,061	4,612,061
Drug cases, drug education or						
equipment for law enforcement	-	-	-	-	1,374,922	1,374,922
The Radio Communication System	-	-	-	-	1,078,327	1,078,327
Maintenance, digitalization and preservation						
of County and Court records	-	-	-	-	12,855,732	12,855,732
Court reporter	-	-	-	-	1,304,119	1,304,119
Teen Court Program	-	-	-	-	3,897	3,897
Administration and Enforcement						
of Fire Code	-	-	-	-	674,769	674,769
Courthouse and Justice of the						
Peace security	-	-	-	-	1,009,437	1,009,437
Specialty Courts	-	-	-	-	250,717	250,717
Voting and election services	-	-	-	-	1,955,889	1,955,889
Juvenile and guardianship						
programs	-	-	-	-	1,410,260	1,410,260
Law library	-	-	-	-	2,017,456	2,017,456
Medical services	-	-	-	-	11,326,836	11,326,836
Training	-	-	-	-	102,694	102,694
Regional animal shelter	-	-	-	-	1,882,089	1,882,089
The City of Hutto and Hutto ISD	-	-	-	-	924,690	924,690
Recreational facilities	-	-	-	-	2,933,781	2,933,781
Historical commission	-	-	-	-	18,110	18,110
Williamson County landfill	-	-	-	-	9,367,487	9,367,487
Healthcare Participation Program	-	-	-	-	240,046	240,046
Vehicle inventory tax interest	-	-	-	-	10,497	10,497
Community Improvement						
Projects Precinct 4	-	-	-	-	40,000	40,000
Total restricted	-	48,747,110	12,322,046	678,709,630	129,609,948	869,388,734
Committed to						
Cash reduction plan and long term						
transportation plan	65,284,779	-	-	-	-	65,284,779
Total committed	65,284,779	-	-	-	-	65,284,779
Unassigned	187,247,275	-	-	-	-	187,247,275
Total fund balances	\$ 252,658,180	\$ 49,600,316	\$ 12,322,046	\$ 678,709,630	\$ 129,615,175	\$ 1,122,905,347

Williamson County, Texas

Notes to the Financial Statements

Pensions

The County has adopted accounting policy in response to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, An Amendment of GASB Statement No. 27 (GASB 68)*. For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, the County specific information about its Fiduciary Net Position in the Texas County and District Retirement System (TCDRS) and additions to/deductions from the County's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the County's Total Pension Liability is obtained from TCDRS through a report prepared for the County by TCDRS consulting actuary, Milliman, in compliance with GASB 68.

Other Postemployment Benefits (OPEB)

Other Postemployment Benefits (OPEB) cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting, regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. Annual OPEB cost is calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75)*. GASB 75 requires a liability for OPEB obligations to be recognized on the balance sheets of participating employers. Changes in OPEB liability will be immediately recognized as OPEB expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change. Information regarding the County's OPEB liability is obtained through a report prepared for the County by Milliman, a consulting actuary, in compliance with GASB 75.

Leases

Lessee

The County is a lessee for non-cancelable leases of office equipment. The County recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. At the commencement of a lease, the County initially measures the lease liability at the present value of the payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amounts of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

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

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

Williamson County, Texas

Notes to the Financial Statements

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

Lessor

The County is a lessor for non-callable leases of facilities and land. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received.

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

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

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

Lease receivables are reported with other assets and deferred inflow related to leases are reported with deferred inflows on the statement of net position and balance sheet.

Subscription-Based Information Technology Arrangements (SBITAs)

The County has non-cancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The County recognizes a subscription liability, reported with long-term debt, and a right-of-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide and proprietary fund financial statements. The County recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

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

Williamson County, Texas

Notes to the Financial Statements

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

- The County uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the County is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The County has the following items that are reported as deferred outflows or deferred inflows of resources.

- Deferred charges/gains on refundings – A deferred charge/gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. Deferred charges are reported as a deferred outflow and deferred gains are reported as a deferred inflow, and both are amortized over the shorter of the life of the refunded or refunding debt.
- Deferred inflows related to leases – This is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.
- Pension contributions after measurement date – These contributions are reported as a deferred outflow and recognized in the following fiscal year.
- Net Difference in projected and actual earnings on pension assets – This difference is reported as a deferred outflow and amortized over a closed five-year period.
- Difference in projected and actual experience and changes in assumptions for pension and OPEB – These differences are reported as both a deferred outflow and inflow and amortized over the average service life for all active, inactive, and retired members.
- Deferred revenues – revenues that have been billed but not yet collected or collected within the availability period are reported as unavailable revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Williamson County, Texas

Notes to the Financial Statements

Use of Estimates

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

Note 3. Implementation of New Accounting Standards

GASB Statement No. 101, *Compensated Absences* (GASB 101), improves the information needs of the financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods after December 15, 2023, with earlier application encouraged. GASB 101 was implemented in the County's fiscal year 2025 financial statements with a restatement of (\$7,680,587) to the governmental activities net position as of October 1, 2024, to reflect the changes adopted to conform to the new standard. See Note 20 for additional details.

GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102), improves financial reporting by providing users of financial statements with essential information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements of this statement are effective for reporting periods beginning after June 15, 2024, with earlier application encouraged. GASB 102 was implemented in the County's fiscal year 2025 financial statements with no impact to amounts or disclosures previously reported.

Note 4. Upcoming Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements* (GASB 103), improves 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 reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 103 will be implemented in the County's fiscal year 2026 financial statements and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104), establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 104 will be implemented in the County's fiscal year 2026 financial statements and the impact has not yet been determined.

GASB Statement No. 105, *Subsequent Events* (GASB 105), improves financial reporting related to subsequent events by 1) clarifying the subsequent events time frame and the subsequent events that constitute recognized and non-recognized events and 2) specifies the information items that are required to be disclosed about subsequent events. The requirements of this statement are effective for reporting periods beginning after June 15, 2026, with earlier application encouraged. GASB 105 will be implemented in the County's fiscal year 2027 financial statements and the impact has not yet been determined.

Note 5. Stewardship, Compliance, and Accountability

Budgetary Information

In accordance with the Local Government Budget and Fiscal Control Act, the County follows these procedures in establishing the budgetary data reflected in the financial report:

1. The Budget Officer submits to the County Commissioners a proposed operating budget for the fiscal year commencing the following October. The operational budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance by September 30 each year.

The County Commissioners may amend the budget ordinance at any time after its adoption so long as the amended ordinance continues to meet the requirements of "Local Government Budget and Fiscal Control Act". During the year, several supplementary appropriations to the original budget were necessary. The County's legal level of budgetary control is at the department level. Management is authorized to transfer budgeted amounts between accounts within any department; however, any revisions that alter the total expenditures of any department must be approved by the County Commissioners. For internal management purposes, the budgets are detailed by line item and entered into the accounting records. Comparisons of actual expenditures or expenses to budget are made on an ongoing basis. Budgets of the General, Special Revenue, and Debt Service are prepared on an annual basis. Formal budgetary integration is not employed for Capital Projects Funds because budgetary control is achieved through legally binding construction contracts.

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General, Special Revenue (except as noted in the following paragraph), and Debt Service Funds. All annual appropriations lapse at fiscal year-end.

Annually appropriated budgets are not adopted for all Special Revenue Funds. The Appellate Judicial System, Avery Centre Road District #1, Child Abuse Prevention, Child Safety, Community Improvement Pct. 4, County Sheriff, District Attorney Welfare Fraud, Fire Code Enforcement, Grants, Local Provider Participation, Pass-through Funding Program, Unclaimed Juvenile Restitution, WM-City of and Hutto ISD, WM-Community Recreation Facility, WM-Future Environmental Liability, and WM-Master Site Development do not have legally adopted budgets. Accordingly, budget and actual comparisons do not include these funds.

Deficit Unrestricted Net Position

A deficit unrestricted net position of approximately \$890,331,634 exists in governmental activities as of September 30, 2025. This deficit is primarily the result of the County issuing bonds to finance the construction of infrastructure contributed to other governmental entities. As of September 30, 2025, the amount of bonds outstanding that were used to finance construction of assets transferred to another governmental entity was approximately \$506,000,000. These bonds will be paid with future property tax revenues restricted for debt service.

