PRELIMINARY OFFICIAL STATEMENT
Dated July 29, 2026

Rating: S&P: "AA"
(See "OTHER INFORMATION - Rating" herein)

NEW ISSUE – Book-Entry-Only

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

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

$45,000,000*
WASHINGTON COUNTY, TEXAS
CERTIFICATES OF OBLIGATION, SERIES 2026

Dated Date: September 9, 2026 **Due: August 15, as shown on the inside cover page**
Interest Accrues from Date of Initial Delivery (defined herein)

PAYMENT TERMS . . . Interest on the $45,000,000* Washington County, Texas, Certificates of Obligation, Series 2026 (the "Certificates") will accrue from the Date of Initial Delivery (defined herein), will be payable on February 15 and August 15 of each year commencing February 15, 2027, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "THE CERTIFICATES – Book-Entry-Only System"). The initial paying agent/registrar is BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar") (see "THE CERTIFICATES – Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and an order (the "Order") adopted by the Commissioners Court of the Washington County, Texas (the "County"). The Certificates are direct obligations of the County payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property within the County, as provided in the Order. The Certificates are additionally secured by and payable from a limited pledge of the surplus revenues of the County's park system in an amount not to exceed $1,000. (see "THE CERTIFICATES – Authority for Issuance" and "THE CERTIFICATES – Security and Source of Payment" and "TAX RATE LIMITATIONS").

PURPOSE . . . Proceeds from the sale of the Certificates will be used for: (i) construction, acquisition, renovation and improvement of County civil and criminal justice facilities and the acquisition of land and right-of-way in connection therewith; and (ii) professional services of attorneys, engineers and other professionals in connection with the above-described purposes, and the costs of issuance of the Certificates, including but not limited to fees for professional services and incidental expenses related to such purposes (see "THE CERTIFICATES – Purpose").

REDEMPTION . . . The County reserves the right, at its option, to redeem Certificates having stated maturities on and after August 15, 2037, in whole or from time to time in part, in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Additionally, the Certificates may be subject to mandatory sinking fund redemption in the event the Purchaser elects to aggregate two or more maturities as Term Certificates (see "THE CERTIFICATES – Optional Redemption").

CUSIP PREFIX: 938667
MATURITY SCHEDULE
See Inside Front Cover

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the initial purchaser thereof named below (the "Purchaser") and subject to the approving opinion of the Attorney General of Texas and the opinion of Bracewell LLP, Bond Counsel, Austin, Texas (see "APPENDIX C – Form of Bond Counsel's Opinion").

DELIVERY . . . It is expected that the Certificates will be available for initial delivery to the Purchaser through DTC on September 9, 2026 (the "Date of Initial Delivery").

BIDS DUE MONDAY, AUGUST 10, 2026 BY 1:30 PM, CENTRAL TIME

*Preliminary, subject to change.

CUSIP PREFIX[(2)]: 938667

MATURITY SCHEDULE*

Maturity (August 15)	Principal Amount	Interest Rate	Initial Yield (1)	CUSIP Suffix (2)
2027	$ 1,110,000			
2028	1,020,000			
2029	1,065,000			
2030	1,120,000			
2031	1,170,000			
2032	1,225,000			
2033	1,285,000			
2034	1,345,000			
2035	1,410,000			
2036	1,475,000			
2037	1,545,000			
2038	1,620,000			
2039	1,700,000			
2040	1,780,000			
2041	1,865,000			
2042	1,950,000			
2043	2,045,000			
2044	2,140,000			
2045	2,245,000			
2046	2,350,000			
2047	2,460,000			
2048	2,580,000			
2049	2,700,000			
2050	2,830,000			
2051	2,965,000			

(Interest Accrues from the Date of Initial Delivery)

*Preliminary, subject to change.
(1) Initial yield represents the initial offering yield to the public which has been established by the Purchaser for public offerings and may subsequently be changed from time to time at the sole discretion of the Purchaser.
(2) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the County, the Financial Advisor, or the Purchaser shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

REDEMPTION… The County reserves the right, at its option, to redeem Certificates having stated maturities on and after August 15, 2037, in whole or from time to time in part, in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Additionally, the Certificates may be subject to mandatory sinking fund redemption in the event the Purchaser elects to aggregate two or more maturities as Term Certificates (see "THE CERTIFICATES –Redemption").

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"), this document constitutes an Official Statement of the County with respect to the Certificates that has been "deemed final" by the County as of its date except for the omission of no more than the information permitted by Subsection (b)(1) of the Rule.

No dealer, broker, salesman or other person has been authorized by the County or the Purchaser to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Financial Advisor. This Official Statement and the information contained herein are subject to completion and amendment without notice. This Official Statement is not to be used in connection with and does not constitute an offer to sell or the solicitation of an offer to buy Certificates in any jurisdiction in which, or to any person to whom, it is unlawful to make such offer or solicitation.

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

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

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

NONE OF THE COUNTY, ITS FINANCIAL ADVISOR OR THE PURCHASER 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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The cover page hereof, this page, and the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

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

THE COUNTY .... Washington County, Texas (the "County") is a political subdivision of the State of Texas (the "State"). The City of Brenham is the county seat of the County. The County was organized in 1837 and operates as specified under the Constitution of the State and statues which provide for a Commissioners Court consisting of the County Judge and four Commissioners.

The County is approximately 622 square miles in area (see "INTRODUCTION – Description of the County").

THE CERTIFICATES .... The Certificates are issued as $45,000,000* Certificates of Obligation, Series 2026. The Certificates are issued as Serial Certificates maturing on August 15 in the years 2027 through and including 2051 unless the Purchaser elects to aggregate two or more consecutive maturities as Term Certificates (see "THE CERTIFICATES – Description of the Certificates").

PAYMENT OF INTEREST .... Interest on the Certificates accrues from the Date of Initial Delivery and is payable on February 15, 2027, and each August 15 and February 15 thereafter until maturity or prior redemption (see "THE CERTIFICATES – Description of the Certificates").

AUTHORITY FOR ISSUANCE .... The Certificates are being issued pursuant to the Constitution and general laws of the State, including particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, an order (the "Order") adopted by the Commissioners Court of the County (see "THE CERTIFICATES – Authority for Issuance").

SECURITY.. The Certificates constitute direct obligations of the County payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the County, as provided in the Order. The Certificates are additionally secured by and payable from a limited pledge of the surplus revenues of the County's park system in an amount not to exceed $1,000 (see "THE CERTIFICATES – Security and Source of Payment" and "TAX RATE LIMITATIONS").

REDEMPTION .... The County reserves the right, at its option, to redeem Certificates having stated maturities on and after August 15, 2037, in whole or from time to time in part, in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Additionally, the Certificates may be subject to mandatory sinking fund redemption in the event the Purchaser elects to aggregate two or more maturities as Term Certificates. (see "THE CERTIFICATES – Redemption").

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

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS.................................. The Certificates will not be designated as "Qualified Tax-Exempt Obligations" for financial institutions.

USE OF PROCEEDS .... Proceeds from the sale of the Certificates will be used for: (i) construction, acquisition, renovation and improvement of County civil and criminal justice facilities and the acquisition of land and right-of-way in connection therewith; and (ii) professional services of attorneys, engineers and other professionals in connection with the above-described purposes, and the costs of issuance of the Certificates, including but not limited to fees for professional services and incidental expenses related to such purposes.

RATING... The Certificates are rated "AA" by S&P Global Ratings ("S&P") (see "OTHER INFORMATION – Rating").

*Preliminary, subject to change.

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

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

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 12/31	Estimated County Population [1]	Taxable Assessed Valuation [2]	Per Capita Taxable Assessed Valuation	General Obligation (G.O.) Tax Debt	Ratio G.O. Tax Debt to Taxable Assessed Valuation	Per Capita G.O. Tax Debt	% Total Collections
2022	36,371	$ 4,614,586,736	$ 126,875	$ 1,195,000	0.03%	$ 33	99.62%
2023	37,244	6,245,849,266	167,701	810,000	0.01%	22	99.44%
2024	37,683	6,958,638,950	184,663	410,000	0.01%	11	99.16%
2025	38,288	7,391,311,340	193,045	-	-	-	98.59%
2026	38,288	8,064,172,842	210,619	45,000,000 [3]	0.56%	1,175	95.19% [4]

(1) Source: Municipal Advisory Council of Texas.
(2) As reported by the Washington County Appraisal District; subject to change during the ensuing year.
(3) Projected; includes the Certificates. Preliminary, subject to change.
(4) Collections as of June 30, 2026.

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COUNTY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

Commissioners Court	Term Expires
John Durrenberger County Judge	December 2026
Misti Corn Commissioner, Precinct No. 1	December 2028
Candice Bullock Commissioner, Precinct No. 2	December 2026
Kirk Hanath(1) Commissioner, Precinct No. 3	December 2028
Dustin Majewski Commissioner, Precinct No. 4	December 2026

(1) Commissioner Kirk Hanath has resigned from his position and is awaiting replacement. Mr. Hanath is the Washington County Judge elect for 2027.

APPOINTED OFFICIALS

Name	Position
Shawna Dyer Hollis	County Auditor
Nick Prenzler	County Clerk
Peggy Kramer	County Treasurer

CONSULTANTS AND ADVISORS

Auditors .... Singleton, Clark & Company, P.C.
Cedar Park, Texas

Bond Counsel .... Bracewell LLP
Austin, Texas

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

For additional information regarding the County, please contact:

Shawna Dyer Hollis County Auditor Washington County 100 East Main Suite 104 Brenham, Texas 77833 (979) 277-6229	or	Garry R. Kimball Managing Director Specialized Public Finance Inc. 248 Addie Roy Road Suite B-103 Austin, Texas 78746 (512) 275-7300

OFFICIAL STATEMENT
RELATING TO

$45,000,000*
WASHINGTON COUNTY, TEXAS
CERTIFICATES OF OBLIGATION, SERIES 2026

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $45,000,000* Washington County, Texas, Certificates of Obligation, Series 2026 (the "Certificates"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the order to be adopted by the Commissioners Court of Washington County, Texas (the "Commissioners Court") on August 11, 2026, authorizing the issuance of the Certificates (the "Order"), except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Certificates and certain information regarding Washington County, Texas (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, by electronic mail or upon payment of reasonable copying, handling, and delivery charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. Copies of the Final Official Statement pertaining to the Certificates will be deposited with the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access system at www.emma.msrb.org. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the County's undertaking to provide certain information on a continuing basis.

DESCRIPTION OF THE COUNTY . . . The County was organized in 1837 and operates as specified under the Constitution of the State of Texas (the "State") and statutes which provide for the Commissioners Court as the governing body of the County consisting of the County Judge and four Commissioners, one from each of the four geographical Commissioners Precincts. The County Judge is elected for a term of four years and the Commissioners for four year staggered terms. Other major County elective officers include the County Clerk and County Treasurer. The County Auditor is appointed for a term of two years by and serves at the will of the District Judges whose courts are located in Washington County. The estimated 2026 population is 38,288. The County covers approximately 622 square miles and the City of Brenham is the county seat.

THE CERTIFICATES

PURPOSE . . . Proceeds from the sale of the Certificates will be used for: (i) construction, acquisition, renovation and improvement of County civil and criminal justice facilities and the acquisition of land and right-of-way in connection therewith; and (ii) professional services of attorneys, engineers and other professionals in connection with the above-described purposes, and the costs of issuance of the Certificates, including but not limited to fees for professional services and incidental expenses related to such purposes.

DESCRIPTION OF THE CERTIFICATES . . . The Certificates are dated September 9, 2026 and mature on August 15 in each of the years and in the amounts shown on the inside cover page hereof. Interest will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on August 15 and February 15, commencing February 15, 2027. The definitive Certificates will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the book-entry-only system described herein. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "THE CERTIFICATES - Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the Constitution and the general laws of the State, including particularly Subchapter C of Chapter 271, Texas Local Government Code , as amended, and the Order.

SECURITY AND SOURCE OF PAYMENT . . . The Certificates are direct obligations of the County payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property within the County, as provided in the Order. The Certificates are additionally secured by and payable from a limited pledge of the surplus revenues of the County's park system in an amount not to exceed $1,000, as provided in the Order.

____
*Preliminary, subject to change.

Redemption . . . The County reserves the right, at its option, to redeem Certificates having stated maturities on and after August 15, 2037, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the County shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Certificates, or portions thereof, within such maturity or maturities and in such principal amounts for redemption. If a Certificate (or any portion of the principal sum thereof) has been called for redemption and notice of such redemption has been given, such Certificate (or the principal amount thereof to be redeemed) will become due and payable on such redemption date and interest thereon will cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date. Additionally, the Certificates may be subject to mandatory sinking fund redemption in the event the Purchaser elects to aggregate two or more maturities as Term Certificates.

Notice of Redemption . . . At least 30 days prior to a redemption date for the Certificates, the Paying Agent/Registrar shall provide notice of redemption to be sent by United States mail, first class postage prepaid, to the registered owners of the Certificates to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE OF REDEMPTION SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, IRRESPECTIVE OF WHETHER ONE OR MORE REGISTERED OWNERS FAILED TO RECEIVE SUCH NOTICE OR ANY DEFECT IN SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE CERTIFICATES CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, PROVIDED PAYMENT FOR THEIR REDEMPTION SHALL HAVE BEEN DEPOSITED WITH THE PAYING AGENT/REGISTRAR, AND, NOTWITHSTANDING THAT ANY CERTIFICATE OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH CERTIFICATE OR PORTION THEREOF SHALL CEASE TO ACCRUE. If such notice of redemption is given, subject in the case of an optional redemption to any conditions or rights reserved by the County, the Certificates or portions thereof called for redemption shall become due and payable on the date fixed for redemption and, unless the County fails to make provision for the payment of the principal thereof, redemption premium, if any, or accrued interest thereon, such Certificates or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Certificates are presented and surrendered for payment on such date.

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

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

Defeasance . . . The Order provide that the County may discharge its obligations to the registered owners of any or all of the Certificates to pay principal, interest and redemption price thereon in any manner permitted by law. Under current State law, such discharge may be accomplished by either (i) depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to principal, premium, if any, and all interest to accrue on the Certificates to maturity or redemption and/or (ii) by depositing with a paying agent or other authorized escrow agent amounts sufficient to provide for the payment and/or redemption of the Certificates; provided that such deposits may be invested and reinvested only in (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agent or instrumentality and that, on the date the governing body of the County adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, or (c) noncallable obligations of a state or an agency or a county, municipality or other political subdivision of a state that have been refunded and that, on the date the governing body of the County adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The foregoing obligations may be in book-entry-only form, and shall mature and/or bear interest in such amounts as will be sufficient to provide for the scheduled payment and/or redemption or the Certificates. If any such Certificates are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Order.

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

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Certificates. Because the Order does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury Securities used as defeasance securities or those for any other defeasance security will be maintained at any particular rating category.

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

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

DTC will act initially as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Certificates, 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 online dealers, banks, trust companies, and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated "AA+" by Standard & Poor's. 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 and www.dtc.org.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction.

Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co., or such other DTC nominee, do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

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

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

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor securities depository is not obtained, Certificates are required to be printed and delivered. The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Certificates will be printed and delivered in accordance with the Order. In reading this Official Statement it should be understood that while the Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Order will be given only to DTC.

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 the County takes no 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 that while the Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Order will be given only to DTC.

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

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

Principal of the Certificates at stated maturity or earlier redemption will be paid to the registered owner at the stated maturity or earlier redemption, as applicable, upon presentation to the designated payment/transfer office of the Paying Agent/Registrar. Interest on the Certificates will be payable by check, dated as of the interest payment date, and mailed by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar on the Record Date (see "THE CERTIFICATES – Record Date for Interest Payment" herein), or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal or interest on the Certificates is a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the principal corporate trust office of the Paying

Agent/Registrar is located are authorized to close, then the date for such payment will be the next succeeding day which is not such a day, and payment on such date will have the same force and effect as if made on the date payment as due. So long as CEDE & Co. is the registered owner of the Certificates, payment of principal of and interest on the Certificates will be made as described in "THE CERTIFICATES - Book-Entry-Only- System" above.

Transfer, Exchange and Registration . . . In the event the Book-Entry-Only System should be discontinued, printed certificates will be issued to the owners of the Certificates and thereafter the Certificates 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.

Certificates may be assigned by the execution of an assignment form on the respective Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. New Certificates registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Certificates surrendered for exchange or transfer. Neither the County nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Certificate. See "THE CERTIFICATES - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Certificates.

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

Certificateholders' Remedies . . . If the County defaults in the payment of principal of or interest on the Certificates when due, or defaults in the observation or performance of any other covenants, conditions or obligations set forth in the Order, the registered owners may seek a writ of mandamus to compel County officials to carry out their legally imposed duties with respect to the Certificates if there is no other available remedy at law to compel performance of the Certificates or the Order and the County's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Order does not provide for the appointment of a trustee to represent the interest of the holders of the Certificates upon any failure of the County to perform in accordance with the terms of the Order, or upon any other condition and, accordingly, all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

The Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) ("Tooke"), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas Legislature has effectively waived the County's sovereign immunity from a suit for money damages, registered owners may not be able to bring such a suit against the County for breach of the Certificates or the Order. Furthermore, *Tooke*, and subsequent jurisprudence, held that a municipality is not immune from suit for torts committed in the performance of its proprietary functions, as it is for torts committed in the performance of its governmental functions (the "Proprietary -Governmental Dichotomy"). Governmental functions are those that are enjoined on a municipality by law and are given by the State as a part of the State's sovereignty, to be exercised by the municipality in the interest of the general public, while proprietary functions are those that a municipality may, in its discretion, perform in the interest of the inhabitants of the municipality.

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("Wasson"), the Texas Supreme Court (the "Court") addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that "a city's proprietary functions are not done pursuant to the 'will of the people" and protecting such municipalities "via the State's immunity is not an efficient way to ensure efficient allocation of State resources." While the Court recognized that the distinction between governmental and proprietary functions is not clear, the Wasson opinion held that Proprietary-Governmental Dichotomy applies in contract-claims context. The Court reviewed Wasson for a second time and issued an opinion on October 5, 2018, clarifying 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 when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance at the time of inception of the contractual relationship. Notwithstanding the foregoing, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality.

If a judgment against the County could be obtained, it could not be enforced by direct levy and execution against the County's property. Further, the registered owners cannot themselves foreclose on property within the County or sell property within the County to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates.

Furthermore, the County is eligible to seek relief from its creditors under Chapter 9 of the United States Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or holders of the Certificates 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 Certificates are qualified with respect to the customary rights of debtors relative to their creditors and as to general principles of equity that permit the exercise of judicial discretion.

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

SOURCES OF FUNDS:	
Principal Amount	$ -
Net Bid Premium	-
Total Sources of Funds	$ -
USES OF FUNDS:	
Deposit to Project Construction Fund	$ -
Rounding Amount	-
Costs of Issuance	-
Total Uses of Funds	$ -

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TAX INFORMATION

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

VALUATION OF TAXABLE PROPERTY…The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the County is the responsibility of the Washington County Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (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.

Effective January 1, 2024, an appraisal district is prohibited from increasing the appraised value of real property during the 2026 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than $5,320,000 (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. After the 2024 tax year, through December 31, 2026 (unless extended by the Legislature), 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. 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").

2025 LEGISLATIVE SESSION… 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 taxing units among other legislation affecting taxing units. 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.

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

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

Cities, counties and school districts are prohibited from repealing or reducing an optional homestead exemption that was granted in tax year 2022 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. Legislation passed by the Legislature during the 89th Regular Session and approved by the voters provides a person an exemption from taxation by a taxing unit of $125,000 of the appraised value of the tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit. A person who leases tangible personal property is also entitled to a tax exemption of $125,000, regardless of where the property is located in the taxing unit.

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

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

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

OTHER EXEMPT PROPERTY . . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property. Beginning with the 2026 tax year, all intangible personal property is exempt from State taxation.

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 physically 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. The governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the Governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code.

EXEMPTION FOR QUALIFYING CHILD-CARE FACILITIES… Effective January 1, 2024, State law authorizes counties to provide a property tax exemption of no less than 50 percent and up to 100 percent of the appraised value on all or part of the property used to operate a qualifying child-care facility. If the governing body of a county adopts the exemption, a person is entitled to an exemption from taxation by the county of all or part of the appraised value of: (1) the real property the person owns and operates as a qualifying child-care facility; or (2) the portion of the real property that the person owns and leases to a person who uses the property to operate a qualifying child-care facility. Under Section 11.37 of the Property Tax Code (redesignated from Section 11.36 by the Legislature in the 89th Regular Session), a "qualifying child-care facility" means a child-care facility: (A) the owner or operator of which participates in the Texas Workforce Commission's Texas Rising Star Program as described by Section 2308.3155, Texas Government Code, for that facility; and (B) at which at least 20 percent of the total number of children enrolled at the facility receive subsidized child-care services provided through the child-care services program administered by the Texas Workforce Commission.

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

Tax Abatement Agreements . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. See "TAX INFORMATION – County Application of Property Tax Code" for descriptions of the County's tax abatement agreements.

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

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

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $62,883,169 for the 2026 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

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

Public Hearing and Maintenance and Operations Tax Rate Limitations . . . The following terms as used in this section have the meanings provided below:

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

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

"unused increment rate" means the cumulative difference between a county's voter-approval tax rate and its actual tax rate for each of the three tax years, prior to the current tax year, which may be applied to a county's tax rate in tax years without impacting the voter-approval tax rate.

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

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

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

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

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

If a county's adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the county must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a county does not qualify as a special taxing unit, if a county's adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the county's voter-approval tax rate, then if a valid petition is signed by at least three percent of the registered voters in the county and submitted to the commissioners court within 90 days after adoption of the tax rate, the county must hold an election 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 tax year may calculate its voter-approval tax rate using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such county's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

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

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

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

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

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

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

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

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

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

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

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

COUNTY APPLICATION OF TAX CODE . . . The County grants an $12,000 exemption to the market value of the residence homestead to persons at least 65 years of age or disabled for maintenance and debt taxes (general fund).

The County grants a $3,000 residence homestead exemption and an additional $9,000 exemption to persons at least 65 years of age or disabled for road and bridge taxes (farm and market roads).

The County does grant a local option freeze on taxes for persons 65 years of age or older or disabled persons.

See Table 1 – VALUATIONS, EXEMPTIONS AND GENERAL OBLIGATION DEBT 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 Consolidated Tax Collection of Washington County collects taxes for the County.

The County does permit split payments, and discounts are allowed.

The County does tax freeport property.

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

The County negotiates property tax abatement agreements on an individual basis. The County has a tax abatement agreement with 10 manufacturing facilities under the authority of the Texas Property Redevelopment Act. The County established an abatement policy for the value of eligible improvements, and a requirement for creating or preventing the loss of 10 jobs. The tax abatement amount is determined by the Washington County Central Appraisal District (WCCAD) under the terms of the abatement agreement. An abatement factor (given by WCCAD's Tax Abatement Registry) is used to determine the portion of assessed taxable value excluded to determine the taxable value subject to the County's tax rate. If a default of the abatement agreement occurs during the agreement period, the County may apply established procedures to recapture abated taxes. Generally, abatement recipients agree to make eligible improvements.

Certain property improvements made during the improvement period are exempt from property taxes according to a multi-year abatement schedule with decreasing amounts abated over a seven-year period. Property taxes assessed October 1, 2021 for fiscal year 2022 amounted to abatements of $103,674. Property taxes assessed October 1, 2022 for fiscal year 2023 amounted to abatements of $95,008. Property taxes assessed October 1, 2023 for the fiscal year 2024 amounted to abatements of $64,458. Property taxes assessed October 1, 2024 for the fiscal year 2025 amounted to abatements of $69,594.

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2025/2026 Market Valuation of Taxable Property Established by Washington County Appraisal District (excluding totally exempt property)	$ 16,193,848,001
Less Exemptions/Reductions at 100% Market Value	8,129,675,159
2025/2026 Certified Taxable Assessed Valuation	$ 8,064,172,842
Debt Payable From Ad Valorem Taxes (as of 6/1/2026):	$ -
The Certificates	45,000,000 (1)
	$ 45,000,000
Interest & Sinking Fund balance (as of 6/1/2026):	$ 2,020,573
Ratio General Obligation Debt Payable from Ad Valorem Taxes to Net Taxable Assessed Valuation	0.56%

2026 Estimated Population - 38,288
Per Capita 2025/2026 Taxable Assessed Valuation - $210,619
Per Capita Debt Payable from Ad Valorem Taxes - $1,175

(1) Preliminary, subject to change.

TABLE 2 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 12/31	Estimated County Population (1)	Taxable Assessed Valuation (2)	Per Capita Taxable Assessed Valuation	General Obligation (G.O.) Tax Debt	Ratio G.O. Tax Debt to Taxable Assessed Valuation	Per Capita G.O. Tax Debt
2022	36,371	$ 4,614,586,736	$ 126,875	$ 1,195,000	0.03%	$ 33
2023	37,244	6,245,849,266	167,701	810,000	0.01%	22
2024	37,683	6,958,638,950	184,663	410,000	0.01%	11
2025	38,288	7,391,311,340	193,045	-	-	-
2026	38,288	8,064,172,842	210,619	45,000,000 (3)	0.56%	1,175

(1) Source: Municipal Advisory Council of Texas.
(2) As reported by the Washington County Appraisal District; subject to change during the ensuing year.
(3) Projected; includes the Certificates. Preliminary, subject to change.

TABLE 3 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 12/31	Total Tax Rate	Distribution (1) General Fund	Distribution (1) Interest & Sinking Fund	Tax Levy	% Total Collections
2022	$ 0.3944	$ 0.3802	$ 0.0142	$ 23,395,157	99.62%
2023	0.3034	0.2956	0.0078	25,913,720	99.44%
2024	0.3840	0.3763	0.0077	27,033,252	99.16%
2025	0.3050	0.2975	0.0075	29,460,065	98.59%
2026	0.3040	0.3040	-	24,515,085	95.19% (2)

(1) Does not include F/M Road/Flood Control Tax.
(2) Collections as of June 30, 2026.

TABLE 4 – TEN LARGEST TAXPAYERS

Name of Taxpayer	2025/2026 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Magnolia Oil & Gas Operating LLC	$ 573,636,878	7.11%
Blue Bell Creameries	87,698,386	1.09%
Aspen Midstream, LLC	84,114,148	1.04%
Geosouthern Operating II LLC	74,782,676	0.93%
LCRA Transmission Srv Corp	65,331,561	0.81%
Matterhorn Express Pipeline LLC	57,284,213	0.71%
Blue Bell Creameries Bldgs	39,273,230	0.49%
Wildfire Energy Operating LLC	37,318,956	0.46%
BNSF Railway Company	30,119,370	0.37%
Valmont/ALS	25,352,124	0.31%
	$ 1,074,911,542	13.33%

TABLE 5 - TAX ADEQUACY(1)

Average Net Tax Supported Debt Annual Principal and Interest Requirements, 2027 - 2051	$ 3,104,075
$0.0393 Tax Rate at 98% Collection Produces	$ 3,105,836
Maximum Net Tax Supported Debt Principal and Interest Requirements, 2039	$ 3,106,475
$0.0394 Tax Rate at 98% Collection Produces	$ 3,113,738

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

ESTIMATED OVERLAPPING DEBT

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

Taxing Jurisdiction	Total Tax Supported Debt	Estimated % Applicable	County's Overlapping Tax Supported Debt as of 6/30/2026
Washington County	$ 45,000,000	100.00%	$ 45,000,000 (1)
Brenham ISD	64,030,423	85.23%	54,573,130
Brenham, City of	83,310,000	100.00%	83,310,000
Burton ISD	40,400,000	99.97%	40,387,880
Burton, City of	786,000	100.00%	786,000
Giddings ISD	20,200,000	1.99%	401,980
Oak Hill FWSD #1	370,000	100.00%	370,000
Pecan Glen Road District	825,000	100.00%	825,000
Total Direct and Overlapping Tax Supported Debt			$ 225,653,990
Ratio of Direct and Overlapping Tax Supported Debt to 2025/2026 Taxable Assessed Valuation			2.80%
Per Capita Overlapping Tax Supported Debt			$ 5,894

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

DEBT INFORMATION

TABLE 6 – PRO-FORMA DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 12/31	The Certificates[1] Principal	Interest	Total
2026	$ -	$ -	$ -
2027	1,110,000	1,995,000	3,105,000
2028	1,020,000	2,084,775	3,104,775
2029	1,065,000	2,036,325	3,101,325
2030	1,120,000	1,985,738	3,105,738
2031	1,170,000	1,932,538	3,102,538
2032	1,225,000	1,876,963	3,101,963
2033	1,285,000	1,818,775	3,103,775
2034	1,345,000	1,757,738	3,102,738
2035	1,410,000	1,693,850	3,103,850
2036	1,475,000	1,626,875	3,101,875
2037	1,545,000	1,556,813	3,101,813
2038	1,620,000	1,483,425	3,103,425
2039	1,700,000	1,406,475	3,106,475
2040	1,780,000	1,325,725	3,105,725
2041	1,865,000	1,241,175	3,106,175
2042	1,950,000	1,152,588	3,102,588
2043	2,045,000	1,059,963	3,104,963
2044	2,140,000	962,825	3,102,825
2045	2,245,000	861,175	3,106,175
2046	2,350,000	754,538	3,104,538
2047	2,460,000	642,913	3,102,913
2048	2,580,000	526,063	3,106,063
2049	2,700,000	403,513	3,103,513
2050	2,830,000	275,263	3,105,263
2051	2,965,000	140,838	3,105,838
	$ 45,000,000	$ 32,601,863	$ 77,601,863

(1) Interest calculated at an assumed rate for purposes of illustration. Preliminary, subject to change.

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

OTHER OBLIGATIONS . . . See "Notes to the Financial Statements" in APPENDIX B.

PENSION FUND . . . The County provides pension benefits for all of its full-time employees through the Texas Municipal Retirement System ("TMRS"), a State-wide administered pension plan. The County makes annual contributions to the plan equal to the amounts accrued for pension expense. (For more detailed information concerning the retirement plan, see "APPENDIX B – Excerpts from the County's Annual Financial Report".)

FINANCIAL INFORMATION

TABLE 7 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended December 31,				
	2025	2024	2023	2022	2021
Revenues:					
Taxes	$ 25,833,759	$ 24,420,137	$ 22,754,613	$ 21,167,953	$ 18,365,662
Intergovernmental	774,441	915,873	1,067,659	518,919	400,131
Licenses, permit and fees	256,129	268,310	93,212	91,342	86,649
Fines and forfeitures	271,871	280,162	322,577	302,705	274,952
Charges for services	11,641,322	1,961,813	1,214,868	1,218,492	1,254,937
Interest	1,335,758	1,094,191	906,186	225,943	174,366
Miscellaneous	849,549	499,607	1,114,070	661,567	805,391
Total Revenues	$ 40,962,829	$ 29,440,093	$ 27,473,185	$ 24,186,921	$ 21,362,088
Expenditures:					
Current:					
General administration	$ 6,352,630	$ 5,542,346	$ 4,602,930	$ 4,247,424	$ 4,225,837
Judicial	2,426,857	2,335,026	2,315,303	2,264,732	2,002,428
Legal	1,735,676	859,881	559,288	556,252	523537
Elections	252,064	275,261	210,747	365,325	99097
Financial administration	1,212,209	1,291,670	1,108,161	1,019,577	991441
Public facilities	614,321	410,813	321,070	364,239	321489
Public safety	9,023,287	9,246,517	8,959,552	8,710,908	7,431,356
Public transportation	-	-	202,485	-	-
Health and Welfare	13,104,838	1,968,806	1,733,707	1,470,919	1,352,557
Culture and recreation	826,217	757,374	814,550	632,825	1,280,874
Conservation	209,835	201,661	198,335	268,490	279,449
Data processing	-	-	-	185,633	194,429
Debt Service:					
Principal	658,084	433,366	310,392	-	-
Interest and fiscal charges	136,646	107,329	47,069	-	-
Capital outlay	4,352,409	1,073,942	-	-	-
Total Expenditures	$ 40,905,073	$ 24,503,992	$ 21,383,589	$ 20,086,324	$ 18,702,494
Excess (Deficiency) of revenues over (under) expenditures	$ 57,756	$ 4,936,101	$ 6,089,596	$ 4,100,597	$ 2,659,594
Other Financing Sources (Uses):					
Transfers in	$ 1,056,775	$ 1,328,518	$ 62,083	$ 300,579	$ 24,046
Transfers out	(1,073,049)	(7,560,983)	(2,686,152)	(2,010,063)	(1,937,067)
Loan proceeds	1,003,342	-	-	-	-
Sale of capital assets	177,083	513,000	66,807	54,381	3,640
Insurance recoveries	-	-	70,179	69,452	692,877
Capital leases	45,623	266,395	867,158	164,954	-
Total other sources (uses)	$ 1,209,774	$ (5,453,070)	$ (1,619,925)	$ (1,420,697)	$ (1,216,504)
Net Change in Fund Balances	$ 1,267,530	$ (516,969)	$ 4,469,671	$ 2,679,900	$ 1,443,090
Fund Balance, January 1	$16,906,218	$17,423,187 (1)	$13,831,949	$11,152,049	$ 9,708,959
Prior Period Adjustments	-	-	-	-	-
Fund Balance, December 31	$ 18,173,748	$ 16,906,218	$ 18,301,620	$ 13,831,949	$ 11,152,049

Source: County's audited financial statements.

(1) Restated.

TABLE 8 - COUNTY SALES TAX HISTORY

The County has adopted the County Sales and Use Tax, Texas Tax Code, Chapter 323, which grants the County the power to impose and levy a 1/2% Local Sales and Use Tax within the County; the proceeds are credited to the General Fund and are not pledged to the payment of the Certificates. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the County monthly.

Fiscal Year Ended 12/31	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2022	$4,410,450	18.85%	$ 0.0573	$ 121
2023	4,704,652	18.16%	0.0554	126
2024	4,676,814	17.30%	0.0664	124
2025	4,942,947	16.78%	0.0509	129
2026	2,522,316 (1)	10.29%	0.0406	66

(1) Collections as of June 1, 2026.

FINANCIAL POLICIES

Basis of Accounting . . . The County's accounting records of the governmental fund revenues and expenditures are recognized on the modified accrual basis. Revenues are recognized in the accounting period in which they are available and measurable. Expenditures are recognized in the accounting period in which the fund liability occurred, if measurable, except for unmatured interest on general long-term debt.

Fund Balances . . . Fund balances will be maintained in an amount adequate to assure that any legal requirements are met and that adequate funds are available to meet cash flow requirements. It is the County's intention to maintain in the General Fund 15% of the next year's budgeted expenditures. Sixty days' of operating expenditures are to be maintained in the Interest and Sinking Fund. Cash balances are to be monitored yearly during budgeting preparation.

Use of Bond Proceeds . . . The County's policy is to use bond proceeds for capital expenditures only. Such revenues are never to be used to fund normal County operations.