Williamson County, Texas

Notes to the Financial Statements

Note 6. Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity; (2) portfolio diversification; (3) allowable investments; (4) acceptable risk levels; (5) expected rates of return; (6) maximum allowable stated maturity of portfolio investments; (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio; (8) investment staff quality and capabilities; and (9) competitive bidding processes where applicable. Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit; (3) certain municipal securities; (4) money market savings accounts; (5) repurchase agreements; (6) bankers acceptances; (7) mutual funds; (8) investment pools; (9) guaranteed investment contracts; and (10) common trust test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

Certain investment types are not required to be measured at fair value; these include certain investment pools in which the underlying portfolio is measured at amortized cost. Other investment pools, in which underlying portfolio investments are measured at fair value, are reported by the County at the net asset value (NAV) determined by the pool, which approximates fair value.

TexPool

TexPool is duly chartered and overseen by the State Comptroller's Office, administered and managed by Federated Investors, Inc. State Street Bank serves as the custodial bank. The portfolio consists of U.S. Government securities, collateralized repurchase and reverse repurchase agreements, and AAA rated money market mutual funds.

TexPool transacts at a net asset value of \$1.00 per share, has a weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by a nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. The investment pool has a redemption notice period of one day and no maximum transaction amounts. The investment pool authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool liquidity.

TexPool Prime

TexPool Prime is duly chartered and overseen by the State Comptroller's Office, administered and managed by Federated Investors, Inc. State Street Bank serves as the custodial bank. The portfolio consists of U.S. Government securities, collateralized repurchase and reverse repurchase agreements, AAA rated money market mutual funds, commercial paper and certificates of deposit.

TexPool Prime transacts at a net asset value of \$1.00 per share, has a weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by a nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. The investment pool has a redemption notice period of one day and no maximum transaction amounts. The investment pool authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool liquidity.

Williamson County, Texas

Notes to the Financial Statements

Texas Cooperative Liquid Asset Securities System Trust (Texas CLASS)

Texas CLASS was created in accordance with the requirements contained in section 2256.016 of the Public Funds Investment Act (PFIA). The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and Wells Fargo Bank Texas, N.A. as Custodian.

Texas CLASS Portfolio

Texas CLASS is an external investment pool measured at fair value, i.e. net asset value. The investment pool strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short term marketable securities. There are no unfunded commitments related to the investment pool. Texas CLASS has a redemption notice period of one day and may redeem daily. The investment pool authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool liquidity. The Texas CLASS portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; AAA rated money market mutual funds; and commercial paper.

Texas CLASS Government Portfolio

Texas CLASS Government is an external investment pool measured at fair value, i.e. net asset value. The investment pool strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short term marketable securities. There are no unfunded commitments related to the investment pool. Texas CLASS has a redemption notice period of one day and may redeem daily. The investment pool authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool liquidity. The Texas CLASS Government portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; and AAA rated money market mutual funds.

Local Government Investment Cooperative (LOGIC)

LOGIC is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by Hilltop Securities, Inc. and J.P. Morgan Investment Management, Inc. (JPMIM), and managed by JPMIM, who provides custody and investment management.

LOGIC's investment objectives are to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The portfolio will maintain a dollar-weighted average maturity that does not exceed 60 days and seeks to maintain a net asset value of \$1.00 per share. LOGIC may invest in securities including: obligations of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; other obligations which are unconditionally guaranteed or insured by the U.S.; fully collateralized repurchase agreements with a defined termination date and unconditionally guaranteed or insured by the U.S. or its agencies and instrumentalities; SEC-registered money-market fund rated in the highest rating category by at least one nationally recognized statistical rating organization (NRSRO); and commercial paper as authorized under the Public Funds Investment Act. The investment pool has a redemption notice period of one day and no maximum transaction amounts. The investment pool authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool liquidity.

Williamson County, Texas
Notes to the Financial Statements

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

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs – other than quoted prices included within Level 1- that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement. The Level 2 investments below represent approximate fair value of the County's commercial paper based on quoted market prices or alternative pricing sources and models utilizing observable inputs.

The County has recurring fair value measurements as presented in the table below. The County's investment balances and weighted average maturity of such investments are as follows:

Investment Type	September 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)	Weighted Average Maturity (Days)
Investments not subject to fair value					
Amortized cost:					
TexPool	\$ 128,754,756	\$ -	\$ -	\$ -	41
TexPool Prime	76,722,290	-	-	-	52
LOGIC	45,194,711	-	-	-	42
Texas Class	242,336,221	-	-	-	43
Texas Class Government Class	70,564,991	-	-	-	17
Money Market Fund	49,266,631	-	-	-	45
Investments by fair value level					
U.S. Treasury Bills	-	4,860,476	-	-	282
Commercial Paper	-	-	72,120,935	-	118
Municipals	-	-	5,474,989	-	812
U.S. Agency Securities	-	84,108,417	-	-	791
U.S. Treasury Bonds	-	505,115,243	-	-	330
Total	\$ 612,839,600	\$ 594,084,136	\$ 77,595,924	\$ -	

Interest Rate Risk. In accordance with its investment policy, the County seeks to mitigate exposure to declines in fair market values by limiting the average dollar-weighted maturity of its portfolio to a time frame considered appropriate for managing interest rate volatility and liquidity needs.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government Obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits.

Williamson County, Texas
Notes to the Financial Statements

Credit Risk. It is the County's policy, as defined in the Texas Public Funds Investment Act, to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The money market and CD investments are not rated. The remainder of the County's investments are rated as follows:

Investment Type	Rating	Rating Agency
TexPool	AAAm	Standard & Poor's
TexPool Prime	AAAm	Standard & Poor's
LOGIC	AAA	Standard & Poor's
Texas Class	AAAm	Standard & Poor's
Texas Class Government	AAAm	Standard & Poor's
Money Market Fund	AAAm	Standard & Poor's
U.S. Agency Securities	AA+	Standard & Poor's
Commercial Paper	A-1+	Standard & Poor's

Note 7. Receivables and Unearned Revenue

Receivables as of year-end for the County's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds						Total
	General	Special Road and Bridge	Debt Service	Capital Projects	Grants	Other Governmental Funds	
Receivables							
Property taxes	\$ 2,752,104	\$ 526,061	\$ 1,832,846	\$ -	\$ -	\$ 39,088	\$ 5,150,099
Adjudicated fines	2,832,192	-	-	-	-	-	2,832,192
Emergency medical services	33,620,358	-	-	-	-	-	33,620,358
Due from Other governments	7,216,837	-	-	13,167,804	3,390,493	2,644,864	26,419,998
Interest	799,540	196,096	-	952,094	-	365,491	2,313,221
Leases	741,015	-	-	-	-	-	741,015
Other	2,014,058	362,906	-	-	-	467,064	2,844,028
Gross receivables	49,976,104	1,085,063	1,832,846	14,119,898	3,390,493	3,516,507	73,920,911
Less: allowance for uncollectibles	27,199,272	-	-	-	-	-	27,199,272
Net total receivables	\$ 22,776,832	\$ 1,085,063	\$ 1,832,846	\$ 14,119,898	\$ 3,390,493	\$ 3,516,507	\$ 46,721,639

Williamson County, Texas
Notes to the Financial Statements

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period, which will be reported as the deferred inflow of resources in the government funds. Governmental funds also record unearned revenues in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Deferred Inflows</u>	<u>Unearned</u>
General fund		
Delinquent property taxes receivable	\$ 2,752,104	\$ -
Adjudicated fines	793,366	-
Emergency medical services	6,397,871	-
Leases	714,610	-
Other	-	584,625
Total general fund	<u>10,657,951</u>	<u>584,625</u>
Special road and bridge		
Delinquent property taxes receivable	524,316	-
Grants	157,282	-
Other	-	7,925
Total special road and bridge	<u>681,598</u>	<u>7,925</u>
Debt service fund		
Delinquent property taxes receivable	<u>1,832,846</u>	<u>-</u>
Total debt service fund	1,832,846	-
Capital projects fund		
Intergovernmental	<u>-</u>	<u>100,000</u>
Total capital projects fund	-	100,000
Grants fund		
Federal and state grant funds	<u>-</u>	<u>53,031,054</u>
Total grants fund	-	53,031,054
Other governmental funds		
Delinquent property taxes receivable	37,837	-
Election Services Contract Fees	<u>-</u>	<u>3,616</u>
Total other governmental funds	<u>37,837</u>	<u>3,616</u>
Total governmental funds	<u><u>\$ 13,210,232</u></u>	<u><u>\$ 53,727,220</u></u>