Budgetary Procedures . . . The County's fiscal year is the twelve-month period beginning each January 1. Each year by the middle of June the departments submit to the County Judge a budget of estimated expenditures for the ensuing fiscal year. After review by the Finance Department and the County Judge, a budget of estimated revenues and expenditures is submitted to the Commissioners Court. Subsequently, the Commissioners Court will hold work sessions to discuss and amend the budget to coincide with their direction of the County. Various public hearings may be held to comply with state statutes. The Commissioners Court will adopt a budget prior to January 1. If the Commissioners Court fails to adopt a budget then the budget proposed by the County Judge is deemed to have been adopted.

During the fiscal year, budgetary control is maintained by the monthly review of departmental appropriation balances. Actual operations are compared to the amounts set forth in the budget. Departmental appropriations that have not been expended lapse at the end of the fiscal year. Therefore, funds that are budgeted and not used by the departments during the fiscal year are not available for their use unless appropriated in the ensuing fiscal year's budget.

PETITION RIGHTS IN CONNECTION WITH CERTIFICATES OF OBLIGATION . . . Subchapter C, Chapter 271, Texas Local Government Code, establishes a process pursuant to which qualified voters of the County may submit a petition to require an election on the proposed issuance of the Certificates. Section 271.049(c) of the Local Government Code establishes that if before the date established for the authorization of the issuance of the Certificates by the Commissioners Court, the County Clerk receives a petition signed by at least five percent of the qualified voters of the County protesting the issuance of the Certificates, the County may not issue the Certificates unless the issuance is approved at an election ordered, held, and conducted under Texas law. It is possible that the voters of the County could present such a petition prior to the adoption of the Order.

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INVESTMENTS

The County may invest its investable funds (including bond proceeds and money pledged to the payment of or as security for bonds or other indebtedness issued by the County or obligations under a lease, installment sale, or other agreement of the County) in investments authorized by State law in accordance with investment policies approved by the County Commissioners. Both State law and the County's investment policies are subject to change.

AUTHORIZED INVESTMENTS . . . Under State law, the County is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the County selects from a list the County Commissioners or a designated investment committee of the County adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the County selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the County's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the County appoints as the County's custodian of the banking deposits issued for the County's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of Chapter 2256, Texas Government Code (the "Public Funds Investment Act"), that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, and are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for County deposits, or (ii) certificates of deposits where (a) the funds are invested by the County through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the County as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the County, (b) the broker or the depository institution selected by the County arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the County, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the County appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d), Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the County with respect to the certificates of deposit; (10) fully collateralized repurchase agreements as defined in the Public Funds Investment Act, that have a defined termination date, are secured by a combination of cash and obligations described in clauses (1) or (13) in this paragraph, require the securities being purchased by the County or cash held by the County to be pledged to the County, held in the County's name, and deposited at the time the investment is made with the County or with a third party selected and approved by the County, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the County, held in the County's name and deposited at the time the investment is made with the County or a third party designated by the County; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less; (12) certain bankers' acceptances with stated maturity of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated not less than "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (13) commercial paper with a stated maturity of 365 days or less that is rated not less than "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (14) no-load money market mutual funds registered with and regulated by the SEC that provide the County with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with federal SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (15) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and have 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, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract.

A political subdivision such as the County may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, other than the prohibited obligations described below, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the County, held in the County's name and deposited at the time the investment is made with the County or a third party designated by the County; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

The County may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service, if the County Commissioners authorize such investment in the particular pool by order, ordinance, or resolution and the investment pool complies with the requirements of Section 2256.016, Texas Government Code.

The County may also contract with an investment management firm registered (x) under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.), or (y) 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 ordinance, order or resolution.

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

INVESTMENT POLICIES . . .Under State 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 includes a list of authorized investments for County funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All County funds must be invested 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 State law, County investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the County shall submit an investment report detailing: (1) the investment position of the County, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, 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 strategy statements and (b) State law. No person may invest County funds without express written authority from the County Commissioners.

ADDITIONAL PROVISIONS . . . Under State 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 relatives with firms seeking to sell securities to the County to disclose the relationship and file a statement with the Texas Ethics Commission and the Commissioners Court; (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) perform an annual audit of the management controls on investments and adherence to the County's investment policy; (5) provide specific investment training for the treasurer, chief financial officer and investment officers; (6) 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; (7) restrict the investment in mutual funds in the aggregate to no more than 80% of the County's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service and further restrict the investment in non-money market mutual funds of any portion of bond proceeds, reserves and funds held for debt service and to no more than 15% of the entity's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; and (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements.

The County's current investment policy is in compliance with the State law requirements described above.

TABLE 9 – CURRENT INVESTMENTS

As of June 1, 2026, the County's investable funds were invested in the following categories:

Description	Market Value	% of Portfolio
Certificates of Deposit and Government Pools	$42,137,621	100.00%
Total	$42,137,621	100.00%

As of such date, the market value of the investment portfolio was approximately 100.00% of its book value. No funds of the County are invested in derivative securities; i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

TAX MATTERS

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

TAX EXEMPTION . . . In the opinion of Bracewell LLP, Bond Counsel, under existing law, interest on the Certificates (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Certificates, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States, and requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The County has covenanted in the Order that it will comply with these requirements.

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

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

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

ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES…**Collateral Tax Consequences.** Prospective purchasers of the Certificates should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited those noted below. Therefore, prospective purchasers of the Certificates should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Certificates.

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

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

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

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

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

Tax Accounting Treatment of Original Issue Discount. If the issue price of a maturity of the Certificates is less than the stated redemption price payable at maturity of such Certificates (the “Original Issue Discount Certificates”), the difference between (i) the amount payable at the maturity of each Original Issue Discount Certificate, and (ii) the initial offering price to the public of such Original Issue Discount Certificate constitutes original issue discount with respect to such Original Issue Discount Certificate in the hands of any owner who has purchased such Original Issue Discount Certificate in the initial public offering of the Certificates. Generally, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Certificate equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Certificate continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Certificates under the captions “TAX MATTERS – Tax Exemption” and “TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences” generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

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

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

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

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

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

CONTINUING DISCLOSURE OF INFORMATION

In the Order, the County has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The County is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the County will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be available free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

As used in this section, the term "Financial Obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12")) has been provided to the MSRB consistent with Rule 15c2-12.

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 the Tables numbered 1 through 9 and in APPENDIX B. The County will update and provide this information in the numbered Tables within twelve months after the end of each fiscal year ending in or after 2026 and, if then available, audited financial statements of the County. If audited financial statements are not available when the information is provided, the County will provide audited financial statements within 12 months after the end of each fiscal year, when and if they become available. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the County shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the County may be required to employ from time to time pursuant to State law or regulation. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

The County's current fiscal year end is December 31. Accordingly, it must provide updated information by December 31 in each year following the end of its fiscal year, unless the County changes its fiscal year. If the County changes its fiscal year, it will notify the MSRB of the change.

Event Notices . . . The County shall notify the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, of any of the following events with respect to the Certificates: (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 Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) Bond calls, if material, and tender offers; (9) Defeasances; (10) Release, substitution, or sale of property securing repayment of the Certificates, if material; (11) Rating changes; (12) Bankruptcy, insolvency, receivership or similar event of the County(1); (13) The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) Appointment of a successor or additional Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material; (15) Incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders, if material; and (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties. In addition, the County will provide timely notice of any failure by the County to provide annual financial information in accordance with their agreement described above under "Annual Reports."

The County shall notify the MSRB, in a timely manner, of any failure by the County to provide financial information or operating data in accordance with the foregoing provisions by the time required therein.

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

AVAILABILITY OF INFORMATION . . . All information and documentation filings required to be made by the County in accordance with its undertaking made for the Certificates will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided by the MSRB, without charge to the general public, at www.emma.msrb.org.

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

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

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

OTHER INFORMATION

RATING . . . The Certificates are rated "AA" by S&P Global Ratings ("S&P"). An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the respective view of such organization and the County makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that they will not be revised downward or withdrawn entirely by one or more of such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of any of such rating may have an adverse effect on the market price of the Certificates. 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 . . . The County is not a party to any litigation or other proceeding pending or to its knowledge, threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to the County, would have a material adverse effect on the financial condition of operations of the County.

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

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

It is the obligation of the Purchaser to register or qualify the sale of the Certificates under the securities laws of any jurisdiction which so requires. The County agrees to cooperate, at the Purchaser's written request and sole expense, in registering or qualifying the Certificates or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the County shall not be required to qualify as a foreign corporation or to execute a general or special consent to service of process in any jurisdiction.

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

Legal Matters . . . The County will furnish a complete transcript of proceedings incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinion of the Attorney General of Texas to the effect that the Certificates are valid and binding obligations of the County payable from the proceeds of an annual ad valorem tax levied, within the limits prescribed by law, upon all taxable property within the County, and with respect to the Certificates, the surplus revenues of the park system in an amount not to exceed $1,000. Issuance of the Certificates is also subject to the legal opinion of Bracewell LLP ("Bond Counsel"), to the effect that, based upon an examination of such transcript, the Certificates are valid and binding obligations of the County under the Constitution and laws of the State and, under existing law, the interest on the Certificates is excludable from gross income for federal income tax purposes. See APPENDIX C – Form of Bond Counsel's Opinion. Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Certificates. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Certificates in the Official Statement to verify that such description conforms to the provisions of the Order. Such firm has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the County for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to the accuracy or completeness of any of the information contained herein. In connection with the issuance of the Certificates, 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 Certificates are based upon a percentage of Certificates actually issued, sold and delivered, and therefore, such fees are contingent upon the sale and delivery of the Certificates.

The various legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of 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 Purchaser a certificate, dated as of the date of delivery of the Certificates, executed by the County Judge, to the effect that no litigation of any nature has been filed or is then pending or threatened, either in state or federal courts, contesting or attacking the Certificates; restraining or enjoining the issuance, execution or delivery of the Certificates; affecting the provisions made for the payment of or security for the Certificates; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Certificates; or affecting the validity of the Certificates.

No Material Adverse Change . . . The obligation of the Purchaser to take and pay for the Certificates, and of the County to deliver the Certificates, are subject to the condition that, up to the time of delivery of and receipt of payment for the Certificates, there shall have been no material adverse change in the condition (financial or otherwise) of the County from that set forth or contemplated in the Official Statement.

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

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

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

FORWARD-LOOKING STATEMENTS DISCLAIMER . . . The statements contained in this Official Statement, and in any other information provided by the County, that are not purely historical, are forward-looking statements, including statements regarding the expectations, hopes, intentions, or strategies of the County 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 assumes no obligation to update any such forward-looking statements. The County's actual results could differ materially from those discussed in such forward-looking statements.

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

MISCELLANEOUS . . . The financial data and other information contained herein have been obtained from the County's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and 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 Certificates 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 Certificates by the Purchaser.

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

____
County Judge
Washington County, Texas

ATTEST:

____
County Clerk
Washington County, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE COUNTY

The County

Organized in 1837, Washington County is located in south central Texas traversed by U.S. Highway 290. The County covers an area of 622 square miles and is traversed by State Highway 36 and 105.

Settled in 1824 by John P. Coles, one of Stephen F. Austin's 300 original families in Texas. First called Coles Settlement, the village name was changed in 1836 to commemorate independence of Texas from Mexico. The town square was laid out for the Washington County courthouse, but Brenham won a heated county seat election by two votes.

The estimated 2026 population is 38,288.

Economic Base

Mineral: stone, oil and gas.

Industry: tourism, oil, manufacturing, government and agribusiness.

Agricultural: sorghums, small grains, poultry, nurseries, horses, hogs, hay, dairy, cotton, corn and beef cattle.

Labor Market Profile

Washington County

	May,	Annual Averages			
	2026	2025	2024	2023	2022
Civilian Labor Force	17,930	17,730	17,466	16,901	16,138
Total Employment	17,244	17,037	16,808	16,251	15,516
Unemployment	686	693	658	650	622
Percent Unemployment	3.8%	3.9%	3.8%	3.8%	3.9%

____
Source: Texas Labor Market Information.

APPENDIX B

EXCERPTS FROM THE WASHINGTON COUNTY, TEXAS ANNUAL FINANCIAL REPORT For the Year Ended December 31, 2025

The information contained in this APPENDIX consists of excerpts from the Washington County, Texas Annual Financial Report for the Year Ended December 31, 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

Shawna Hollis
Washington County Auditor

April 3, 2026

Honorable 21st and 335th District Judges,
Honorable Commissioners' Court, and
Citizens of Washington County,

We are pleased to present the Annual Comprehensive Financial Report (ACFR) for Washington County for the fiscal year ended December 31, 2025.

State law (V.T.C.A. LGC §§114.025 and 115.045) requires the County to publish a complete set of financial statements in conformity with Generally Accepted Accounting Principles (GAAP), audited in accordance with Generally Accepted Auditing Standards (GAAS) by a licensed firm of certified public accountants.

This report consists of management's representations regarding the County's finances. As such, management assumes full responsibility for the completeness and reliability of all information presented. To ensure accuracy, the County has established a comprehensive internal control framework designed to:

- Safeguard the County's assets against loss, theft, or misuse.
- Compile reliable financial information for preparing GAAP-compliant financial statements.

Since the cost of internal controls should not outweigh their benefits, the County's framework provides reasonable assurance that the financial statements are free from material misstatement. Responsibility for internal controls is shared by the Commissioners' Court (governing body), the County Auditor (appointed by District Judges), and the County Treasurer. We believe that the County's internal accounting controls adequately safeguard assets and ensure proper recording of financial transactions. To the best of our knowledge this financial report is complete and reliable in all material respects.

Washington County Courthouse Annex - 105 W. Main, Suite 101
Brenham, Texas 77833-3693
(979) 277-6229

Independent Audit

The County's financial statements have been audited by Singleton Clark, a firm of licensed certified public accountants. The purpose of this independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended December 31, 2025, are free from material misstatement. The audit involved:

- Examining evidence supporting amounts and disclosures in the financial statements on a test basis.
- Assessing accounting principles used and financial statement presentation.
- Evaluating overall financial reporting.

The independent auditors' report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require a narrative introduction, overview, and analysis of the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Washington Couty's MD&A can be found immediately following the report of the independent auditors.

Profile of Washington County

Incorporated in 1836, Washington County is centrally located in Texas' Golden Triangle, within proximity to major cities:

- 70 miles from Houston
- 90 miles from Austin
- 158 miles from San Antonio
- 210 miles from Dallas/Fort Worth
- 40 miles from Bryan/College Station

The County covers approximately 610 square miles and had a 2020 census population of 35,805 (a 6.2% increase from 2010). It is empowered to levy property taxes on real and personal property within its boundaries.

The County operates as a public corporation and political subdivision of the State of Texas, governed by a five-member Commissioners' Court, in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County Judge, elected at large, serves a four-year term, while Commissioners serve staggered four-year terms.

The Commissioners' Court Responsibilities are:

- Setting the tax rate and approving the County budget.
- Establishing operational policies and approving financial commitments.
- Developing county-wide policies and appointing department heads.

The County Auditor, appointed by District Judges for two-year terms, oversees financial systems and ensures funds are properly managed before Commissioners' Court approval.

Local Economy and Financial Condition

Washington County's economic stability is supported by several factors:

- Sales tax revenue held steady, reflecting sustained consumer activity.
- Expansion in the manufacturing and logistics sectors.
- Strategic investments in infrastructure, including road improvements and broadband expansion in rural areas.

The County's unemployment rate remained low, and population growth continued at a steady pace, contributing to a stable and expanding tax base.

Key Economic Developments:

- Stanpac: Continued facility growth and investment.
- Valmont Industries: Began construction of a new press building. It is expected to add approximately 140 new jobs.
- Brenham Crossing Shopping Center: Began a new phase of construction of multi-tenant retail buildings.

Long-Term Financial Planning

Washington County operates under a balanced budget as required by Texas law. The Commissioners' Court emphasizes maintaining sufficient fund balances to cover first-quarter obligations and retain a strong financial position. These reserves help maintain high bond ratings and financial stability.

Cash Management & Risk Mitigation

- Investment Policy: The County Treasurer oversees investments, prioritizing security, liquidity, and yield. Investments include bank certificates of deposit, money market funds, and government investment pools.
- Insurance & Risk Management: The County insures against catastrophic losses through private carriers and Texas Association of Counties coverage. Employee accident prevention training further minimizes risks.

Major Initiatives

- Washington County Jail: Kitchen and laundry remodel and expansion.
- Washington County Records Storage Facility. Construction began on the A.T.S. (Archives, Technology and Services) building.
- Upcoming Projects: EMS station at Lake Somerville, Rodeo Arena, Jail roof project.

Acknowledgments

The preparation of this report would not have been possible without the dedication of the County Auditor’s Office, County Treasurer, Human Resources Office, and our independent auditing firm, Singleton Clark. We also extend appreciation to the County Judge, Commissioners’ Court, and all County employees for their commitment to financial excellence.