Williamson County, Texas
Notes to the Financial Statements

Note 8. Capital Assets

Capital asset activity for the year ended September 30, 2025, was as follows:

	Beginning Balance	Additions/ Transfers to	Disposals/ Transfers from	Ending Balance
Governmental activities				
Capital assets, not being depreciated / amortized				
Land	\$ 780,555,729	\$ 65,917,611	\$ (1,820,915)	\$ 844,652,425
Intangibles	7,780,948	-	(117,959)	7,662,989
Construction in progress	268,315,180	260,907,399	(126,939,522)	402,283,057
Total assets not being depreciated / amortized	1,056,651,857	326,825,010	(128,878,396)	1,254,598,471
Capital assets being depreciated / amortized				
Buildings and improvements	329,801,926	25,534,625	-	355,336,551
Machinery and equipment	137,328,385	9,135,687	(1,451,627)	145,012,445
Infrastructure	762,335,959	43,755,607	(3,524,142)	802,567,424
Intangible	15,595,264	-	-	15,595,264
Right-to-use Asset - equipment	533,597	112,150	(166,929)	478,818
Right-to-use Asset - software	6,262,748	1,866,895	(343,863)	7,785,780
Total capital assets being depreciated / amortized	1,251,857,879	80,404,964	(5,486,561)	1,326,776,282
Less: accumulated				
Depreciation / amortization				
Buildings and improvements	(120,802,266)	(9,190,275)	-	(129,992,541)
Machinery and equipment	(91,258,164)	(9,704,072)	1,384,786	(99,577,450)
Infrastructure	(309,302,192)	(36,645,523)	2,792,352	(343,155,363)
Intangible	(14,758,980)	(415,568)	-	(15,174,548)
Right-to-use Asset - equipment	(287,259)	(118,713)	166,929	(239,043)
Right-to-use Asset - software	(2,555,717)	(1,680,220)	343,863	(3,892,074)
Total accumulated depreciation / amortization	(538,964,578)	(57,754,371)	4,687,930	(592,031,019)
Total capital assets being depreciated / amortized, net	712,893,301	22,650,593	(798,631)	734,745,263
Governmental activities				
Capital assets, net	\$ 1,769,545,158	\$ 349,475,603	\$ (129,677,027)	\$ 1,989,343,734

Williamson County, Texas
Notes to the Financial Statements

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

Governmental activities	
General government	\$ 6,512,694
Public safety	8,566,598
Transportation support	38,541,713
Judicial	984,612
Community services	3,095,236
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	53,518
Total depreciation / amortization expense - governmental activities	\$ 57,754,371

Construction Commitments

The County has active construction projects as of September 30, 2025. The projects include road construction, parks and park improvements, as well as facilities construction. As of September 30, 2025, the County's commitments with contractors were as follows:

Project	Spent-to-date	Remaining Commitment
Road construction, parks and park improvements, facilities construction	\$ 2,403,405,559	\$ 326,216,436

Note 9. Interfund Receivables, Payables, and Transfers

The composition of interfund transfers for the year ended September 30, 2025 is as follows:

	Transfers In					Total
	General	Debt Service	Capital Projects	Grants	Other Governmental	
Transfers out						
General	\$ -	\$ -	\$ 30,469,089	\$ -	\$ 1,705,375	\$ 32,174,464
Special road and bridge	-	-	20,895,315	-	-	20,895,315
Capital projects	-	-	-	265,883	-	265,883
Other governmental	38,085	16,280,000	1,846,211	299,358	530,509	18,994,163
Total transfers out	\$ 38,085	\$ 16,280,000	\$ 53,210,615	\$ 565,241	\$ 2,235,884	\$ 72,329,825

During the year, the General Fund transferred \$30,469,089 to the Capital Projects Fund as part of the County's long-term transportation plan. It also transferred \$1,684,744 to the Regional Animal Shelter Fund to assist with operational costs. Finally, the General Fund transferred \$20,631 to JP #3 Local Youth Diversion Fund to partially fund salaries.

The Road and Bridge Fund transferred \$20,895,315 to the Capital Projects Fund for various capital projects.

Williamson County, Texas
Notes to the Financial Statements

The Capital Projects Fund transferred \$265,883 to the Grants Fund to provide local matching for intergovernmental grants.

The County Attorney Hot Checks Fund transferred \$1,315 to the General Fund to assist with payment of expenditures. The Election Services Contract Fund transferred \$409,494 to the Election HAVA Fund for equipment rental fees. The Pass-through Toll Fund transferred \$16,280,000 to the Debt Service Fund to assist with debt service requirements. The WM – City of Hutto and Hutto ISD Fund transferred \$411,892 to the Capital Projects Fund for waterline projects. The Somerset Hills #4 and Somerset Hills #3 Road District Funds transferred \$100,000 and \$1,192,579, respectively to the Capital Projects Fund for construction costs. The Conservation Foundation Fund, County Radio Communications System (RCS) Fund, and Election HAVA Fund transferred \$53,456, \$33,727, and \$212,175 to the Grants Fund to provide local matching for intergovernmental grants. The Conservation Foundation Fund transferred \$141,740 to the Capital Projects Fund to partially fund a remodeling project. The Truancy Program Fund transferred \$36,770 to the General Fund to partially fund JP #3 expenditures.

The Election Services Contract Fund transferred \$121,015 to the Elections Services Contract Discretionary Fund to fund various fees.

Note 10. Lease Receivable

The County leases various facilities and land to lessees. These leases are non-cancellable and terminate no later than October 2027. These leases are being presented in aggregate. The County recognized \$230,687 in lease revenue and \$14,410 in interest revenue during the current fiscal year related to these leases. As of September 30, 2025, the County's receivable for lease payments was \$741,015. Also, the County has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of September 30, 2025, the balance of the deferred inflow of resources was \$714,610.

Principal and interest requirements to maturity for the lease receivable at September 30, 2025, are as follows:

Ending September 30:	General Governmental		
	Principal	Interest	Total
2026	\$ 201,941	\$ 11,351	\$ 213,292
2027	175,112	8,986	184,098
2028	167,386	7,203	174,589
2029	59,230	5,359	64,589
2030	56,085	3,464	59,549
2031-2035	81,261	3,347	84,608
	<u>\$ 741,015</u>	<u>\$ 39,710</u>	<u>\$ 780,725</u>

Williamson County, Texas
Notes to the Financial Statements

Note 11. Lease Payable

The County has entered into multiple lease agreements as lessee. The leases allow the right-to-use equipment over the term of the lease. The County is required to make monthly payments at its incremental borrowing rate or interest rate stated or implied within the leases. In fiscal year 2025, the County had right-to-use assets of \$478,818, which are recorded in capital assets on the statement of net position. These assets had \$239,042 in accumulated amortization for the fiscal year of 2025.

The lease payables are reported with other long-term liabilities on the statement of net position. In the fiscal year 2025, the County reduced these payables by \$8,862. The ending balance of these lease liabilities at September 30, 2025 was \$244,233.

The lease rate, term, and ending lease liability are as follows:

Governmental activities	Interest Rate	Lease Term Years	Balance at Year End
Office Equipment	0.2% - 3.18%	3-7	\$ 244,233
Total Governmental activities			\$ 244,233

Principal and interest requirements to maturity for the lease payables as of September 30, 2025 are as follows:

Fiscal Years Ending September 30:	Principal	Interest	Total
2026	\$ 82,246	\$ 3,468	\$ 85,714
2027	65,611	2,218	67,829
2028	46,191	1,266	47,457
2029	42,203	555	42,758
2030	7,982	30	8,012
	<u>\$ 244,233</u>	<u>\$ 7,537</u>	<u>\$ 251,770</u>

Williamson County, Texas
Notes to the Financial Statements

Note 12. Subscription-Based Information Technology Arrangements (SBITAs)

The County has entered into multiple SBITAs that allow the right-to-use the SBITA vendor's information technology software over the subscription term. The County is required to make monthly payments at its incremental borrowing rate or the interest rate stated or implied within the SBITAs. The SBITA rate, term and ending subscription liability are as follows:

Governmental Activities	Interest Rate	Lease Term Years	Balance at Year End
Operational Software	0 - 3.15%	1-4	\$ 3,640,405
Total Governmental activities			\$ 3,640,405

The future principal and interest SBITA payments as of fiscal year are as follows:

Fiscal Years Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2026	\$ 1,760,282	\$ 52,163	\$ 1,812,445
2027	1,421,953	25,334	1,447,287
2028	302,850	-	302,850
2029	155,320	-	155,320
	\$ 3,640,405	\$ 77,497	\$ 3,717,902

Note 13. Long-term Liabilities

The following is a summary of the long-term liability transactions of the County, including blended component units, for the year ended September 30, 2025:

	Balance September 30, 2024	Additions	Retirements	Balance September 30, 2025	Amounts Due Within One Year
Governmental activities					
Bonds payable					
Principal	\$ 1,338,740,000	\$ 303,295,000	\$ (186,235,000)	\$ 1,455,800,000	\$ 142,800,000
Premium	123,215,966	21,432,608	(18,382,291)	126,266,283	13,151,565
Discounts	(952,448)	(44,012)	101,150	(895,310)	(54,356)
Total bonds payable	1,461,003,518	324,683,596	(204,516,141)	1,581,170,973	155,897,209
Leases Payable	253,095	112,150	(121,012)	244,233	82,246
Subscriptions Payable	3,279,671	1,856,895	(1,496,161)	3,640,405	1,760,282
Arbitrage liability	2,098,530	11,472,686	-	13,571,216	7,213,795
Net pension liability	106,816,379	90,199,561	(105,057,209)	91,958,731	-
Total OPEB liability	55,247,647	4,386,553	(16,002,196)	43,632,004	3,730,471
Compensated absences*	13,698,276	-	(434,203)	13,264,073	6,688,002
Total governmental activities	\$ 1,642,397,116	\$ 432,711,441	\$ (327,626,922)	\$ 1,747,481,635	\$ 175,372,005

*Compensated absences are reported as a net change for the year as allowed under the provisions of GASB 101, paragraph 30. Beginning balance is restated for the implementation of GASB 101, *Compensated Absences*.

Williamson County, Texas
Notes to the Financial Statements

The compensated absences liability will be liquidated primarily by the General Fund and the Special Road and Bridge Fund. The OPEB obligation will be liquidated primarily by the General Fund. The net pension liability will be liquidated primarily by the General Fund.

Approximately \$878,300,000 of the County's bonds outstanding as of September 30, 2025 were issued to construct or acquire capital assets for the County. As of September 30, 2025, the amount of bonds outstanding that are not used to construct or acquire assets for the County was approximately \$578,000,000. These bonds will be paid with future property tax revenues restricted for debt service.

Bonds

Long-term debt of the County consists of various issues of capital and non-capital related General Obligation Bonds and Certificates of Obligation. General Obligation Bonds require voter approval at a public election before issuance, while Certificates of Obligation are issued upon the vote of the Commissioners Court. Both types are backed by the full faith and credit of the County. Debt service is primarily paid from ad valorem taxes with the exception of the Pass Through Toll Revenue and Limited Tax Certificates of Obligation which are payable from Pass Through Toll Revenue from TXDOT. Long-term debt is allocated between capital and non-capital related bonds based upon the ratio of capital expenditures to total bond proceeds expended for each bond.

Issue Date	Description	Maturity	Original Amount	Interest Rate	Coupon Date	Outstanding Balance
12/01/2012	Limited Taxable Refunding Bonds Series 2012	02/15/2029	\$32,895,000	0.55 - 3.0%	2/15, 8/15	\$9,845,000
04/23/2015	Limited Tax Refunding Bonds Series 2015	02/15/2030	74,295,000	2.0 - 5.0%	2/15, 8/15	10,355,000
05/28/2015	Unlimited Tax Road Bonds Series 2015	02/15/2038	90,205,000	4.0 - 5.0%	2/15, 8/15	860,000
10/15/2015	Limited Tax Refunding Bonds Series 2015A	02/15/2040	16,175,000	2.0 - 4.0%	2/15, 8/15	15,855,000
06/01/2016	Limited Tax Park Bonds Series 2016	02/15/2036	18,350,000	2.0 - 5.0%	2/15, 8/15	8,115,000
07/01/2016	Limited Tax Refunding Bonds Series 2016	02/15/2036	37,980,000	1.5 - 5.25%	2/15, 8/15	7,775,000
07/26/2017	Limited Tax Refunding Bonds Series 2017	02/15/2032	43,230,000	2.0 - 5.0%	2/15, 8/15	28,430,000
12/06/2017	Unlimited Tax Road Bonds Series 2017	02/15/2042	71,860,000	2.0 - 5.0%	2/15, 8/15	57,405,000
02/19/2020	Unlimited Tax Road Bonds Series 2020	02/15/2040	263,855,000	2.375 - 5.0%	2/15, 8/15	223,520,000
02/19/2020	Limited Tax Refunding and Park Series 2020	02/15/2040	40,065,000	3.0 - 5.0%	2/15, 8/15	24,570,000
02/17/2021	Limited Tax Refunding Bonds Series 2021	02/15/2031	12,670,000	2.0 - 4.0%	2/15, 8/15	3,265,000
02/17/2021	Limited Tax Refunding Bonds Taxable Series 2021	02/15/2033	180,760,000	.141 - 1.65%	2/15, 8/15	138,515,000
08/25/2021	Limited Tax Notes Series 2021	02/15/2028	175,510,000	4.0 - 5.0%	2/15, 8/15	82,010,000
07/20/2022	Unlimited Tax Road Bonds Taxable Series 2022	02/15/2042	104,715,000	4.0 - 5.0%	2/15, 8/15	95,065,000
Issue Date	Description	Maturity	Original Amount	Interest Rate	Coupon Date	Outstanding Balance

Williamson County, Texas
Notes to the Financial Statements

05/10/2023	Limited Tax Notes Series 2023	02/15/2030	137,155,000	5.0%	2/15, 8/15	110,935,000
04/04/2024	Unlimited Tax Road Bonds Series 2024	02/15/2044	141,555,000	4.0 - 5.0%	2/15, 8/15	141,555,000
04/04/2024	Limited Tax Notes Series 2024	02/15/2031	152,110,000	5.0%	2/15, 8/15	149,230,000
6/11/2025	Unlimited Tax Road Bonds Series 2025	02/15/2045	140,695,000	5.0%	2/15, 8/15	140,695,000
6/11/2025	Limited Tax Refunding and Park Bonds Series 2025	02/15/2045	66,130,000	5.0%	2/15, 8/15	66,130,000
6/11/2025	Limited Tax Notes Series 2025	02/15/2032	88,575,000	5.0%	2/15, 8/15	88,575,000

In June 2025, the County issued \$140,695,000 in Unlimited Tax Road Bonds, Series 2025. The bonds constitute direct obligations of the District, payable from ad valorem taxes levied upon all taxable property. Interest at a rate of 5.0% is payable at February 15 and August 15 of each year.

In June 2025, the County issued \$66,130,000 in Limited Tax Refunding and Park Bonds, Series 2025. The bonds constitute direct obligations of the District, payable from ad valorem taxes levied upon all taxable property. Interest at a rate of 5.0% is payable at February 15 and August 15 of each year. In part, these bonds were used to refund \$40,825,000 of various bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. This advance refunding was undertaken to decrease the total debt service payments over the next 11 years by \$1,579,618, and resulted in an economic gain of \$2,254,276.

In June 2025, the County issued \$88,575,000 in Limited Tax Notes, Series 2025. The notes constitute direct obligations of the District, payable from ad valorem taxes levied upon all taxable property. Interest at a rate of 5.0% is payable at February 15 and August 15 of each year.

In September 2025, the County legally defeased outstanding bonds totaling \$19,500,000 by depositing \$19,978,217 in trust with a bond escrow agent. This resulted in an expected cash flow savings of approximately \$5,954,152 over the life of the bonds.

The irrevocable trust account assets and liabilities for the defeased bonds are not included in the County's financial statements. On September 30, 2025, \$19,500,000 of bonds considered defeased are still outstanding.