Respectfully submitted,

Shawna Hollis

Shawna Hollis
Washington County Auditor

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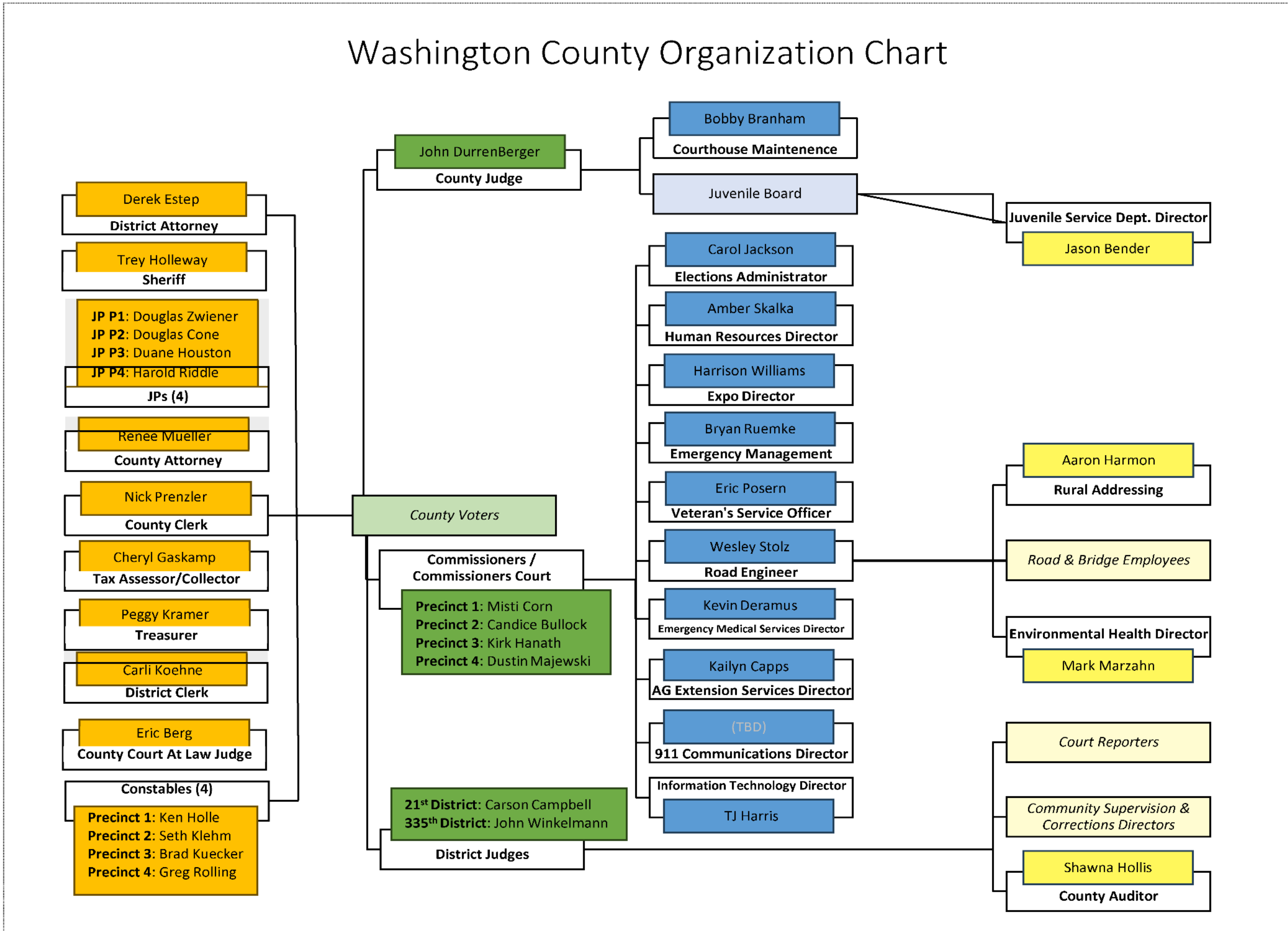
Washington County Organization Chart
John DurrenBerger
County Judge
Bobby Branham
Courthouse Maintenence
Juvenile Board
Juvenile Service Dept. Director
Jason Bender
Derek Estep
District Attorney
Trey Holleway
Sheriff
JP P1: Douglas Zwiener
JP P2: Douglas Cone
JP P3: Duane Houston
JP P4: Harold Riddle
JPs (4)
Renee Mueller
County Attorney
Nick Prenzler
County Clerk
Cheryl Gaskamp
Tax Assessor/Collector
Peggy Kramer
Treasurer
Carli Koehne
District Clerk
Eric Berg
County Court At Law Judge
Constables (4)
Precinct 1: Ken Holle
Precinct 2: Seth Klehm
Precinct 3: Brad Kuecker
Precinct 4: Greg Rolling
County Voters
Commissioners /
Commissioners Court
Precinct 1: Misti Corn
Precinct 2: Candice Bullock
Precinct 3: Kirk Hanath
Precinct 4: Dustin Majewski
21st District: Carson Campbell
335th District: John Winkelmann
District Judges
Carol Jackson
Elections Administrator
Amber Skalka
Human Resources Director
Harrison Williams
Expo Director
Bryan Ruemke
Emergency Management
Eric Posern
Veteran's Service Officer
Wesley Stolz
Road Engineer
Kevin Deramus
Emergency Medical Services Director
Kailyn Capps
AG Extension Services Director
(TBD)
911 Communications Director
Information Technology Director
TJ Harris
Aaron Harmon
Rural Addressing
Road & Bridge Employees
Environmental Health Director
Mark Marzahn
Court Reporters
Community Supervision &
Corrections Directors
Shawna Hollis
County Auditor

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WASHINGTON COUNTY, TEXAS
PRINCIPAL COUNTY OFFICIALS
AS OF DECEMBER 31, 2025

TITLE	**NAME**
County Judge	John Durrenberger
County Commissioner, Precinct 1	Misti Hartstack Corn
County Commissioner, Precinct 2	Candice Bullock
County Commissioner, Precinct 3	Kirk Hanath
County Commissioner, Precinct 4	Dustin Majewski
County Auditor	Shawna Hollis
County Treasurer	Peggy Kramer
County Clerk	Nicholas Prenzler
District Clerk	Carli Kohene
Elections Administrator	Carol Jackson
Tax Assessor – Collector	Cheryl Gaskamp
Sheriff	Trey Holleway
County Attorney	Renee Mueller
Emergency Medical Director	Kevin Deramus
Emergency Management Coordinator	Bryan Ruemke
Information Technology Director	Terrance Harris
Human Resources Director	Amber Skalka
Expo Director	Harrison Williams
Road and Bridge Administrator	Wesley Stolz
District Judge, 21st Judicial District	Carson Campbell
District Judge, 335th Judicial District	John Winkelmann
District Attorney	Derek Estep

FINANCIAL SECTION

Singleton Clark
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable County Judge and Members of Commissioners' Court
Washington County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Washington County, Texas (the "County") as of and for the year ended December 31, 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 financial statements referred to above 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 December 31, 2025, and the respective changes in financial position, and the budgetary comparison for the General Fund, Road and Bridge Fund, and the American Rescue Plan Act for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Cedar Park Office (HQ)
1130 Cottonwood Creek Trail, B4
Cedar Park, Texas 78613

(800) 272-9922
www.SingletonClark.com

Alpine Office
108 N. 5th Street
Alpine, Texas 79830

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Washington County, Texas'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 Washington County, Texas'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 section which precedes the basic financial statements and the pension and other post-employment benefits liabilities related schedules following the notes to the financial statements be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Washington County, Texas's basic financial statements. The combining and individual fund financial statements and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of non-major governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included within the annual report. Our opinions on the basic financial statements do not cover this other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2026 on our consideration of Washington County, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Washington County, Texas's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Washington County, Texas's internal control over financial reporting and compliance.

Singleton, Clark & Company, PC

Singleton, Clark & Company, P.C.
Cedar Park, Texas

April 3, 2026

As management of the Washington County, Texas (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 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 i-v of this report.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $74,346,702 (*net position*). Of this amount, $23,902,895 represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors.

- The County's total net position increased by $7,870,278 primarily due to the capitalization of ongoing construction projects that were expensed on the fund level.

- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of $28,333,566, an increase of $1,698,027 in comparison with the prior year approximately 63% of this amount, or $17,833,978 is available for spending at the County's discretion (unassigned fund balance).

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $17,833,978 and represented 44% of total General Fund expenditures.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

The *statement of net position* presents financial information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the 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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general administration, judicial, legal, elections, financial administration, public facilities, public safety, public transportation, health and welfare, culture and recreation, and conservation. The County currently does not have any business-type activities.

The government-wide financial statements can be found on pages 14-15 of this report.

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

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

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

The County maintains forty-six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Road and Bridge Fund, and the American Rescue Plan Act, each of which are considered to be major funds. Data from the other forty-three governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The County adopts an annual appropriated budget for the General Fund, Road and Bridge, SB 22, Opioid Settlement Fund, JP Technology Fund, District Attorney LEOSE Fund, District Attorney Hot Check Fund, Ambulance Service Supplement, American Rescue Plan Act, EMS Donations Fund, Rural Addressing Fund, Law Library Fund, Check and Process Fund, Sheriff Escrow Fund, Child Foster Care Fund, District Attorney Forfeiture Fund, Sheriff Forfeiture Fund, Records Management Preservation – County Clerk, Records Management Preservation – District Clerk, County and District Court Technology Fund, Record Preservation Fund, Archive Fee County Clerk Fund, personnel Employee Testing, Constable Number One Training Fund, Constable Number Two Training Fund, Constable Number Three Training Fund, Constable Number Four Training Fund, Pecan Glen Road District Debt Service Fund, Tax Note Series 2007, Capital Projects Fund, Courthouse Security Fund, District Court Archive, Unclaimed Abandoned Property Fund, Homeland Security Fund, Community Development Program Fund, Tobacco Settlement Fund, Clerk Election Fund, Rural Health Pilot Program Fund, Bail Bond, SO Training, Sheriff's Donation, Hotel Motel Tax, Healthy County Rewards, and County Attorney Pretrial Diversion.

Budgetary comparison schedules have been provided for all funds with budgeted appropriations.

The basic governmental fund financial statements can be found on pages 18-25 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Private-Purpose Trust funds account for assets held by the government under the terms of a formal trust agreement. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds *are* not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 26-27 of this report.

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

The notes to the financial statements can be found on pages 31-57 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information.* Required supplementary information can be found after the notes on pages 60-73 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a County's financial health. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows by $74,346,702 at the close of the most recent fiscal year.

Table I
Washington County, Texas' Net Position

	Governmental Activities 2025	Governmental Activities 2024	Change
ASSETS			
Current & Other Assets	$ 62,041,007	$ 60,595,535	$ 1,445,472
Capital Assets	41,255,754	37,998,374	3,257,380
Total Assets	103,296,761	98,593,909	4,702,852
DEFERRED OUTFLOWS			
Deferred Outflows	2,483,233	2,963,139	(479,906)
LIABILITIES			
Current Liabilities	4,300,031	6,226,819	(1,926,788)
Long-term Liabilities	8,051,216	11,050,381	(2,999,165)
Total Liabilities	12,351,247	17,277,200	(4,925,953)
DEFERRED INFLOWS			
Deferred Inflows	19,082,045	17,803,424	1,278,621
NET POSITION			
Net Investment in Capital Assets, net of Related Debt	37,984,428	35,426,207	2,558,221
Restricted	12,459,379	10,190,968	2,268,411
Unrestricted	23,902,895	20,859,249	3,043,646
Total Net Position	$ 74,346,702	$ 66,476,424	$ 7,870,278

A portion of the County's net position, approximately 51%, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The County uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position, about 17%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of $23,902,895 is unrestricted and may be used to meet the County's ongoing obligations to its citizens and creditors. At the end of the current fiscal year, the County is able to report positive balances in all reported categories of net position.

Table II
Washington County, Texas' Changes in Net Position

	Governmental Activities 2025	Governmental Activities 2024	Change
Revenues:			
Program Revenues:			
Charges for Services	$ 13,530,340	$ 8,901,447	$ 4,628,893
Operating Grants & Contributions	3,902,631	3,513,909	388,722
Capital Grants and Contributions	140,650	-	140,650
General Revenues:			
Property Taxes	31,532,986	31,827,710	(294,724)
General Sales and Use Taxes	5,289,108	5,010,639	278,469
Investment Income	1,972,871	1,883,893	88,978
Other Revenue	1,398,485	1,341,918	56,567
Total Revenue	57,767,071	52,479,516	5,287,555
Expenses:			
General Administration	7,112,209	6,528,656	583,553
Judicial	2,688,080	2,634,292	53,788
Legal	2,237,606	2,331,691	(94,085)
Elections	286,160	310,581	(24,421)
Financial Administration	1,349,586	1,477,128	(127,542)
Public Facilities	694,997	464,843	230,154
Public Safety	10,031,571	10,685,508	(653,937)
Public Transportation	5,733,191	5,481,772	251,419
Health and Welfare	18,640,345	14,578,436	4,061,909
Culture and Recreation	1,076,718	1,020,389	56,329
Conservation	235,560	229,043	6,517
Interest on Long-Term Debt	156,858	145,515	11,343
Total Expenses	50,242,881	45,887,854	4,355,027
Increase (Decrease) in Net Position before Special Items	7,524,190	6,591,662	932,528
Special Items:			
Gain (loss) on Disposal of Assets	346,088	505,410	(159,322)
Total Special Items	346,088	505,410	(159,322)
Increase (Decrease) in Net Position	7,870,278	7,097,072	773,206
Net Position - Beginning	66,476,424	59,379,352	7,097,072
Net Position - Ending	$ 74,346,702	$ 66,476,424	$ 7,870,278

Financial Analysis of Governmental Funds

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

Governmental Funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, County itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by Commissioners' Court.

At December 31, 2025, the County's governmental funds reported combined fund balances of $28,333,566, an increase of $1,698,027 in comparison with the prior year. Approximately 63% of this amount, or $17,833,978 constitutes *unassigned fund balance,* which is available for spending at the County's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form $1,338,301, 2) legally required to be maintained intact $-0-, 3) restricted for particular purposes $8,821,517 4) committed for particular purposes $-0-, or 5) assigned for particular purposes $339,770.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $17,833,978. The fund balance of the County's General Fund increased by $1,267,530 to an ending fund balance of $18,173,748 during the current fiscal year. The increase was due to higher than originally anticipated property tax collections and EMS related revenues.

The Road and Bridge Fund had a decrease of $208,131 to end at a fund balance of $3,124,532. This decrease aligns with an originally budgeted decrease that was offset by lower than originally budgeted expenditures and the sale of capital assets.

The American Rescue Plan Act fund had matching expenditures and intergovernmental revenue of $2,744,082. This fund had an increase in fund balance of $78,445 to end at $579,352 which resulted from residual interest earnings.

The Non-Major Governmental Funds had an increase of $560,183 in aggregate fund balance. The primary reason for this increase was higher than originally anticipated property tax and investment income in the Pecan Glen Road District Debt Service Fund and higher than originally anticipated intergovernmental revenues in the Tobacco Settlement fund.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year, budgetary amendments made to the County Communications, Non-Departmental, County Courthouse, Sheriff, County Jail, Indigent Health Care, EMS Services, Aviation, Fairgrounds, Debt Service, and Capital Outlay departments of the General Fund were considered significant.

Capital Assets and Debt Administration

Capital assets. The County's investment in capital assets for its governmental activities as of December 31, 2025, amounts to $41,255,754 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, and bridges. The total increase in capital assets for the current fiscal year was approximately 8.6%. The increase was attributed to additions of land, construction in progress, and infrastructure outpacing overall depreciation and amortization of assets.

Table III
Washington County, Texas' Capital Assets

	Governmental Activities 2025	Governmental Activities 2024	Change
Land	$ 969,074	$ 965,954	$ 3,120
Construction in Progress	4,216,920	192,104	4,024,816
Buildings and Improvements	23,959,349	23,426,574	532,775
Machinery and Equipment	98,096,373	18,532,972	79,563,401
Infrastructure	20,965,812	95,926,262	(74,960,450)
Right to Use Lease Assets	2,358,647	2,609,294	(250,647)
SBITA Assets	121,269	121,269	-
Total	150,687,444	141,774,429	8,913,015
Less Accumulated Depreciation	(109,431,690)	(103,776,055)	(5,655,635)
Capital assets, net of depreciation	$ 41,255,754	$ 37,998,374	$ 3,257,380

Additional information on the County's capital assets can be found in Note II.D on page 42 of this report.

Long-term Debt. At the end of the current fiscal year, the County had total debt outstanding of $4,158,118.

Table IV
Washington County, Texas' Outstanding Debt

	Governmental Activities 2025	Governmental Activities 2024	Change
General Obligation Bonds	$ 825,000	$ 1,280,000	$ (455,000)
Notes Payable	876,527	-	876,527
Premium on Bonds	-	18,950	(18,950)
Right to Use Lease Assets Payable	773,261	1,226,270	(453,009)
SBITA Payable	30,760	63,397	(32,637)
Compensated Absences	1,652,570	1,850,543	(197,973)
Liability for Unfunded OPEB	249,802	3,146,223	(2,896,421)
Liability for Unfunded Pension	3,643,296	3,464,998	178,298
Total	$ 8,051,216	$ 11,050,381	$ (2,999,165)

Additional information on the County's long-term debt can be found in Note II.F on pages 43-46 of this report.

Economic Factors and Next Year's Budgets and Rates

The County's local economy remains stable, supported by modest increases in property values. The County adopted a 2025 tax rate of $0.3840 per $100 valuation to fund calendar year 2026. This budget will raise more total property taxes than last year's budget by $2,201,805 or 7.58%. This increase is primarily due to new property added to the tax roll this year which generated $568,993 in tax revenue. Management believes that current economic conditions will allow the County to maintain stable financial operations through the next year.

Requests for Information

This financial report is designed to provide a general overview of the County finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Washington County Auditor, 105 W. Main St. Suite 104, Brenham, Texas, 77833 or by calling (979) 277-6229.