Williamson County, Texas
Notes to the Financial Statements

Blended Component Unit – Pearson Place Road District

Issue Date	Description	Maturity	Original Amount	Interest Rate	Coupon Date	Outstanding Balance
09/13/2016	Unlimited Tax Road Bonds Series 2016	08/15/2041	\$5,315,000	3.0 - 4.0%	2/15, 8/15	\$4,045,000

The bonds listed above were issued by Pearson Place Road District, a blended component unit of Williamson County. The bonds constitute direct obligations of the Pearson Place Road District payable from ad valorem taxes levied upon all taxable property located within the Road District.

Blended Component Unit – Northwood Road District No. 1

Issue Date	Description	Maturity	Original Amount	Interest Rate	Coupon Date	Outstanding Balance
09/12/2017	Unlimited Tax Road Bonds Series 2017	08/15/2042	\$8,520,000	2.0 - 4.0%	2/15, 8/15	\$6,415,000
12/19/2018	Unlimited Tax Road Bonds Series 2018	08/15/2043	2,345,000	4.0%	2/15, 8/15	1,945,000

The bonds listed above were issued by Northwood Road District, a blended component unit of Williamson County. The bonds constitute direct obligations of the Northwood Road District payable from ad valorem taxes levied upon all taxable property located within the Road District.

Blended Component Unit – Somerset Hills Road District No. 3

Issue Date	Description	Maturity	Original Amount	Interest Rate	Coupon Date	Outstanding Balance
09/12/2023	Unlimited Tax Road Bonds Series 2023	08/15/2048	\$850,000	4.0-4.9%	2/15, 8/15	\$830,000
09/12/2023	Unlimited Tax Road Bonds, Taxable Series 2023	08/15/2048	2,665,000	5.85- 7.2%	2/15, 8/15	2,615,000
09/19/2024	Unlimited Tax Road Bonds, Series 2024	08/15/2049	1,600,000	4.0-5.0%	2/15, 8/15	1,560,000
09/19/2024	Unlimited Tax Road Bonds, Taxable Series 2024	08/15/2049	1,315,000	5.25-5.5%	2/15, 8/15	1,280,000
09/23/2025	Unlimited Tax Road Bonds, Taxable Series 2025	08/15/2050	1,860,000	4.0-5.0%	2/15, 8/15	1,860,000

The bonds listed above were issued by Somerset Hills Road District No. 3, a blended component unit of Williamson County. The bonds constitute direct obligations of the Somerset No. 3 payable from ad valorem taxes levied upon all taxable property located within the Road District.

Williamson County, Texas
Notes to the Financial Statements

In September 2025, the District issued \$1,860,000 in Unlimited Tax Road Bonds. The bonds constitute direct obligations of the District, payable from ad valorem taxes levied upon all taxable property located within the Road District. Interest at a rate of ranging from 4.00 to 5.00% is payable at February 15 and August 15 of each year.

Blended Component Unit – Somerset Hills Road District No. 4

Issue Date	Description	Maturity	Original Amount	Interest Rate	Coupon Date	Outstanding Balance
09/29/2020	Unlimited Tax Road Bonds Series 2020	08/15/2045	\$1,335,000	1.5 – 3.1%	2/15, 8/15	\$1,125,000
09/19/2020	Unlimited Tax Road Bonds Taxable Series 2020	08/15/2045	2,555,000	2.45 – 5.15%	2/15, 8/15	2,210,000
09/14/2021	Unlimited Tax Road Bonds Series 2021	08/15/2046	2,045,000	1.45 – 3.00%	2/15, 8/15	1,850,000
09/14/2021	Unlimited Tax Road Bonds Taxable Series 2021	08/15/2046	3,805,000	2.45 – 4.90%	2/15, 8/15	3,500,000
09/13/2022	Unlimited Tax Road Bonds Taxable Series 2022	08/15/2047	4,750,000	3.90 – 5.50%	2/15, 8/15	4,515,000
09/12/2023	Unlimited Tax Road Bonds Taxable Series 2023	08/15/2048	2,595,000	5.125 – 5.50%	2/15 , 8/15	2,270,000
09/19/2024	Unlimited Tax Road Bonds Series 2024	08/15/2049	5,255,000	4.0 - 5.0%	2/15 , 8/15	5,225,000
09/23/2025	Unlimited Tax Road Bonds Series 2025	08/15/2050	2,510,000	4.0 - 5.0%	2/15 , 8/15	2,510,000

The bonds listed above were issued by Somerset Hills Road District No. 4, a blended component unit of Williamson County. The bonds constitute direct obligations of the Somerset Hills Road District No. 4 payable from ad valorem taxes levied upon all taxable property located within the Road District.

In September 2025, the District issued \$2,510,000 in Unlimited Tax Road Bonds. The bonds constitute direct obligations of the District, payable from ad valorem taxes levied upon all taxable property located within the Road District. Interest at a rate of ranging from 4.00 to 5.00% is payable at February 15 and August 15 of each year.

Williamson County, Texas
Notes to the Financial Statements

Blended Component Unit – Avery Centre Road District No. 1

Issue Date	Description	Maturity	Original Amount	Interest Rate	Coupon Date	Outstanding Balance
09/19/2024	Unlimited Tax Road Bonds Series 2024	08/15/2049	\$5,975,000	4.0 - 5.0%	2/15, 8/15	\$5,815,000
09/23/2025	Unlimited Tax Road Bonds Series 2025	08/15/2050	\$3,525,000	4.0 - 5.0%	2/15, 8/15	\$3,525,000

The bonds listed above were issued by Avery Centre Road District, a blended component unit of Williamson County. The bonds constitute direct obligations of the Avery Centre Road District payable from ad valorem taxes levied upon all taxable property located within the Road District.

In September 2025, the District issued \$3,525,000 in Unlimited Tax Road Bonds. The bonds constitute direct obligations of the District, payable from ad valorem taxes levied upon all taxable property located within the Road District. Interest at a rate of ranging from 4.00% to 5.00% is payable at February 15 and August 15 of each year.

Debt Service Requirement – All Bonds and Tax Anticipation Notes

The debt service requirements to maturity on all bonds and tax anticipation notes are:

Fiscal Years Ending September 30:	Principal	Interest	Total
2026	\$ 142,800,000	\$ 61,032,573	\$ 203,832,573
2027	148,840,000	52,645,594	201,485,594
2028	146,545,000	46,575,306	193,120,306
2029	135,090,000	40,685,885	175,775,885
2030	135,670,000	34,846,834	170,516,834
2031-2035	345,880,000	114,787,643	460,667,643
2036-2040	253,890,000	61,711,737	315,601,737
2041-2045	139,100,000	16,521,059	155,621,059
2046-2050	7,985,000	970,933	8,955,933
Total	\$ 1,455,800,000	\$ 429,777,564	\$ 1,885,577,564

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed or are not performed correctly, a liability to the County could result. The County periodically engages an arbitrage consultant to perform the calculations in accordance with the Internal Revenue Service's rules and regulations. The County recognized an arbitrage liability of \$13,571,216 as of September 30, 2025.

Williamson County, Texas
Notes to the Financial Statements

Note 14. Tax Abatements

The County negotiates various forms of agreements for Economic Development purposes. The County has property tax rebates which are negotiated under The Texas Property Redevelopment and Tax Abatement Act, chapter 312, Tax Code, V.A.T.S. as amended. This act allows localities to abate property taxes for economic development purposes which include business relocation, retention and expansion. Property must be located within a reinvestment zone to be eligible for a tax abatement, and agreements are limited to ten (10) years in length. The abatement value can only be to the extent its value for that year exceeds its value for the year in which the agreement is executed. The County has an Abatement Recapture clause in all Tax Abatement Agreements in the event that the recipient does not fulfill the requirements of the agreement. The tax rebate program is for a period greater than ten years, and taxes paid are reimbursed back to the owner.

The County also participates in Tax Increment Financing agreements which are negotiated under The Tax Increment Financing Act, Chapter 311, Tax Code, V.A.T.S. as amended. These districts are created for public improvements to promote economic development in unproductive or underdeveloped areas. The property tax revenues over and above the base value established by the district is contributed to the Zone for a duration of 20 to 25 years and/or until the monetary cap per the agreement is reached.

The amount of taxes abated during the fiscal year for each of the programs are as follows:

Program	Amount of Taxes Abated during the Fiscal Year
Tax abatement program	\$ 3,100,219
Tax increment financing program	9,065,587

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.

Note 15. Retirement Plan/Pensions

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of approximately 738 nontraditional defined benefit pension plans. TCDRS, in the aggregate, issues an annual comprehensive financial report on a calendar year basis. The Annual Comprehensive Financial Report is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with eight or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more.

Members are vested after eight years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

Williamson County, Texas
Notes to the Financial Statements

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

Contributions: The County has elected the annually determined contribution rate (variable-rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 16.05% for the months of the accounting year in 2024 and 2025.

The deposit rate payable by the employee members for calendar year 2024 and 2025 is the rate of 7.0% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2024
Actuarial cost method	Entry age (level percentage of pay)
Amortization method	Straight-line amortization over Expected Working Life
Asset valuation method	
Smoothing period	Five years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary increase	4.70%
Investment rate of return	7.60%
Payroll growth	3.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 7.50%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Williamson County, Texas
Notes to the Financial Statements

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of December 31, 2024 are summarized below:

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	13.0%	5.35%
Global Equities	4.0%	5.15%
International Equities-Developed	6.0%	4.75%
International Equities-Emerging	0.0%	4.75%
Investment-Grade Bonds	3.0%	2.55%
Strategic Credit	9.0%	3.70%
Direct Lending	16.0%	6.85%
Distressed Debt	4.0%	6.80%
REIT Equities	2.0%	3.95%
Master Limited Partnerships	2.0%	4.95%
Commodities	2.0%	1.00%
Private Real Estate Partnerships	6.0%	5.75%
Private Equity	25.0%	8.15%
Hedge Funds	6.0%	3.60%
Cash Equivalents	2.0%	1.10%
Total	100.0%	

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability (Asset) if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.60%) in measuring the net pension liability (asset) at December 31, 2024:

	1% Decrease in Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
Total pension liability	\$ 966,524,701	\$ 838,746,463	\$ 733,871,264
Fiduciary net pension	746,787,732	746,787,732	746,787,732
Net pension liability	\$ 219,736,969	\$ 91,958,731	\$ (12,916,468)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TCDRS financial report. That report may be obtained at www.tcdrs.com.

Williamson County, Texas
Notes to the Financial Statements

Net Pension Liability (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The below schedule presents the changes in the Net Pension Liability (Asset) as of December 31, 2024:

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability (a)	Net Position (b)	Liability (Asset) (a) - (b)
Balance at December 31, 2023	\$ 780,252,784	\$ 673,436,405	\$ 106,816,379
Changes for the year:			
Service cost	25,258,270	-	25,258,270
Interest on total pension liability ⁽¹⁾	60,051,243	-	60,051,243
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	4,483,527	-	4,483,527
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(1,997,222)	(1,997,222)	-
Benefit payments	(29,302,139)	(29,302,139)	-
Administrative expenses	-	(406,521)	406,521
Member contributions	-	10,891,639	(10,891,639)
Net investment income	-	68,741,936	(68,741,936)
Employer contributions	-	24,972,969	(24,972,969)
Other ⁽³⁾	-	450,665	(450,665)
Balance at December 31, 2024	\$ 838,746,463	\$ 746,787,732	\$ 91,958,731

(1) Reflects the change in 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.

Williamson County, Texas
Notes to the Financial Statements

At September 30, 2025, the County reported pension expense of \$19,331,107 related to the December 31, 2024 valuation. The breakdown of the components of pension expense is as follows:

	January 1, 2024 to December 31, 2024
	<u> </u>
Service cost	\$ 25,258,270
Interest on total pension liability ⁽¹⁾	60,051,243
Effect of plan changes	-
Administrative expenses	406,520
Member contributions	(10,891,639)
Expected investment return net of investments expenses	(51,353,116)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	3,104,775
Recognition of assumption changes or inputs	555,975
Recognition of investment gains or losses	(7,350,256)
Other ⁽²⁾	<u>(450,665)</u>
Pension expense	<u>\$ 19,331,107</u>

(1) Reflects the change in the liability due to the time value of money.

TCDRS does not charge fees or interest.

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

The County reported deferred inflows and outflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ 7,699,358	\$ -
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	-	6,632,906
Contributions subsequent to the measurement date	<u>19,656,500</u>	<u>-</u>
Total	<u>\$ 27,355,858</u>	<u>\$ 6,632,906</u>

Williamson County, Texas
Notes to the Financial Statements

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$19,656,500 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2025 (i.e., recognized in the County's financial statements September 30, 2026). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2025	\$ (1,463,445)
2026	12,434,430
2027	(6,426,770)
2028	(3,477,763)
Total	\$ 1,066,452

Note 16. Postemployment Benefits Other Than Pensions (OPEB)

Plan Description and Benefits Provided. In addition to the pension benefits described in the previous note, the Commissioners Court established a medical insurance benefit plan for retirees. The County administers this single-employer defined benefit medical plan (the Retiree Medical Plan). The Retiree Medical Plan does not issue a publicly available financial report. Eligible retirees will be provided medical insurance benefits at a set premium rate based on County service at the time of retirement. Dental insurance benefits for retirees have a set premium rate that closely approximates the County employees' rate. Eligible retirees may also cover their eligible dependents. Retirees are responsible for paying the premiums. A retiree is defined as someone who is receiving lifetime monthly Texas County and District retirement pension benefit payments and who retired directly from active employment with Williamson County. The County will stop insurance coverage on the retiree and dependent on the last day of the month when one of the following occurs:

1. The retiree reaches age 65; or
2. The retiree fails to submit the required set premium rate.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms. The following employees were covered by the benefit terms as of October 1, 2024.

Number of Members	
Actives	1,295
Retirees	94
Spouses of Retirees	32
Total	1,421

Williamson County, Texas
Notes to the Financial Statements

Total OPEB Liability

The County's total OPEB liability of \$43,632,004 was measured as of September 30, 2025, and was determined by an actuarial valuation as of October 1, 2024.

Actuarial assumptions and other inputs: The total OPEB liability in the September 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal
Inflation	2.30%
Salary increases	3.25%
Discount rate	September 30, 2025: 4.85%
Healthcare cost trend rates	7.5% for 2024, gradually decreasing to an ultimate rate of 4.8% for 2073 and beyond.
Retiree premium increases	Same as Health cost trend above
Mortality	Pub-2010 Mortality (amount weighted) for Employees, Healthy Annuitants, Disabled Annuitants, and Contingent Annuitants projected forward (fully generational) with MP Ultimate, with adjustment factors as applied in the December 31, 2025 report for TCDRS

Changes in the Total OPEB Liability

Changes in Total OPEB Liability	Increase (Decrease) Total OPEB Liability
Balance at September 30, 2024	\$ 55,247,647
Changes for the year	
Service cost	2,265,696
Interest on total OPEB liability	2,120,857
Effect of economic/demographic gains or losses	(6,253,237)
Effect of assumptions, changes, or inputs	(6,018,488)
Benefit payments	(3,730,471)
Balance at September 30, 2025	\$ 43,632,004

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate for each period. In fiscal year 2025, amounts reflect an increase in the discount rate from the beginning of the year from 3.81% to 4.85%.

Williamson County, Texas
Notes to the Financial Statements

Sensitivity of the total OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the total OPEB liability of the County, calculated using the discount rate of 4.85%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.85%) or 1 percentage point higher (5.85%) than the current rate.

	1% Decrease (3.85%)	Discount Rate (4.85%)	Increase (5.85%)
Total OPEB liability	\$ 47,688,005	\$ 43,632,004	\$ 39,980,378

The following presents the total OPEB liability of the County, calculated using the current healthcare cost trend rates as well as what the County's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 38,870,349	\$ 43,632,004	\$ 49,241,753

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Expense	October 1, 2024 to September 30, 2025
Service cost	\$ 2,265,696
Interest on total OPEB liability	2,120,857
Effect of plan changes	-
Recognition of deferred inflows/ outflows of resources	
Recognition of economic/demographic gains or losses	(2,795,415)
Recognition of assumption changes or inputs	(1,896,175)
OPEB expense	\$ (305,037)

As of September 30, 2025, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/Outflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (9,069,867)
Changes of assumptions	2,260,759	(7,742,893)
Total	\$ 2,260,759	\$ (16,812,760)

Williamson County, Texas
Notes to the Financial Statements

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Years Ended September 30,		
2026	\$	(4,889,572)
2027		(4,889,574)
2028		(3,458,025)
2029		(1,314,830)
		(14,552,001)
	\$	(14,552,001)

Note 17. Employee Benefits Plan

The County provides group medical benefits to its employees on a self-funded basis. Stop-loss coverage is provided by an insurance company and an independent company serves as Claim Administrator.