WASHINGTON COUNTY, TEXAS
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Primary Government Governmental Activities
ASSETS	
Cash and Cash Equivalents	$ 28,969,720
Investments	17,149,153
Property Taxes Receivable	13,442,510
Allowance for Uncollectible Taxes	(1,630,483)
Accounts Receivable	1,677,735
Due from Other Governments	1,094,071
Inventories	1,338,301
Capital Assets not Being Depreciated:	
Land	969,074
Construction in Progress	4,216,920
Capital Assets Net of Accumulated Depreciation and Amortization	
Buildings and Improvements	10,715,183
Infrastructure	16,923,862
Machinery, Equipment, and Vehicles	7,852,931
Right to Use Lease Assets	544,980
Subscription-Based IT Assets	32,804
Total Assets	103,296,761
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Outflows	2,368,599
Deferred OPEB Outflows	114,634
Total Deferred Outflows of Resources	2,483,233
LIABILITIES	
Accounts Payable	1,553,058
Interest Payable	32,032
Accrued Salaries and Benefits	1,714,810
Other Current Liabilities	116,601
Unearned Revenues	77,029
Due to Other Governments	806,501
Noncurrent Liabilities:	
Due Within One Year	1,006,504
Due in More Than One Year	3,151,614
Net Pension Liability	249,802
Other Post-Employment Benefits Liability	3,643,296
Total Liabilities	12,351,247
DEFERRED INFLOWS OF RESOURCES	
Taxes Collected in Advanced	17,627,414
Deferred Inflows - Pension	786,453
Deferred Inflows - OPEB	668,178
Total Deferred Inflows of Resources	19,082,045
NET POSITION	
Net Investment in Capital Assets	37,984,428
Restricted for State and Federal Programs	590,657
Restricted for Debt Service	2,467,577
Restricted for Roads and Bridges	5,395,048
Restricted for Other Purposes	4,006,097
Unrestricted	23,902,895
Total Net Position	$ 74,346,702

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

WASHINGTON COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Functions/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Primary Government Governmental Activities
Primary Government:					
Governmental Activities:					
General Administration	$ 7,112,209	$ 612,621	$ -	$ -	$ (6,499,588)
Judicial	2,688,080	489,820	240,119	-	(1,958,141)
Legal	2,237,606	164,973	-	-	(2,072,633)
Elections	286,160	5,230	-	-	(280,930)
Financial Administration	1,349,586	20,227	-	-	(1,329,359)
Public Facilities	694,997	230,225	-	140,650	(324,122)
Public Safety	10,031,571	610,328	491,960	-	(8,929,283)
Public Transportation	5,733,191	885,119	26,714	-	(4,821,358)
Health and Welfare	18,640,345	10,428,950	3,143,838	-	(5,067,557)
Culture and Recreation	1,076,718	82,847	-	-	(993,871)
Conservation	235,560	-	-	-	(235,560)
Debt Interest	156,858	-	-	-	(156,858)
Total Governmental Activities:	$ 50,242,881	$ 13,530,340	$ 3,902,631	$ 140,650	(32,669,260)

General Revenues:	
Property Taxes	31,532,986
General Sales and Use Taxes	5,289,108
Investment Income	1,972,871
Other Revenue	1,398,485
Total General Revenues	40,193,450
Change in Net Position Before Special Items	7,524,190
Gain (Loss) on Disposal of Capital Assets	346,088
Change in Net Position	7,870,278
Net Position - Beginning	66,476,424
Net Position - Ending	$ 74,346,702

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

WASHINGTON COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund	Road and Bridge	American Rescue Plan Act
ASSETS			
Cash and Cash Equivalents	$ 15,162,894	$ 5,833,262	$ 768,809
Investments	17,149,153	-	-
Property Taxes Receivable	10,551,100	2,838,145	-
Allowance for Uncollectible Taxes	(1,055,110)	(567,629)	-
Accounts Receivable (net of allowance)	1,677,735	-	-
Due from Other Funds	1,020,124	121,345	-
Due from Other Governments	937,004	12,537	-
Inventories	-	1,338,301	-
Total Assets	$ 45,442,900	$ 9,575,961	$ 768,809
LIABILITIES			
Accounts Payable	$ 1,205,102	$ 202,393	$ 112,428
Accrued Salaries and Benefits	1,526,470	170,962	-
Due to Other Funds	1,137,491	18,016	-
Other Current Liabilities	113,438	3,163	-
Unearned Revenues	-	-	77,029
Due to Other Governments	-	-	-
Total Liabilities	3,982,501	394,534	189,457
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Property Taxes	9,495,990	2,270,516	-
Deferred Inflows - Taxes Collected in Advanced	13,790,661	3,786,379	-
Total Deferred Inflows of Resources	23,286,651	6,056,895	-
FUND BALANCES (DEFICITS)			
Nonspendable:			
Inventories	-	1,338,301	-
Restricted for:			
State and Federal Grants	-	-	579,352
Roads and Bridges	-	1,786,231	-
Debt Service	-	-	-
Capital Projects	-	-	-
Other Purposes	-	-	-
Assigned for:			
Capital Expenditures	339,770	-	-
Unassigned	17,833,978	-	-
Total Fund Balances	18,173,748	3,124,532	579,352
Total Liabilities and Fund Balances	$ 45,442,900	$ 9,575,961	$ 768,809

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

Total Non-Major Funds	Total Governmental Funds
$ 7,204,755	$ 28,969,720
-	17,149,153
53,265	13,442,510
(7,744)	(1,630,483)
-	1,677,735
14,672	1,156,141
144,530	1,094,071
-	1,338,301
$ 7,409,478	$ 63,197,148
$ 33,135	$ 1,553,058
17,378	1,714,810
634	1,156,141
-	116,601
-	77,029
806,501	806,501
857,648	5,424,140
45,522	11,812,028
50,374	17,627,414
95,896	29,439,442
-	1,338,301
11,305	590,657
-	1,786,231
2,422,055	2,422,055
16,477	16,477
4,006,097	4,006,097
-	339,770
-	17,833,978
6,455,934	28,333,566
$ 7,409,478	$ 63,197,148

WASHINGTON COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025

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

Total Fund Balances - Governmental Funds		$ 28,333,566
Capital assets and related accumulated depreciation used in governmental activities are not current financial resources, and therefore not reported in the funds. These are detailed as follows:		
Governmental activities capital assets	$ 150,687,444	
Less accumulated depreciation	(109,431,690)	41,255,754
Net pension and other post-employment assets or liabilities as well as related deferred inflows and outflows are not reported in the governmental funds, but are reported on the Statement of Net Positon. These amounts are detailed as follows:		
Net Pension Liability	(249,802)	
Deferred outflows related to pensions	2,368,599	
Deferred inflows related to pensions	(786,453)	
Other post-employment benefits liability	(3,643,296)	
Deferred outflows related to other post-employment benefits	114,634	
Deferred inflows related to other post-employment benefits	(668,178)	(2,864,496)
Uncollected property taxes are not available to pay for current operations and are therefore not recorded within the fund balance of the governmental funds. These amounts are however recorded in the statement of net position, net of an allowance for uncollectible amounts.		11,812,028
Long-term liabilities, such as bonds and notes payable, are not due and payable in the current period, and therefore not reported as liabilities in the governmental funds. These are detailed as follows:		
Bonds payable, including unamortized premiums	(825,000)	
Notes Payable	(876,527)	
Right to use lease assets & SBITA Payables	(804,021)	
Compensated absences	(1,652,570)	(4,158,118)
Accrued interest on long-term debt related to governmental activities is not due and payable in the current period and therefore not reported in the governmental funds but is reported on the Statement of Net Position.		(32,032)
Net Position of Governmental Activities		$ 74,346,702

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

WASHINGTON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund	Road and Bridge	American Rescue Plan Act
REVENUES			
Property Taxes	$ 20,751,042	$ 5,719,569	$ -
General Sales and Use Taxes	5,082,717	-	-
Fines, Fees, and Permits	256,129	1,084,082	-
Charges for Services	11,641,322	-	-
Rent and Lease Revenue	271,871	3,904	-
Investment Income	1,335,758	260,271	78,445
Intergovernmental Revenues	774,441	277,433	2,744,082
Other Revenue	849,549	164,794	-
Total Revenues	40,962,829	7,510,053	2,822,527
EXPENDITURES			
Current:			
General Administration	6,352,630	-	-
Judicial	2,426,857	-	-
Legal	1,735,676	-	-
Elections	252,064	-	-
Financial Administration	1,212,209	-	-
Public Facilities	614,321	-	-
Public Safety	9,023,287	-	-
Public Transportation	-	5,108,843	-
Health and Welfare	13,104,838	-	288,073
Culture and Recreation	826,217	-	-
Conservation	209,835	-	-
Debt Service:			
Principal	658,084	-	-
Interest	136,646	-	-
Fees	-	-	-
Capital Outlay	4,352,409	2,778,346	2,456,009
Total Expenditures	40,905,073	7,887,189	2,744,082
Excess (Deficiency) of Revenue Over Expenditures	57,756	(377,136)	78,445
OTHER FINANCING SOURCES (USES)			
Loan Proceeds	1,003,342	-	-
Transfers In	1,056,775	500,000	-
Sale of Capital Assets	177,083	169,005	-
Proceeds from Right to Use Lease Assets	45,623	-	-
Transfers Out	(1,073,049)	(500,000)	-
Total Other Financing Sources (Uses)	1,209,774	169,005	-
Net Change in Fund Balance	1,267,530	(208,131)	78,445
Fund Balance - Beginning	16,906,218	3,332,663	500,907
Fund Balance - Ending	$ 18,173,748	$ 3,124,532	$ 579,352

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

Total Non-Major Funds	Total Governmental Funds
$ 596,660	$ 27,067,271
206,391	5,289,108
1,485	1,341,696
266,317	11,907,639
5,230	281,005
298,397	1,972,871
405,849	4,201,805
225,618	1,239,961
2,005,947	53,301,356
229,186	6,581,816
270	2,427,127
253,492	1,989,168
5,864	257,928
-	1,212,209
-	614,321
52,973	9,076,260
-	5,108,843
153,352	13,546,263
126,736	952,953
-	209,835
455,000	1,113,084
27,765	164,411
400	400
157,000	9,743,764
1,462,038	52,998,382
543,909	302,974
-	1,003,342
16,274	1,573,049
-	346,088
-	45,623
-	(1,573,049)
16,274	1,395,053
560,183	1,698,027
5,895,751	26,635,539
$ 6,455,934	$ 28,333,566

WASHINGTON COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

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

Net Change in Fund Balances - Total Governmental Funds		$ 1,698,027
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. In addition, depreciation expense is only reported on the Statement of Activities.		
Expenditures for capitalized assets	$ 9,743,764	
Less current year depreciation	(6,486,384)	3,257,380
Long-term liabilities, such as bonds and notes payable, are not recorded within the governmental funds due to them not representing current liabilities. When principal repayments are made on these obligations, they represent expenditures in the governmental funds and reduce long-term liabilities in the statement of activities.		
Payments on long-term debt	1,113,084	
Issuance of new long-term debt	(1,048,965)	
Amortization of premiums on long-term debt	18,950	
Change in long-term liabilities for compensated absences	197,973	281,042
Accrued interest on long-term debt is not recognized in the governmental funds until paid. However, it is recognized in the Statement of Activities as it accrues.		(10,997)
Revenues in the statements of activities for property taxes are recognized in the period levied, not collected. Therefore the uncollected property taxes of the current period increase the change in net position.		4,465,715
Revenues in the statement of activities are recognized in the period earned rather than when collected. Accordingly, adjustments related to EMS revenues, including timing differences between periods, are reflected in the change in net position.		(3,503,784)
Governmental funds report pension and other post-employment benefit contributions as current year expenditures. However, these costs are measured actuarially in the statement of activities. These differences in recognition between the governmental funds and Statement of Activities for these items is as follows:		
Current year pension expense	1,657,877	
Current year other post-employment benefits expense	25,018	1,682,895
Change in Net Position- Governmental Activities		$ 7,870,278

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

WASHINGTON COUNTY, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2025

	Custodial Funds	Private - Purpose Trust Funds
ASSETS		
Cash and Cash Equivalents	$ 4,944,219	$ 2,152,925
Total Assets	4,944,219	2,152,925
LIABILITIES		
Due to Other Governments	105,327	-
Total Liabilities	105,327	-
NET POSITION		
Restricted for Governments and Others	4,838,892	-
Held in Trust for Other Purposes	-	2,152,925
Total Net Position	$ 4,838,892	$ 2,152,925

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

WASHINGTON COUNTY, TEXAS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Custodial Funds	Private - Purpose Trust Funds
ADDITIONS		
Investment Income	$ 3,804	$ 104,886
Lease Income	-	511,530
Fees of Office	1,923,983	-
Contributions from Individuals and Other Governments	25,594,085	-
Miscellaneous	300	-
Total Additions	27,522,172	616,416
DEDUCTIONS		
Administrative Expenses	-	70,718
Payments to Schools	-	336,297
Payments to Individual and Other Governments	29,549,055	-
Total Deductions	29,549,055	407,015
Change in Net Position	(2,026,883)	209,401
Net Position - Beginning	6,865,775	1,943,524
Net Position - Ending	$ 4,838,892	$ 2,152,925

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide 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 nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

The Washington County, Texas (government) is a public corporation governed by an elected county judge and four-member governing court (court). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Blended Component Unit – The Pecan Glen Road District (the District) was created under state law by order of the Commissioner's Court for the purpose of issuing debt to fund the completion roads within the District. The District is governed by a board of directors comprised of members of the County Commissioner's Court. Capital improvement projects under taken by the District are for the benefit of the County. The District may not issue debt without approval of the County. The County must approve changes to the District's articles of incorporation, may unilaterally terminate the District, and has a residual interest in the net position of the District. The District reports its activities using a debt service fund, and a capital projects fund and it does not issue separate financial statements.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. 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.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government 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 accounted for in another fund.

The *Road and Bridge Fund* accounts for the activities of the Road and Bridge department. Revenues for this fund consist principally of ad valorem taxes levied for highway maintenance, and certain fees and finds designated for road construction and maintenance.

The *American Rescue Plan Act* accounts for the activities to recover from the COVID-19 pandemic impact. The funding for the fund is provided from a federal grant.

Additionally, the government reports the following fund types:

Special Revenue Funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

The *Capital Projects Fund* accounts for the acquisition and construction of the government's major capital facilities.

Debt Service Funds are used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Private-Purpose Trust Funds are used to account for resources legally held in trust for use of other governmental entities. All resources of the funds, including any earnings on invested resources, may be used. The three trust funds hold land for school districts, collect the rentals for the land, and pay administrative expenses related to the land.

Custodial Funds are used to account for assets held by the government as a custodian for individuals, private organizations, and/or other governments, The activities consist of collecting fees and taxes from the public for the operating funds and other governments, and remitting these amounts to the proper party. Additionally, the County Clerk and District Clerk hold funds in trust for parties to lawsuits and estates.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

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

Private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Custodial funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

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

1. Cash and cash equivalents

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.

2. Investments

Investments for the government are reported at fair value (generally based on quoted market prices) except for positions in Local Government Investment Pools when applicable. In accordance with state law, these investment pools operate in conformity with all of the requirements of the Securities and Exchange Commission’s (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the pools qualify as 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The pools are subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

3. 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 non-current portion of interfund loans).

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

Property taxes are levied on October 1 by the County based on the January 1 property values as appraised by the Washington County Central Appraisal District. Taxes are due without penalty until January 31, of the next calendar year. After January 31, the County has an enforceable lien with respect to both real and personal property. Under state law, property taxes levied on real property constitute a perpetual lien on the real property which cannot be forgiven without specific approval of the State Legislature. Taxes applicable to personal property can be deemed uncollectable by the County.

4. Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) right to use equipment leases, and right to use software agreements, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the County as assets with an initial, individual cost of more than $5,000 and an estimated useful life of more than one year.

As the County constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, infrastructure, right to use equipment leases, and right to use software agreements of the primary government are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings	20-30 Years
Infrastructure	20-45 Years
Machinery and Equipment	5-10 Years
Right to Use Leases	Lease Term
Right to Use Software Agreements	Subscription Term

6. Compensated Absences

The County has a compensated absences policy that awards PTO hours to each applicable full-time employee that is earned monthly. These amounts that are earned monthly total to an annual amount of PTO earned that ranges from 135 hours to 360 hours. PTO hours are accrued beyond the fiscal year in which they are awarded and can be used by employees in future years. There is currently a limit for maximum accrued PTO carry forward to subsequent fiscal years that ranges from 480 hours to 664 hours. The County’s policy states that separation eligible employees can receive cash payouts for unused PTO hours.

This payout varies based on tenure with the county and ranges from 0 hours to 240 hours being eligible for payout. The payout rate is the most recent hourly rate in place upon separation of the employee.

The County's Compensated Absences Liability represents only days that accumulate beyond one fiscal year, are for services already rendered, and are considered more likely than not to be utilized or paid in cash. The County has reported an ending liability balance of $1,652,570 for the year ended December 31, 2025. Of this ending balance, the County considers $288,282 to be due within 1 year.

There were no significant changes of the County's policies or rates of usage for the year ended December 31, 2025.

Compensated absences are reported with long-term debt on the statement of net position.