All full-time County employees (regularly scheduled to work at least 30 hours per week) are eligible for coverage under the Plan. Employees can enroll for personal coverage and dependent coverage.

A reconciliation of claims liabilities is shown below.

	2025	2024
Claims liabilities at October 1	\$ 1,747,125	\$ 1,211,156
Incurred claims	24,941,657	23,468,612
Payments on claims	(25,074,222)	(22,932,643)
Claims liabilities at September 30	\$ 1,614,560	\$ 1,747,125

All claim liabilities are due within one year.

Note 18. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The County provides for the management of risks through a combination of self-insurance and traditional insurance. The amount of settlements has not exceeded insurance coverage for the fiscal year ended September 30, 2025.

The County is self-insured for workers' compensation claims. Effective October 1, 2024, the County is insured for workers' compensation losses in excess of \$750,000 for Law Enforcement, Corrections, and EMS employees and \$500,000 for all other employees per occurrence. Claims adjusting services are provided by a third party claims administrator. Workers' compensation premiums are based primarily upon the insured funds' claims experience and exposure and are reported as cost reimbursement interfund transactions. All workers' compensation losses are accumulated in an internal service fund which is being reimbursed by the premiums collected. When losses exceed premiums, the deficiencies are prorated and supplemented by the various applicable funds. As of September 30, 2025, accrued workers' compensation liability consists of incurred but not reported as well as unpaid reported claims totaling \$1,012,090 and is recorded in the risk management fund. All claims liabilities are due within one year.

Williamson County, Texas
Notes to the Financial Statements

Note 19. Commitments and Contingencies

Litigation

The County is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of management, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements, and accordingly, no provision for losses has been recorded.

State and Federal Grant Programs

The County participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at September 30, 2025, may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Williamson County Floodplain Mapping Project

In 2021, the County was awarded Commitment No. G1001290, TWDB Project 40046, from the Texas Water Development Board (TWDB) in the form of a grant for the planning and designing of the Williamson County Atlas 14 Floodplain Mapping project. TWDB determined the County qualified for financial assistance not to exceed approximately \$4,600,000. The grant funds were placed in a trust account under the name of the County, but the TWDB holds the rights to those funds and the funds are only disbursed to the County as funds are expensed. In accordance with Exhibit F – Escrow Agreement of the Grant Agreement, the proceeds received by the Escrow Agent under this Agreement shall not be considered a banking deposit of the County, and the Escrow Agent shall have no right to title with respect thereto except as Escrow Agent under the terms of this Agreement. The County spent approximately \$261,883 of the grant funds in the current year leaving a grant balance of \$366,847.

Note 20. Restatement of Beginning Balances

During fiscal year 2025, a change in accounting principle for the adoption of GASB 101, *Compensated Absences*, resulted in a restatement of beginning net position, as follows:

	Government Wide Governmental Activities
Beginning balance, as previously reported	\$ 1,343,320,982
Change in accounting principle - GASB 101	<u>(7,680,587)</u>
Beginning balance, as restated	<u>\$ 1,335,640,395</u>

Note 21. Subsequent Events

In March 2026, the County entered into a contract in the amount of \$75.8 million for the purchase of approximately 253 acres for a future Justice/Jail Complex. The County plans to issue debt in late May 2026 to cover this purchase along with additional expenditures for the 2023 Road Bond Program.

Required Supplementary Information

Williamson County, Texas
Required Supplementary Information
Texas County District Retirement System
Schedule of Changes in the
Employer's Net Pension Liability and the Related Ratios (Unaudited)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability										
Service cost	\$ 25,258,270	\$ 22,269,757	\$ 18,322,441	\$ 19,657,503	\$ 17,340,537	\$ 16,701,139	\$ 15,804,355	\$ 15,642,518	\$ 17,893,905	\$ 14,815,355
Interest (on the total pension liability)	60,051,243	55,683,009	47,616,895	44,608,468	42,977,885	39,917,510	35,689,583	32,877,469	31,852,375	29,475,312
Effect of plan changes	-	-	59,312,857	2,099,271	(22,228,818)	(828,893)	19,646,793	-	(67,208,224)	47,337,431
Effect of assumption changes or inputs	-	-	-	2,223,906	36,200,136	-	-	695,266	-	3,538,388
Effect of economic/demographic (gains) or losses	4,483,527	6,510,018	4,326,826	(2,901,276)	2,134,894	1,449,535	(1,954,916)	779,921	3,219,976	1,861,263
Benefit payments/refunds of contributions	(31,299,362)	(28,697,364)	(26,136,042)	(23,449,650)	(21,323,067)	(18,916,362)	(16,894,915)	(14,039,792)	(11,847,243)	(10,769,887)
Net change in total pension liability	58,493,678	55,765,420	103,442,977	42,238,222	55,101,567	38,322,929	52,290,900	35,955,382	(26,089,211)	86,257,862
Total pension liability, beginning of year	780,252,784	724,487,364	621,044,387	578,806,165	523,704,598	485,381,669	433,090,769	397,135,387	423,224,598	336,966,736
Total pension liability, end of year (a)	\$ 838,746,462	\$ 780,252,784	\$ 724,487,364	\$ 621,044,387	\$ 578,806,165	\$ 523,704,598	\$ 485,381,669	\$ 433,090,769	\$ 397,135,387	\$ 423,224,598
Plan fiduciary net position										
Contributions, employer	\$ 24,972,969	\$ 22,332,674	\$ 21,080,460	\$ 16,701,460	\$ 17,343,898	\$ 15,546,654	\$ 14,528,673	\$ 13,511,821	\$ 12,287,219	\$ 11,916,442
Contributions, employee	10,891,639	10,059,771	9,005,500	8,031,589	8,385,269	7,756,710	7,295,607	7,104,756	6,714,329	6,511,719
Investment income net of investment expenses	68,741,935	66,342,793	(37,636,475)	114,509,231	48,365,330	65,423,385	(7,416,183)	50,358,395	23,228,879	(5,233,124)
Benefit payments/refunds of contributions	(31,299,361)	(28,697,364)	(26,136,042)	(23,449,650)	(21,323,067)	(18,916,362)	(16,894,915)	(14,039,792)	(11,847,242)	(10,769,887)
Administrative expense	(406,521)	(351,645)	(353,561)	(344,234)	(380,970)	(356,698)	(320,009)	(266,702)	(252,419)	(224,964)
Other	450,665	423,288	1,086,589	179,744	176,767	215,406	186,405	90,122	1,080,637	133,570
Net change in plan fiduciary net position	73,351,326	70,109,517	(32,953,529)	115,628,140	52,567,227	69,669,095	(2,620,422)	56,758,600	31,211,403	2,333,756
Plan fiduciary net position, beginning of year	673,436,405	603,326,888	636,280,417	520,652,277	468,085,050	398,415,955	401,036,377	344,277,777	313,066,374	310,732,618
Plan fiduciary net position, end of year (b)	\$ 746,787,731	\$ 673,436,405	\$ 603,326,888	\$ 636,280,417	\$ 520,652,277	\$ 468,085,050	\$ 398,415,955	\$ 401,036,377	\$ 344,277,777	\$ 313,066,374
Net pension liability (asset), end of year (a) - (b)	\$ 91,958,731	\$ 106,816,379	\$ 121,160,476	\$ (15,236,030)	\$ 58,153,888	\$ 55,619,548	\$ 86,965,714	\$ 32,054,392	\$ 52,857,610	\$ 110,158,224
Plan fiduciary net position as a percentage of total pension liability	89.04%	86.31%	83.28%	102.45%	89.95%	89.38%	82.08%	92.60%	86.69%	73.97%
Covered payroll	\$ 155,594,842	\$ 143,711,011	\$ 125,960,778	\$ 114,707,911	\$ 119,366,200	\$ 110,810,137	\$ 104,222,950	\$ 101,060,813	\$ 95,918,992	\$ 93,024,552
Net pension liability (asset) as a percentage of covered payroll	59.10%	74.33%	96.19%	-13.28%	48.72%	50.19%	83.44%	31.72%	55.11%	118.42%