The County determines the Compensated Absences Liability by calculating each employees accrued PTO as of the balance sheet date and multiplying those PTO days by the employee's daily rate. Based on County policy, the County then subcategorizes those extended costs to those which are eligible for cash payment and those which are not as of the balance sheet date. Extended costs not eligible for cash payment as of the balance sheet date are then analyzed for long-term usage rates based on the best available historical data. The County applies a First-in, First-Out (FIFO) flow assumption as it relates to compensated absences. Once a usage rate is calculated, a percentage of PTO days that are awarded and subsequently go entirely unused is estimated and applied against the gross Compensated Absences Liability to calculate a net Compensated Absences Liability. The County then analyzes the best available historical data to estimate near-term usage rates in order to determine the estimated current portion of the liability.

The changes in the Compensated Absences Liability in a fiscal year is recognized as expense and reported as an adjustment in accordance with Governmental Accounting Standards Board Statement No. 101 – *Compensated Absences*. This adjustment represents the net change which includes additions and deletions to the County's Compensated Absences Liability. Additions include PTO hours earned during the year. Deletions to the Compensated Absences Liability include PTO hours that are utilized during the fiscal year and days that are compensated by cash payment when eligible.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums as well as issuance costs expended for issuance are deferred and amortized over the life of the bonds using the straight line method which approximate the effective interest method. Bonds payable are reported net of the applicable bond premium.

In the fund financial statements, governmental fund types recognize bond premiums 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Deferred Outflows/Inflows of Resources on Pensions and OPEB

Deferred outflows and deferred inflows of resources are recognized for: 1) Changes in total pension and OPEB liability arising from differences between expected and actual experience with regard to economic or demographic factors, 2) The effects of changes of assumptions about future economic or demographic factors or of other inputs, 3) Differences between projected and actual investment earnings on defined benefit pension and OPEB plan investments.

Deferred outflows of resources are also used to report the County's contribution to Texas County and District Retirement System (TCDRS) subsequent to the measurement date of the net pension and OPEB liability and before the end of the reporting period.

9. Right to Use Lease Assets Payable

The County leases various equipment under a master lease, and recognizes the lease liabilities 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 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 s initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease is amortized on a straight line basis over the lease term.

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 implicit interest rate in the lease as the discount rate
- The lease term included the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonable certain to exercise.

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

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

10. Subscription-Based Information Technology Arrangements (SBITAs)

The County has entered into several subscription-based contracts to used vendor-provided information technology, and recognizes the SBITA liabilities and an intangible right to use SBITA asset in the government-wide financial statements. The County measured the SBITA liability at the present value of payments expected to be made during the SBITA agreement term. Subsequently, the SBITA liability is reduced by the principal portion of the payments made. The SBITA asset is initially measured at the amount of the initial measurement of the SBITA liability, adjusted for the payments made at or before the agreement commencement date, plus certain initial direct cots. The SBITA asset is amortized on a straight line basis over the subscription term.

Key estimates and judgements 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 implicit interest rate in the SBITA as the discount rate
- The SBITA term included the non-cancellable period of the SBITA. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option price that the County is reasonable 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.

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

11. Fund Equity

In government-wide financial statements, net position is classified into three categories as follows:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any bonds, mortgages, notes, leases, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - This component of net position consists of those assets whose use is restricted by contributors, laws or regulations of other governments, or by laws through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of those assets that do not meet the definition of “restricted” or “net investment in capital assets”

Governmental funds classify fund balance as follows:

Nonspendable Fund Balance - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed Fund Balance – Amounts can only be used for specific purposes determined by a formal action of the County’s highest level of decision-making authority. The commissioners Court is the highest level of decision-making authority for the County that can, by passage of a resolution through the adoption of a court order prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the court remains in place until a similar action is taken (the passage of a resolution through another court order) to remove or revise the limitation.

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

Fund balance amounts represent the nature of the net resources that are reported in a governmental fund. The County fund balance classifications include non-spendable resources, restricted, and non-restricted (committed, assigned and unassigned) amounts. When the County incurs an expenditure and both restricted and unrestricted amounts are available, the County considers restricted amounts to have been spent. When the County incurs an expenditure for an unrestricted amount, committed amounts are reduced first, followed by assigned amounts and then unassigned amounts for purposes in which any of those unrestricted fund balance classifications could be used.

	General Fund	Road and Bridge	American Rescue Plan Act	Non-Major Governmental Funds	Total Governmental Funds
Fund Balances					
Nonspendable:					
Inventories	$ -	$ 1,338,301	$ -	$ -	$ 1,338,301
	-	1,338,301	-	-	1,338,301
Restricted for:					
State and Federal Grants	-	-	579,352	11,305	590,657
Roads and Bridges	-	1,786,231	-	-	1,786,231
Debt Service	-	-	-	2,422,055	2,422,055
Capital Projects	-	-	-	16,477	16,477
Other Purposes	-	-	-	4,006,097	4,006,097
	-	1,786,231	579,352	6,455,934	8,821,517
Assigned for:					
Capital Expenditures	339,770	-	-	-	339,770
	339,770	-	-	-	339,770
Unassigned	17,833,978	-	-	-	17,833,978
Total Fund Balances	$ 18,173,748	$ 3,124,532	$ 579,352	$ 6,455,934	$ 28,333,566

II. DETAILED NOTED ON ALL FUNDS

A. Cash Deposits with Financial Institutions

At year-end, the carrying amount of the County's cash and cash equivalents on hand was $24,991,556, with $4,809,165 of this being fiduciary cash. All of the bank balance was covered by federal deposit insurance or collateralized by the pledging financial institution with marketable securities held by the depository's agent in the County name.

B. Investments

GASB Statement No. 72 sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1), and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include: 1) Quoted prices for similar assets or liabilities in active markets; 2) Quoted prices for identical or similar assets or liabilities in markets that are not active; Inputs other than quoted prices that are observable for the asset or liability; 4) Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

	Maturity Time in Years	
Investment Type		Less than 1
MBS (Government Bonds & CD)	$	17,149,153
Texas Class Investment Pool		2,159,858
Texstar Investment Pool		6,378,533
TexPool Investment Pool		2,536,935
Total Investments	$	28,224,479

Investments classified as cash equivalents include amounts invested in the local government investment pools with maturities of less than 90 days from the date of purchase. These are included in the maturity schedule above under “Less than 1” for risk disclosure purposes.

Multi-Bank Securities, Inc. (MBS)

Multi-Bank Securities, Inc. (MBS) is a registered broker-dealer offering fixed-income investment services to governmental entities and other institutional investors nationwide. MBS is registered with the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), and the Municipal Securities Rulemaking Board (MSRB), and operates in accordance with SEC Rule 15c3-3 concerning the protection of customer funds and securities.

Investments made through MBS are executed in compliance with the Public Funds Investment Act (PFIA), Chapter 2256 of the Texas Government Code, and the County’s adopted investment policy. The County utilizes MBS to purchase authorized investment instruments, including obligations of the U.S. Treasury and U.S. government agencies, as well as certificates of deposit issued by FDIC-insured financial institutions. All securities are held in the County’s name by the County’s safekeeping institution.

Texas CLASS

Texas CLASS is a local government investment pool created to meet the cash management and short-term investment needs of Texas governmental entities. Texas CLASS seeks to provide participants with a competitive market yield while maintaining daily liquidity and a stable net asset value. Fund management expects the fund to maintain a maximum dollar-weighted average maturity of 60 days or less, and all investments will have a maximum maturity of 397 days or less, except for variable rate securities issued by the U.S. Treasury or agencies in instrumentalities, which carry a maximum maturity of 762 days. Eligible investments include securities issued or guaranteed by the U.S. government, its agencies, or instrumentalities, and repurchase agreements.

Public Trust Advisors, LLC serves as the pool's administrator and investment adviser. The marketing and operation functions of the portfolio are also performed by Public Trust Advisors, LLC. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board, both of which are elected by the Texas CLASS Participants. Wells Fargo Bank, N.A. serves as custodian for the pool.

TexSTAR

TexSTAR is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, of the Texas Government Code, and the Public Funds Investment Act, chapter 2256, of the Texas Government Code. The pool was created in April 2002 through a contract among its participating governmental units, and is governed by a board of directors (the board) to provide for the joint investments of participant's public funds and funds under their control. TexSTAR's policy seeks to invest pooled assets in a manner that will provide for preservation and safety of principal and competitive investment returns while meeting the daily liquidity needs of the participants by utilizing economies of scale and professional investment expertise.

Since April 2002, J.P. Morgan Investment Management Inc. (JPMIM) has served as investment adviser to TexSTAR. JPMIM is an SEC registered investment adviser and an affiliate of J.P. Morgan Asset Management (JPMAM), which is the marketing name for the asset management business of JPMorgan Chase & Co. FirstSouthwest, A Division of Hilltop Securities (FirstSouthwest) and JPMIM serve as co-administrators for TexSTAR. FirstSouthwest provides administrative, participant support, and marketing services. Hilltop Securities Inc. is a registered broker dealer, member of FINRA/SIPC, which provides financial advisory and investment banking services to governmental entities across the county. JPMorgan Chase Bank N.A. provides custodial services.

TEXPOOL

TEXPOOL is a local government investment pool. It offers a safe, efficient, and liquid investment alternative to local governments in the State of Texas. The primary objectives of the pool are to preserve capital and protect principal, maintain sufficient liquidity, provide safety of funds and investments, diversify to avoid unreasonable or avoidable risks, and maximize the return on the pool. Cities, counties, school districts, institutions of higher education, special districts, and other public entities of Texas make up the investor base.

TEXPOOL was originally rated in March 1995, but effective April 2002, the Texas Comptroller of Public Accounts contracted with Federated Investors, Inc. for the day-to-day operations of TEXPOOL. Federated Investors, Inc. performs the pool's investment management and custodial functions. It also provides the marketing function, working closely with participants. Federated Securities Corp. acts as the distributor for the portfolio. Oversight of TEXPOOL continues to be provided by the Texas Comptroller, as well as the TEXPOOL advisory board. In January 1995, the advisory board adopted and implemented long-term policy changes to provide for a stable net asset value (NAV) pool, which, in effect, operates like an SEC regulated Rule 2a-7 money-market fund. These changes were made to ensure a more conservative investment strategy and to provide a much higher level of investment safety for local government funds.

Interest rate risk. In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than 365 days.

Credit risk. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the County's policy to limit its investments in these investment types to the top rating issued by NRSROs. As of December 31, 2025, the County's investments in all investment pools had a Standards and Poor rating of AAAm. Government bonds at MSB were rated at AA+ and certificates of deposit were not rated.

Concentration of credit risk. The County's investment policy does not allow for an investment in any one issuer that is in excess of 5 percent of the government's total investments. This restriction however does not apply to government investment pools or U.S. Government Bonds due to the low risk nature of this type of investment.

Custodial credit risk-investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

C. Receivables and Unearned Revenue

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

	General Fund	Road and Bridge Fund	Non-Major Gov. Funds	Total
Receivables				
Property Taxes	$ 10,551,100	$ 2,838,145	$ 53,265	$ 13,442,510
EMS Collections	11,797,650	-	-	11,797,650
Due from Other Governments	937,004	12,537	144,530	1,094,071
Other Receivables	36,750	-	-	36,750
Gross Receivables	23,322,504	2,850,682	197,795	26,370,981
Less: Allowance for Uncollectables	(11,211,775)	(567,629)	(7,744)	(11,787,148)
Total	$ 12,110,729	$ 2,283,053	$ 190,051	$ 14,583,833

Governmental funds report unavailable revenue in connections 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 inflows of resources in the governmental funds. Governmental fund 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:

	Unavailable	Unearned	Total
General Fund			
Delinquent Property Taxes	$ 9,495,990	$ -	$ 9,495,990
Taxes Collected in Advanced	-	13,790,661	13,790,661
Road and Bridge Fund			
Delinquent Property Taxes	2,270,516	-	2,270,516
Taxes Collected in Advanced	-	3,786,379	3,786,379
American Rescue Plan Act			
Deferred Grant Revenue	-	77,029	77,029
Non-Major Governmental Funds			
Delinquent Property Taxes	45,522	-	45,522
Taxes Collected in Advanced	-	50,374	50,374
Total	$ 11,812,028	$ 17,704,443	$ 29,516,471

D. Capital Assets

Capital assets activity for the year ended December 31, 2025, was as follows:

Governmental Activities:

	Balance 1/1/25	Increases	Decreases	Balance 12/31/25
Capital assets, not being depreciated:				
Land	$ 965,954	$ 3,120	$ -	$ 969,074
Construction-in-progress	192,104	4,024,816	-	4,216,920
Total capital assets, not being depreciated/ amortized	1,158,058	4,027,936	-	5,185,994
Capital assets, being depreciated:				
Buildings and improvements	23,426,574	532,775	-	23,959,349
Infrastructure	95,926,262	2,170,111	-	98,096,373
Machinery, equipment, and vehicles	18,532,972	2,967,319	(534,479)	20,965,812
Right to Use Lease Assets	2,609,294	45,623	(296,270)	2,358,647
SBITA Assets	121,269	-	-	121,269
Total capital assets, being depreciated/ amortized	140,616,371	5,715,828	(830,749)	145,501,450
Less accumulated depreciation for:				
Buildings and improvements	(12,496,539)	(747,627)	-	(13,244,166)
Infrastructure	(77,902,632)	(3,269,879)	-	(81,172,511)
Machinery, equipment, and vehicles	(11,726,841)	(1,920,519)	534,479	(13,112,881)
Right to Use Lease Assets	(1,590,155)	(519,782)	296,270	(1,813,667)
SBITA Assets	(59,888)	(28,577)	-	(88,465)
Total accumulated depreciation	(103,776,055)	(6,486,384)	830,749	(109,431,690)
Total capital assets being depreciated, net	36,840,316	(770,556)	-	36,069,760
Governmental activities capital assets, net	$ 37,998,374	$ 3,257,380	$ -	$ 41,255,754

Depreciation expense was charged to the functions/programs of the governmental activities of the primary government as follows:

Governmental activities:

General Administration	$ 1,017,044
Judicial	375,048
Legal	307,373
Elections	39,856
Financial Administration	187,315
Public Facilities	94,927
Public Safety	1,402,494
Public Transportation	789,436
Health and Welfare	2,093,214
Culture and Recreation	147,253
Conservation	32,424
Total Depreciation Expense - Governmental Activities	$ 6,486,384

E. Interfund Receivables and Transfers

The following is a composition of interfund balances as of December 31, 2025

Receivable Fund	Payable Fund	Amount
General Fund	General Fund	$ 1,019,489
	Nonmajor Special Revenue Funds	635
Total General Fund		1,020,124
Road and Bridge Fund	General Fund	103,330
	Road and Bridge Fund	18,015
Total Road and Bridge Fund		121,345
Nonmajor Special Revenue Funds	General Fund	14,672
Total Nonmajor Special Revenue Funds		14,672
Total		$ 1,156,141

Due to/due from other funds in governmental funds arise from temporary overdrafts in pooled cash.

The composition of interfund transfers for the year ended December 31, 2025 is as follows:

	Transfer in to: Governmental Funds		
	General Fund	Road and Bridge Fund	Total
Transfer out from:			
General Fund	$ 1,056,775	$ -	$ 1,056,775
Road and Bridge Fund	-	500,000	500,000
Non-Major Governmental Funds	16,274	-	16,274
Total	$ 1,073,049	$ 500,000	$ 1,573,049

F. Long-Term Debt

The County issues general obligation bonds, certificates of obligations bonds, notes payable, lease obligations and subscription obligations to provide funds for the acquisition and construction of major capital facilities. These obligation pledge the full faith and credit of the County.

Governmental Activities:

Type	Issue Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 12/31/25
Bonds Payable					
Limited Tax Refunding Bonds - Series 2021	8/31/2021	950,000	1.50% - 3.0%	8/15/2041	$ 825,000
Total Bonds Payable					$ 825,000

Annual debt service requirements to maturity for general bonded debt:

Year Ended December 31,	Principal	Interest	Total Requirements
2026	$ 45,000	$ 20,850	$ 65,850
2027	45,000	20,040	65,040
2028	45,000	19,185	64,185
2029	45,000	18,285	63,285
2030	45,000	17,340	62,340
2031-2035	255,000	69,750	324,750
2036-2040	285,000	34,385	319,385
2041-2045	60,000	1,800	61,800
Totals	$ 825,000	$ 201,635	$ 1,026,635

Note Payable Outstanding:

Type	Issue Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 12/31/25
Notes Payable					
EMS Stryker Equipment	6/24/2025	1,003,342	5.50%	7/24/2030	$ 876,527
Total Notes Payable					$ 876,527

The future principal and interest Note Payable payments as of December 31, 2025 are as follows:

Year Ended December 31,	Principal	Interest	Total Requirements
2026	$ 133,790	$ 48,209	$ 181,999
2027	141,148	40,851	181,999
2028	148,911	33,087	181,998
2029	157,102	24,897	181,999
2030	295,576	23,400	318,976
	$ 876,527	$ 170,444	$ 1,046,971

SBITA Payable Outstanding:

Type	Year of Commencement	Original Amount	Interest Rate	Final Maturity	Outstanding 12/31/25
SBITAs					
Cisco Enterprise	2022	99,929	8.21%	4/22/2027	$ 30,760
Total SBITAs Payable					$ 30,760

The future principal and interest SBITA payments as of December 31, 2025 are as follows:

Year Ended December 31,	Principal	Interest	Total Requirements
2026	$ 22,753	$ 1,679	$ 24,432
2027	8,007	137	8,144
	$ 30,760	$ 1,816	$ 32,576

Right to Use Lease Asset Payable Outstanding:

Type	Year of Commencement	Original Amount	Interest Rate	Final Maturity	Outstanding 12/31/25
Right to Use Leases Payable:					
Ford Expedition	2022	57,954	8.59%	8/29/2026	9,096
Chevy Tahoe	2022	54,611	8.21%	6/23/2026	6,124
Chevy Silverado 1500	2022	52,390	7.28%	11/15/2026	12,435
Chevy Silverado 1500	2023	51,415	2.93%	6/26/2027	19,482
Chevy Tahoe	2023	57,542	9.34%	6/26/2027	22,930
Chevy Tahoe	2023	56,032	9.36%	6/26/2027	22,337
Chevy Tahoe	2023	56,032	9.36%	6/26/2027	22,337
Chevy Tahoe	2023	56,032	9.36%	6/26/2027	22,337
Chevy Tahoe	2023	56,032	9.36%	6/26/2027	22,337
Chevy Tahoe	2023	56,032	9.36%	6/26/2027	22,337
Chevy Tahoe	2023	56,032	9.36%	6/26/2027	22,337
Chevy Tahoe	2023	56,032	9.36%	6/26/2027	22,337
Chevy Tahoe	2023	56,032	9.36%	6/26/2027	22,337
Chevy Tahoe	2023	56,032	9.36%	6/26/2027	22,337
Chevy Tahoe	2023	56,032	9.36%	6/26/2027	22,337
Chevy Tahoe	2023	56,032	9.36%	6/26/2027	22,337
Chevy Tahoe	2023	56,032	9.36%	6/26/2027	22,337
Ford Expedition	2022	59,912	8.31%	9/5/2026	10,613
2022 Chevy Tahoe	2023	52,817	8.77%	12/23/2026	15,375
2022 Chevy Tahoe	2023	52,817	8.77%	12/23/2026	15,375
2022 Chevy Tahoe	2023	52,817	8.77%	12/23/2026	15,375
2022 Chevy Tahoe	2023	53,027	9.40%	12/23/2026	14,828
2022 Chevy Tahoe	2023	54,079	8.90%	12/23/2026	14,513
2022 Chevy Tahoe	2023	53,027	9.40%	12/23/2026	14,828
2022 Chevy Tahoe	2023	53,027	9.40%	12/23/2026	14,828
2022 Chevy Tahoe	2023	53,027	9.40%	12/25/2026	14,828
2022 Chevy Tahoe	2023	51,417	9.50%	9/1/2026	14,431
2023 Chevy Tahoe	2023	51,417	9.50%	9/1/2026	14,431
2023 Chevy Tahoe	2023	46,090	3.00%	11/2/2026	20,627
2023 Chevy Tahoe	2023	46,090	3.00%	11/2/2026	20,627
2023 Chevy Tahoe	2024	33,665	2.49%	12/1/2028	17,288
2023 Chevy Tahoe	2024	64,961	7.26%	1/20/2028	36,403
2023 Chevy Tahoe	2024	47,771	3.21%	3/8/2028	27,684
2023 Chevy Tahoe	2024	57,219	4.01%	3/10/2028	33,403
2024 Ford F150 Lightning	2024	67,465	2.17%	5/12/2028	41,509
2024 Chevy Silverado	2024	62,779	7.01%	7/1/2028	42,678
2025 Ford F150 XLT 4x4	2025	45,623	2.12%	2/11/2029	35,506
Total Right to Use Leases Payable					$ 773,261

The future principal and interest lease payments as of December 31, 2025, are as follows:

Year Ended December 31,	Principal	Interest	Total Requirements
2026	$ 516,679	$ 36,345	$ 553,024
2027	216,309	23,099	239,408
2028	39,285	497	39,782
2029	988	3	991
	$ 773,261	$ 59,944	$ 833,205

Changes in Long-Term Liabilities:

Governmental Activities

Description	Balance 1/1/25	Additions	Deletions	Balance 12/31/25	Due in One Year
Bonds Payable					
General Obligation & Refunding Bonds	$ 1,280,000	$ -	$ (455,000)	$ 825,000	$ 45,000
Premium on Issuance of Bonds	18,950	-	(18,950)	-	-
Total Bonds Payable	1,298,950	-	(473,950)	825,000	45,000
Other Long-Term Debt:					
Notes payable	$ -	$ 1,003,342	$ (126,815)	$ 876,527	$ 133,790
Right to Use Lease Assets Payable	1,226,270	45,623	(498,632)	773,261	516,679
SBITA Payable	63,397	-	(32,637)	30,760	22,753
Compensated Absences*	1,850,543	-	(197,973)	1,652,570	288,282
Net Pension Liability	3,146,223	-	(2,896,421)	249,802	-
Net OPEB Liability	3,464,998	178,298	-	3,643,296	-
Total Other Long-Term Debt	9,751,431	1,227,263	(3,752,478)	7,226,216	961,504
Gov. Activities Long-term Liabilities	$ 11,050,381	$ 1,227,263	$ (4,226,428)	$ 8,051,216	$ 1,006,504

* The change in compensated absences liability is presented as a net change.

For governmental activities, claims, judgements, compensated absences, net pension liability and net other post-employment benefits are generally liquidated by the General Fund.

III. OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various nature. The County participates in the Texas Association of Counties Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool which retains the risk of loss beyond the County's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the County's basic financial statements. There has been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

B. Contingent Liabilities and Commitments

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at the time although the County expects such amounts, if any, to be immaterial.

The County periodically is the defendant in various lawsuits. At December 31, 2025, after consultation with the County's attorney, the County is not aware of any pending litigation which would have a material effect on the financial statements.

The District Clerk has invested trust funds at various financial institutions in accordance with court orders. The County has a fiduciary responsibility over these funds until their final disposition.

C. Tax Abatements

The County negotiates property tax abatement agreements on an individual basis. The County has a tax abatement agreement with 10 manufacturing facilities under the authority of the Texas Property Redevelopment Act. The County established an abatement policy for the value of eligible improvements, and a requirement for creating or preventing the loss of 10 jobs. The tax abatement amount is determined by the Washington County Central Appraisal District (WCCAD) under the terms of the abatement agreement. An abatement factor (given by WCCAD's Tax Abatement Registry) is used to determine the portion of assessed taxable value excluded to determine the taxable value subject to the County's tax rate. If a default of the abatement agreement occurs during the agreement period, the County may apply established procedures to recapture abated taxes. Generally, abatement recipients agree to make eligible improvements.

Certain property improvements made during the improvement period are exempt from property taxes according to a multi-year abatement schedule with decreasing amounts abated over a seven-year period. Property taxes assessed October 1, 2021 for fiscal year 2022 amounted to abatements of $103,674. Property taxes assessed October 1, 2022 for fiscal year 2023 amounted to abatements of $95,008. Property taxes assessed October 1, 2023 for the fiscal year 2024 amounted to abatements of $64,458. Property taxes assessed October 1, 2024 for the fiscal year 2025 amounted to abatements of $69,594.

D. Pension Obligations

Texas County & District Retirement System (TCDRS)

Plan Description

The County provides retirement, disability, and death benefits for all of its fulltime 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. 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.

Benefits

TCDRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the County, within the options available in the state statutes governing TCDRS.

At December 31, 2024, valuation and measurement date, the following employees were covered by the benefit terms:

Members	12/31/2024
Number of inactive employees entitled to but not yet receiving benefits:	337
Number of active employees	256
Inactive Employees (or their Beneficiaries) Receiving Benefits	158
	751

Contributions

The contribution rate for employees in TCDRS is 7% employee gross earnings, and the County percentage is 11.56%, both as adopted by the governing body of the County. Under the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The County’s contributions to TCDRS for the year ended December 31, 2025, were $2,108,231 and were equal to the required contributions.

Net Pension Liability

The County’s Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

The following are key assumptions and methods used in this GASB analysis:

Actuarial Assumptions

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age (level percent of pay) (1)
Amortization Method	
Recognition of economic/ demographic gains or losses	Straight -Line amortization over expected working life
Recognition of assumptions changes or inputs	Straight -Line amortization over expected working life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	7.60% (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Washington County are not considered to be substantively automatic under GASB-68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Mortality	Washington County specific table
Retirement Age	Washington County specific table
Turnover	Washington County specific table
Adjustments for Plans with the Partial-Lump Sum Payment Option (Liability and Normal Cost)	Same as funding valuation. For employers who have elected this option, a 0.75% increase is applied to the TPL related to the member deposit portion of the estimated monthly benefit for future retirees.

(1) Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that the replacement life entry age cost method is used for the funding actuarial valuation, which differs from the GASB-required approach in that it assumes that the current beneit provisions always applied.

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note that the valuation assumption for the long-term expected return is re-assessed in detail at a minimum of every four years, and is set based on a long-term horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2022 meeting. The assumption for the long-term expected rate of return is reviewed annually for continued compliance with the relevant actuarial standard of practice. Millman relies on the expertise of Cliffwater in this assessment.

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

Target Allocations

Asset Class	Benchmark	Target Allocation [1]	Geometric Real Rate of Return [2]
US Equities	Dow Jones U.S. Total Stock Market Index	13.00%	5.35%
Global Equities	MSCI World (net) Index	4.00%	5.15%
Int'l Equities-Developed Mkts	MSCI World Ex USA (net)	6.00%	4.75%
Int'l Equities-Emerging Mkts	MSCI Emerging Markets (net) Index	0.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.55%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.70%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.85%
Distressed Debt	Cambridge Assoc. Distressed Securities Index [3]	4.00%	6.80%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.95%
Master Limited Partnerships	Alerian MLP Index	2.00%	4.95%
Commodities	Bloomberg Commodifies Index	2.00%	1.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index [4]	6.00%	5.75%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index [5]	25.00%	8.15%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Composite Index	6.00%	3.60%
Cash Equivalents	90-Day U.S. Treasury	2.00%	1.10%
		100%	

[1] Target asset allocation adopted at the March 2025 TCDRS Board Meeting

[2] Geometric real rates or return equal the expected return for the asset class minus the assumed inflation rate of 2.2%, per Cliffwater's 2024 capital market assumptions.

[3] Included vintage years 2005-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the Total Pension Liability (Asset) was 7.6%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in the statute. Based on the assumption, the pension plan’s Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability (Asset).

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
Balances as of December 31, 2023	$ 66,599,247	$ 63,453,024	$ 3,146,223
Changes for the year:			
Service cost	1,944,381	-	1,944,381
Interest on total pension liability	5,092,746	-	5,092,746
Effect of plan changes	-	-	-
Effect of economic/demographic gains/losses	(227,072)	-	(227,072)
Effect of assump. changes or inputs	-	-	-
Refund of contributions	(291,886)	(291,886)	-
Benefit payments	(2,832,960)	(2,832,960)	-
Administrative expenses	-	(38,124)	38,124
Member contributions	-	1,203,111	(1,203,111)
Net investment income	-	6,470,559	(6,470,559)
Employer contributions	-	2,045,287	(2,045,287)
Other	-	25,643	(25,643)
Balances as of December 31, 2024	$ 70,284,456	$ 70,034,654	$ 249,802

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County, calculated using the discount rate of 7.6%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.6%) or 1 percentage point higher (8.6%) than the current rate.

	Discount Rate (6.60%)	Discount Rate (7.60%)	Discount Rate (8.60%)
Total Pension Liability	$ 80,665,938	$ 70,284,456	$ 61,807,260
Fiduciary Net Position	70,034,654	70,034,654	70,034,654
Net Pension Liability/(Asset)	$ 10,631,284	$ 249,802	$ (8,227,394)

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 online at www.tcdrs.org.

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

For the year ended December 31, 2025, the County recognized pension expense of ($1,657,877). At December 31, 2025, the County reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 260,368	$ 151,381
Changes of assumptions	-	-
Net Difference between projected and actual investment earnings	-	635,072
Contributions made subsequent to the measurement date	2,108,231	-
Total	$ 2,368,599	$ 786,453

Contributions made after the measurement date of the net pension liability (asset) but before the end of the County's reporting period will be recognized as a reduction of the County's net position liability in the subsequent fiscal year rather than in the current fiscal period.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ended December 31,	Pension Expense Amount
2025	$ (371,247)
2026	892,241
2027	(718,281)
2028	(328,798)
2029	-

E. Other Post-Employment Benefits (OPEB)

Plan Description

The Washington County Retiree Health Care Plan, a single-employer plan, is not a formal document detailing the specific terms of the plan, but is a substantive plan – loosely defined as the benefits covered by the plan as understood by the employer and plan members at the time of each actuarial valuation. The OPEB plan provides retiree health-care benefits for all employees (except temporary staff) who must participate in TCDRS and are eligible to receive full retiree health care benefits. Members are eligible for retirement at age 60 with 8 years of service credit or at any age with 30 years of service credit or when members age and service credit totals 75. Survivors of employees who die while actively employed are eligible for coverage if the employee was vested with TCDRS and survivor have been dependents on the employee's health coverage for at least three years.

Employees who retire under a TCDRS disability retirement are eligible for retiree health care benefits. Vested members can apply for disability retirement whether the disability is job related or not. These members do not have to meet the age requirement for service retirement, but must be vested with eight years of services. The injury or illness must keep the member from working in any job, not just his or her current job. Doctors must confirm that the employee's condition will not improve.

Spouses/children of retired employees are eligible to receive retiree health care benefits for a fee, if the spouses/children have been on this place for three years prior to employee's retirement. Coverage continues to non-medicare eligible surviving spouses of deceased retirees until medicare eligible. Coverage continues for children up to age twenty-five.

Health Care Benefit

The health care coverage offered to active employees is available to retirees under 65 and their eligible dependents. The benefit includes medical and prescription drug. Dental coverage is offered for retirees and dependents, but retirees must pay 100% of the premium. Life insurance is offered for retirees, but retirees must pay 100% of the premium.

As of December 31, 2025, valuation and measurement date, the following employees were covered by the benefit terms:

	Life Only	Employee Only	Employee and Family
Retired	42	16	2
Active Employees	-	118	113
Balance at December 31, 2025	42	134	115

Funding Policies

The County does not make annual contributions to the plan, but records as expense the changes in the Net OPEB Obligation, less employer contributions made equal to the benefits that are paid on behalf of the retirees each year. There are no assets accumulated in a GASB compliant trust for this plan.

Under this funding policy, GASB 75 requires the use of a discount rate consistent with the investment return on the employer's general assets. In the valuation, the discount rate is 4.28%.

The actuarially determined contribution requirement for the County's fiscal year is computed through an interim actuarial projection performed as of December 31, 2025. The Actuarial projection is performed to determine the adequacy of the contribution rate, to describe the current financial condition of OPEB and to analyze changes in conditions.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on the plan and include the types of benefits in force at the valuations date and the pattern of sharing benefit costs between the County and the plan members to that point. Actuarial calculations reflect a long term perspective and employ methods and assumptions that are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions are as follows:

Actuarial Assumptions

Actuarial Method	Individual Entry Age Normal Cost Method - Level Percentage of Projected Salary.
Service Cost	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date of expected termination.
Total OPEB Liability	The Actuarial Present Value of Benefits allocated to all periods prior to the valuation year.
Discount Rate	4.28% (1.78% real rate of return plus 2.50% inflation)
Health Care Cost Trend	Level 4.50%
Turnover	Rates vary based on gender, age and select and ultimate at 15 years. Rates based on the TCDRS actuarial assumptions from the 2017 retirement plan valuation report.
Disability	None assumed.
Retirement Rates	See plan report.
Salary Scale	3.50%
Mortality	RPH-2014 Total Table with Projection MP-2021

Sensitivity Analysis

Healthcare Cost Trend	1% Decrease	Current	1% Increase
Discount Rate	3.50%	4.50%	5.50%
Total OPEB Liability	$ 3,205,163	$ 3,643,296	$ 4,177,344

Healthcare Discount Rate	1% Decrease	Current	1% Increase
Discount Rate	3.28%	4.28%	5.28%
Total OPEB Liability	$ 3,288,089	$ 3,643,296	$ 4,056,675

Changes in Net OPEB Liability

	OPEB Liability
Balances as of December 31, 2024	$ 3,464,998
Changes for the year:	
Service cost	229,658
Interest on total OPEB liability	153,742
Changes in benefit terms	-
Effect of economic/demographic experience	-
Effect of assumptions changes or inputs	-
Benefit payments	(205,102)
Balances as of December 31, 2025	$ 3,643,296

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

For the year ended December 31, 2025, the County recognized OPEB expense of $180,084.

Total OPEB Expense		Fiscal Year 2025
Service Cost as of January 1, 2025	$	229,658
Interest Cost		153,742
Current Recognized Deferred Outflows (Inflows)		-
Difference Between Expected and Actual Experience		(97,600)
Changes in Assumptions and Other Inputs		(105,716)
	$	180,084

At December 31, 2025, the County reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 95,715	$ 295,823
Changes of assumptions	18,919	372,355
Net Difference between projected and actual investment earnings	-	-
Contributions made subsequent to the measurement date	-	-
Total	$ 114,634	$ 668,178

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

Measurement Year Ended December 31,	OPEB Expense
2026	$ (203,316)
2027	(181,569)
2028	(174,707)
2029	(21,680)
2030	18,990
Thereafter	8,738

F. Concentrations of Credit Risk

Taxes receivable are due from citizens and businesses within the County’s boundaries. Risk of loss is immaterial due to wide dispersion of receivables and because of policies with address procedures for filing property tax liens. EMS receivables are due from citizens primarily within the County’s boundaries. Risk of loss is reduced by an allowance for uncollectible and collection policies.

G. GASB Pronouncements Effective for the Fiscal Year 2025

GASB Statement No. 103, Financial Reporting Model Improvements

This statement was issued in April 2024 and enhances the existing financial reporting model established by GASB Statement No. 34. The Statement clarifies the required content and structure of management's discussion and analysis (MD&A), adds definitions and separate presentation requirements for unusual or infrequent items, and modifies the classification of operating and nonoperating revenues and expenses for proprietary funds. GASB 103 also provides updated guidance for the presentation of major component units and requires budgetary comparison schedules to be reported as required supplementary information (RSI), including explanations of significant variances. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and earlier application is encouraged. The County is currently evaluating the impact of this Statement on its future financial statements.