Notes to Schedule:

As of December 31 - measurement date

Williamson County, Texas
Required Supplementary Information
Texas County District Retirement System
Schedule of Employer Contributions (Unaudited)

	Year Ended September 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially determined contribution ⁽¹⁾	\$ 11,916,442	\$ 11,989,874	\$ 13,511,821	\$ 14,528,673	\$ 15,545,612	\$ 17,343,898	\$ 16,701,460	\$ 20,380,460	\$ 22,332,674	\$ 24,086,082
Contributions in relation to the actuarially determined contribution ⁽¹⁾	12,620,147	13,253,738	14,220,775	15,356,663	16,372,146	16,740,244	16,755,560	20,463,648	22,449,642	24,969,008
Contribution deficiency (excess)	\$ (703,705)	\$ (1,263,864)	\$ (708,954)	\$ (827,990)	\$ (826,534)	\$ 603,654	\$ (54,100)	\$ (83,188)	\$ (116,968)	\$ (882,926)
Covered payroll ⁽²⁾	\$ 98,517,933	\$ 100,107,812	\$ 103,007,285	\$ 109,619,505	\$ 113,596,569	\$ 115,098,045	\$ 115,158,486	\$ 132,484,839	\$ 141,067,396	\$ 155,578,077
Contributions as a percentage of covered payroll	12.8%	13.2%	13.8%	14.0%	14.4%	14.5%	14.6%	15.4%	15.9%	16.0%

(1) TCDRS calculates actuarially determined contributions on a calendar year basis.
 GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.
 (2) Payroll is calculated based on contributions as reported to TCDRS.

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates noted above are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	12.3 years
Asset valuation method	Five year smoothed market
Inflation	2.50%
Salary increases	Variance by age and service. 4.7% average over career including inflation.
Investment rate of return	7.50%, net of administrative and investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New Inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: Employer contributions reflect that a 60% CPI COLA was adopted. 2016: Employer contributions reflect that a 60% CPI COLA was adopted. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2019: Employer contributions reflect that a 1% flat COLA was adopted. 2022: Employer contributions reflect that a 1% flat COLA was adopted 2023: Employer contributions reflect that a 2% flat COLA was adopted 2024: Employer contributions reflect that a 1% flat COLA was adopted

Williamson County, Texas
 Required Supplementary Information
 Schedule of Changes in the County's
 Total OPEB Liability and the Related Ratios (Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
	Year Ended September 30, 2025	Year Ended September 30, 2024	Year Ended September 30, 2023	Year Ended September 30, 2022	Year Ended September 30, 2021	Year Ended September 30, 2020	Year Ended September 30, 2019	Year Ended September 30, 2018	Year Ended September 30, 2017
Total OPEB liability									
Service cost	\$ 2,265,696	\$ 2,448,335	\$ 2,360,781	\$ 4,079,450	\$ 3,986,030	\$ 3,778,921	\$ 3,271,064	\$ 3,471,046	\$ 3,715,246
Interest (on the total OPEB liability)	2,120,857	2,224,469	2,280,814	1,448,872	1,368,014	1,544,353	2,158,752	1,851,146	1,531,390
Effect of plan changes	-	-	-	-	-	-	-	-	-
Effect of liability gains or losses	-	-	(7,166,939)	-	-	-	-	-	-
Effect of assumption changes or inputs Effect of economic/demographic (gains) or losses	(6,018,488)	1,787,098	1,871,381	(8,874,014)	(241,718)	800,688	(2,525,476)	(2,364,153)	(2,511,244)
Benefit payments	(6,253,237)	-	-	-	(614,167)	-	5,243,963	-	-
Net change in total OPEB liability	(3,730,471)	(3,670,102)	(2,503,551)	(2,125,917)	(2,638,070)	(2,337,806)	(2,140,703)	(1,802,933)	(1,628,296)
Total OPEB liability, beginning of year	(11,615,643)	2,789,800	(3,157,514)	(5,471,609)	1,860,089	3,786,156	6,007,600	1,155,106	1,107,096
Total OPEB liability, end of year	\$ 43,632,004	\$ 55,247,647	\$ 52,457,847	\$ 55,615,361	\$ 61,086,970	\$ 59,226,881	\$ 55,440,725	\$ 49,433,125	\$ 48,278,019
Covered-employee payroll	\$ 108,883,203	\$ 96,710,716	\$ 93,666,553	\$ 88,714,208	\$ 85,921,751	\$ 79,095,836	\$ 76,606,137	\$ 101,003,000	\$ 96,932,000
Net pension liability as a percentage of covered-employee payroll	40.07%	57.13%	56.00%	62.69%	71.10%	74.88%	72.37%	48.94%	49.81%

Notes to Schedule:

As of September 30 - measurement date

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. Amounts reflect the changes in the discount rate from the beginning of the year of the following fiscal years:

- 2018: 3.64% to 4.18%
- 2019: 4.18% to 2.66%
- 2020: 2.66% to 2.21%
- 2021: 2.21% to 2.26%
- 2022: 2.26% to 4.02%
- 2023: 4.02% to 4.19%
- 2024: 4.19% to 3.81%
- 2025: 3.81% to 4.85%

Only nine years of data are presented in accordance with GASB 75, as the information for all periods for the ten year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, information is presented for as many years as are available. The schedules do not include information that is not measured in accordance with the requirements of GASB 75.

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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[An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Notes, assuming no material changes in facts or law.]

**WILLIAMSON COUNTY, TEXAS
LIMITED TAX NOTES, SERIES 2026
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$138,410,000**

AS BOND COUNSEL FOR WILLIAMSON COUNTY, TEXAS (the "County") in connection with the issuance of the notes described above (the "Notes"), we have examined into the legality and validity of the Notes, which bear interest from the dates specified in the text of the Notes, until maturity or redemption, at the rates and payable on the dates specified in the text of the Notes and in the order adopted by the Commissioners Court of the County on May 19, 2026 authorizing the issuance of the Notes (the "Order") together with the Pricing Certificate of the Pricing Officer as authorized in the Order (such Pricing Certificate and Order are collectively referred to herein as the "Note Order").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, and a transcript of certified proceedings of the County, and other pertinent instruments authorizing and relating to the issuance of the Notes, including one of the executed Notes (Note Number R-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Notes have been authorized, issued and delivered in accordance with law; and that said Notes, except the enforceability thereof as may be limited by laws relating to governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted related to creditors' rights generally or by general principle of equity which permit the exercise of judicial discretion, the Notes constitute valid and legally binding obligations of the County; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Notes have been levied and pledged for such purpose, within the limit prescribed by law, on all taxable property within the County as provided in the Note Order.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Notes is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Notes are not "specified private activity bonds" and that, accordingly, interest on the Notes will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance by the County with certain covenants, regarding the use and investment of the proceeds of the Notes and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the County to comply with such covenants, interest on the



Notes may become includable in gross income retroactively to the date of issuance of the Notes.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Notes, including the amount, accrual or receipt of interest on, the Notes. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. Owners of the Notes should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Notes.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Notes, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. 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 whether or not the Service will commence an audit of the Notes. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the County as the taxpayer. We observe that the County has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Notes as includable in gross income for federal income tax purposes.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Notes, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Notes is as Bond Counsel for the County, and, in that capacity, we have been engaged by the County for the sole purpose of rendering an opinion with respect to the legality and validity of the Notes under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Notes for federal income tax purposes, and for no other reason or purpose. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material



relating to the financial condition or capabilities of the County, or the disclosure thereof in connection with the sale of the Notes and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Notes and have relied solely on certificates executed by officials of the County as to the current outstanding indebtedness of the County and the assessed valuation of taxable property within the County and the sufficiency of the ad valorem taxes pledged by the County. Our role in connection with the County's Official Statement prepared for use in connection with the sale of the Notes has been limited as described therein.

THE FOREGOING OPINIONS represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,

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SPECIALIZED PUBLIC FINANCE INC.
FINANCIAL ADVISORY SERVICES