GASB Statement No. 104, Disclosure of Certain Capital Assets

This statement was issued in September 2024 and enhances disclosure requirements for certain capital assets, including leases (GASB 87), intangible right to use (GASB 94), and subscription based IT assets (GASB 96), and requires new disclosures for capital assets held for sale. This statement is effective for fiscal years beginning after June 15, 2025. The County is evaluating the impact of this statement.

GASB Statement No. 105, Subsequent Events

This statement was issued in December 2025 and establishes accounting and financial requirements for events and transactions that occur after the financial statement date but before financial statements are issued. This Statement defines the types of subsequent events and requires disclosure of certain non-recognized subsequent events. This statements is effective for fiscal years beginning after June 15, 2026. The County is evaluating the impact of this statement.

WASHINGTON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Property Taxes	$ 19,700,352	$ 19,700,352	$ 20,751,042	$ 1,050,690
General Sales and Use Taxes	4,510,000	4,510,000	5,082,717	572,717
Fines, Fees, and Permits	253,930	328,650	256,129	(72,521)
Charges for Services	8,360,220	8,295,000	11,641,322	3,346,322
Rent and Lease Revenue	262,310	262,310	271,871	9,561
Investment Income	610,240	610,240	1,335,758	725,518
Intergovernmental Revenues	691,620	850,620	774,441	(76,179)
Other Revenue	426,031	257,531	849,549	592,018
Total Revenues	34,814,703	34,814,703	40,962,829	6,148,126
EXPENDITURES				
Current:				
General Administration				
County Judge	195,762	202,732	191,994	10,738
GIS - Rural Addressing	-	55	55	-
County Communications	2,135,116	1,925,176	1,575,981	349,195
Information Technology	442,350	472,523	450,709	21,814
Commisioners Court	394,895	412,956	388,958	23,998
County Clerk	470,491	463,581	436,639	26,942
Veteran Office	50,115	54,283	51,400	2,883
County Auditor	337,464	319,132	306,647	12,485
Non-Departmental	1,422,581	1,760,758	1,746,345	14,413
Data Processing	1,237,413	1,322,675	1,203,902	118,773
Total General Administration	5,448,774	6,933,871	6,352,630	581,241
Judicial				
District Court	626,345	533,050	524,979	8,071
District Clerk	438,357	420,658	382,141	38,517
County Court at Law	761,097	841,297	815,677	25,620
Justice Court Number One	205,482	206,185	198,075	8,110
Justice Court Number Two	176,774	193,634	180,387	13,247
Justice Court Number Three	156,943	152,809	143,378	9,431
Justice Court Number Four	181,495	190,464	182,220	8,244
Total Judicial	2,546,493	2,538,097	2,426,857	111,240
Legal				
County Attorney	734,431	799,624	757,923	41,701
District Attorney	1,027,932	1,041,595	977,753	63,842
Total Legal	1,762,363	1,841,219	1,735,676	105,543

WASHINGTON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Elections				
Elections	244,569	259,966	252,064	7,902
Total Elections	244,569	259,966	252,064	7,902
Financial Administration				
Tax Assessor Collector	344,894	360,764	343,286	17,478
County Treasurer	183,344	244,044	227,965	16,079
Personnel and Benefits	292,126	236,017	220,951	15,066
Appraisal District	445,788	420,007	420,007	-
Total Financial Administration	1,266,152	1,260,832	1,212,209	48,623
Public Facilities				
County Courthouse	374,928	624,669	614,321	10,348
Total Public Facilities	374,928	624,669	614,321	10,348
Public Safety				
Constable Number One	279,639	302,462	279,274	23,188
Constable Number Two	82,125	93,235	90,040	3,195
Constable Number Three	84,857	89,837	86,250	3,587
Constable Number Four	80,739	87,297	82,967	4,330
Sheriff	3,944,410	4,714,075	4,025,945	688,130
Department of Public Safety	62,265	67,650	64,567	3,083
County Jail	3,606,807	3,828,948	3,679,987	148,961
Adult Probation	425	-	-	-
Juvenile Probation	147,600	51,880	51,879	1
Fire Protection	545,368	632,846	547,480	85,366
Emergency Management	115,103	120,063	114,898	5,165
Total Public Safety	8,949,338	9,988,293	9,023,287	965,006
Health and Welfare				
Social Services	120,550	115,088	115,087	1
Indigent Health Care	1,571,228	1,390,052	1,355,995	34,057
EMS Services	5,902,448	8,053,325	7,694,784	358,541
Aviation EMS	3,731,487	3,710,079	3,678,078	32,001
Environmental	263,961	282,311	260,894	21,417
Aviation	674,977	456,193	-	456,193
Total Health and Welfare	12,264,651	14,007,048	13,104,838	902,210
Culture and Recreation				
Education	5,000	5,001	5,001	-
Fairgrounds	663,044	839,022	821,216	17,806
Total Culture and Recreation	668,044	844,023	826,217	17,806

WASHINGTON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Conservation				
Extension Service	260,275	211,386	204,515	6,871
Soil Conservation	5,000	5,000	5,000	-
Game Wardens	1,000	321	320	1
Total Conservation	266,275	216,707	209,835	6,872
Debt Service:				
Principal	476,085	658,084	658,084	-
Interest	136,646	136,646	136,646	-
Total Debt Service	612,731	794,730	794,730	-
Capital Outlay	969,463	4,306,469	4,352,409	(45,940)
Total Expenditures	35,373,781	43,615,924	40,905,073	2,710,851
Excess (Deficiency) of Revenue Over Expenditures	(559,078)	(8,801,221)	57,756	3,437,275
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	-	-	1,003,342	1,003,342
Transfers In	48,051	48,051	1,056,775	1,008,724
Sale of Capital Assets	104,000	104,000	177,083	73,083
Proceeds from Right to Use Lease Assets	-	-	45,623	45,623
Transfers Out	(1,056,775)	(1,071,775)	(1,073,049)	(1,274)
Total Other Financing Sources (Uses)	(904,724)	(919,724)	1,209,774	2,129,498
Net Change in Fund Balance	(1,463,802)	(9,720,945)	1,267,530	10,988,475
Fund Balance - Beginning	16,906,218	16,906,218	16,906,218	-
Fund Balance - Ending	$ 15,442,416	$ 7,185,273	$ 18,173,748	$ 10,988,475

WASHINGTON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – ROAD AND BRIDGE
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	5,432,060	5,432,060	5,719,569	287,509
Fines and Fees	1,050,000	1,050,000	1,084,082	34,082
Rent and Lease Revenue	4,000	4,000	3,904	(96)
Investment Income	200,000	200,000	260,271	60,271
Intergovernmental Revenues	1,252,800	1,252,800	277,433	(975,367)
Other Revenue	106,003	106,003	164,794	58,791
Total Revenues	8,044,863	8,044,863	7,510,053	(534,810)
EXPENDITURES				
Current:				
Public Transportation				
Public Transportation	5,666,470	5,268,369	5,108,843	159,526
Total Public Transportation	5,666,470	5,268,369	5,108,843	159,526
Capital Outlay	2,834,000	3,230,424	2,778,346	452,078
Total Expenditures	8,500,470	8,498,793	7,887,189	611,604
Excess (Deficiency) of Revenue Over Expenditures	(455,607)	(453,930)	(377,136)	(1,146,414)
OTHER FINANCING SOURCES (USES)				
Transfers In	493,658	493,658	500,000	6,342
Sale of Capital Assets	10,000	10,000	169,005	159,005
Transfers Out	(548,051)	(548,051)	(500,000)	48,051
Total Other Financing Sources (Uses)	(44,393)	(44,393)	169,005	213,398
Net Change in Fund Balance	(500,000)	(498,323)	(208,131)	290,192
Fund Balance - Beginning	3,332,663	3,332,663	3,332,663	-
Fund Balance - Ending	$ 2,832,663	$ 2,834,340	$ 3,124,532	$ 290,192

WASHINGTON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – AMERICAN RESCUE PLAN ACT
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Investment Income	$ 15,000	$ 15,000	$ 78,445	$ 63,445
Intergovernmental Revenues	-	-	2,744,082	2,744,082
Total Revenues	15,000	15,000	2,822,527	2,807,527
EXPENDITURES				
Current:				
Health and Welfare				
Emergency Medical Services	-	288,073	288,073	-
Total Health and Welfare	-	288,073	288,073	-
Capital Outlay	-	2,456,009	2,456,009	-
Total Expenditures	-	2,744,082	2,744,082	-
Net Change in Fund Balance	15,000	(2,729,082)	78,445	2,807,527
Fund Balance-Beginning	500,907	500,907	500,907	-
Fund Balance-Ending	$ 515,907	$ (2,228,175)	$ 579,352	$ 2,807,527

WASHINGTON COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2025

	Measurement Year			
	2024	2023	2022	2021
Total Pension Liability				
Service Cost	$ 1,944,381	$ 1,818,705	$ 1,629,557	$ 1,743,764
Interest on Total Pension Liability	5,092,746	4,795,012	4,472,662	4,206,101
Effect of Plan Changes	-	-	656,946	(6,759)
Effect of Assumption Changes or Inputs	-	-	-	54,523
Effect of Economic/Demographic (Gains)/Losses	(227,072)	192,265	-	-
Benefit Payments/Refunds of Contributions	(3,124,846)	(2,907,347)	(2,513,591)	(2,243,449)
Net Change in Total Pension Liability	3,685,209	3,898,636	4,245,574	3,754,180
Total Pension Liability, Beginning	66,599,247	62,700,611	58,455,037	54,700,857
Total Pension Liability, Ending (a)	70,284,456	66,599,247	62,700,611	58,455,037
Fiduciary Net Position				
Employer Contributions	2,045,287	1,739,413	1,729,400	1,562,149
Member Contributions	1,203,111	1,028,371	931,934	911,254
Expenses	6,470,559	6,297,313	(3,570,779)	10,913,749
Benefit Payments/Refunds of Contributions	(3,124,846)	(2,907,347)	(2,513,591)	(2,243,449)
Administrative Expenses	(38,124)	(33,133)	(33,586)	(32,838)
Other	25,643	16,002	71,526	20,165
Net Change in Fiduciary Net Position	6,581,630	6,140,619	(3,385,096)	11,131,030
Fiduciary Net Position, Beginning	63,453,024	57,312,405	60,697,502	49,566,472
Fiduciary Net Position, Ending (b)	$ 70,034,654	$ 63,453,024	$ 57,312,406	$ 60,697,502
Net Pension Liability/(Asset), Ending = (a) - (b)	$ 249,802	$ 3,146,223	$ 5,388,205	$ (2,242,465)
Fiduciary Net Position as a % of Total Pension Liability	99.64%	95.28%	91.41%	103.84%
Pension Covered Payroll	$ 17,187,306	$ 14,691,016	$ 13,313,337	$ 13,017,920
Net Pension Liability as a % of Covered Payroll	1.45%	21.42%	40.47%	-17.23%

	Measurement Year					
	2020	2019	2018	2017	2016	2015
	$ 1,456,566	$ 1,336,772	$ 1,358,192	$ 1,453,646	$ 1,402,296	$ 1,283,519
	3,895,299	3,636,754	3,424,355	3,205,787	2,916,764	2,718,473
	441,912	125,768	(234,813)	(127,318)	137,903	(406,022)
	3,348,904	-	-	65,218	-	359,360
	-	-	-	-	-	-
	(2,109,666)	(1,947,829)	(1,862,037)	(1,747,237)	(1,566,129)	(1,349,814)
	7,033,015	3,151,465	2,685,697	2,850,096	2,890,834	2,605,516
	47,667,842	44,516,377	41,830,680	38,980,584	36,089,750	33,484,234
	54,700,857	47,667,842	44,516,377	41,830,680	38,980,584	36,089,750
	1,484,663	1,312,872	1,207,807	1,154,590	1,163,005	1,121,484
	832,746	774,883	716,496	699,752	711,630	654,745
	4,624,431	6,297,050	(726,526)	4,963,072	2,318,587	(149,552)
	(2,109,666)	(1,947,829)	(1,862,037)	(1,747,236)	(1,566,129)	(1,349,814)
	(36,269)	(34,109)	(30,800)	(25,960)	(25,187)	(22,465)
	10,582	11,026	5,776	1,191	117,451	(75,338)
	4,806,487	6,413,893	(689,284)	5,045,409	2,719,357	179,060
	44,759,985	38,346,092	39,035,376	33,989,967	31,270,610	31,091,550
	$ 49,566,472	$ 44,759,985	$ 38,346,092	$ 39,035,376	$ 33,989,967	$ 31,270,610
	$ 5,134,385	$ 2,907,857	$ 6,170,285	$ 2,795,304	$ 4,990,617	$ 4,819,140
	90.61%	93.90%	86.14%	93.32%	87.20%	86.65%
	$ 11,896,369	$ 11,069,761	$ 10,235,654	$ 9,996,457	$ 10,166,146	$ 9,353,495
	43.16%	26.27%	60.28%	27.96%	49.09%	51.52%

WASHINGTON COUNTY, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2025

Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2016	$ 1,163,005	$ 1,163,005	$ -	$ 10,166,146	11.4%
2017	1,154,590	1,154,590	-	9,996,457	11.5%
2018	1,207,807	1,207,807	-	10,235,654	11.8%
2019	1,312,872	1,312,872	-	11,069,761	11.9%
2020	1,484,663	1,484,663	-	11,896,369	12.5%
2021	1,562,149	1,562,149	-	13,017,920	12.0%
2022	1,729,400	1,729,400	-	13,313,337	13.0%
2023	1,739,413	1,739,413	-	14,691,016	11.8%
2024	2,045,287	2,045,287	-	17,187,306	11.9%
2025	2,108,321	2,108,321	-	18,237,287	11.6%

Valuation Date	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contrbutions are reported.
Methods and assumptions used to determine contribution rates:	
Acuarial Cost Method	Entity Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Method	16.2 years (based on contribution rate calculated in 12/31/2024 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees if 61.
Mortality	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*	2017: New mortality assumptions were reflected. 2019: New inflation, mortality, and other assumptions were reflected. 2022: Net investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2016: Employer contributions relfect that a 1% flat COLA was adopted. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018-2024: No changes in plan provisions were reflected in this Schedule: 2019: No changes in plan provisions were reflected in this Schedule: 2020: No changes in plan provisions were reflected in this Schedule: 2021: No changes in plan provisions were reflected in this Schedule: 2022: No changes in plan provisions were reflected in this Schedule: 2023: No changes in plan provisions were reflected in this Schedule: 2024: No changes in plan provisions were reflected in this Schedule:

* Only changes that affect the benefit amount and that are effective 2016 and later are show in the Notes to Schedule.

WASHINGTON COUNTY, TEXAS
SCHEDULE OF CHANGES IN THE COUNTY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
WASHINGTON COUNTY RETIREE HEALTH CARE PLAN
FOR THE YEAR ENDED DECEMBER 31, 2025

	Fiscal Year			
	2025	2024	2023	2022
Total OPEB Liability				
Service Cost	$ 229,658	$ 185,995	$ 185,995	$ 267,069
Interest on Total OPEB Liability	153,742	141,554	135,676	93,917
Effect of Plan Changes	-	-	-	-
Effect of Economic/Demographic (Gains)/Losses	-	130,775	-	(560,190)
Effect of Assumption Changes or Inputs	-	10,893	-	(836,359)
Benefit Payments	(205,102)	(205,102)	(165,462)	(165,462)
Net Change in Total OPEB Liability	178,298	264,115	156,209	(1,201,025)
Total OPEB Liability, Beginning	3,464,998	3,200,883	3,044,674	4,245,699
Total OPEB Liability, Ending (a)	$ 3,643,296	$ 3,464,998	$ 3,200,883	$ 3,044,674
Pensionable Covered Payroll	$ 13,562,792	$ 13,562,792	$ 10,535,246	$ 10,535,246
Net OPEB Liability as a % of Covered Payroll	26.86%	25.55%	30.38%	28.90%

There were no changes of benefit terms in 2025
There were not changes of assumptions in 2025. The following are the discount rates used in each period

2025	4.28%
2024	4.28%
2023	4.31%
2022	4.31%
2021	2.12%
2020	2.12%
2019	4.10%
2018	4.10%

(1) There are no assets that accumulated in a trust that meets the criteria for GASB codification P22.101 or P52.010 to pay related benefits for the pension/OPEB plan.

Fiscal Year			
2021	2020	2019	2018
$ 267,069	$ 200,487	$ 200,487	$ 192,591
91,086	178,036	166,892	172,461
-	-	-	-
-	(271,021)	-	-
-	63,896	-	-
(283,810)	(283,810)	(308,296)	(308,296)
74,345	(112,412)	59,083	56,756
4,171,354	4,283,766	4,224,683	4,167,927
$ 4,245,699	$ 4,171,354	$ 4,283,766	$ 4,224,683
$ 9,134,761	$ 9,134,761	$ 8,537,098	$ 8,537,098
46.48%	45.66%	50.18%	49.49%

I. BUDGETARY INFORMATION

Annual appropriation budgets are adopted on a basis consistent with generally accepted accounting principles for the following funds:

General Fund	Personnel Employee Testing
Road and Bridge	Constable Number One Training Fund
SB 22	Constable Number Two Training Fund
Opioid Settlement Fund	Constable Number Three Training Fund
JP Technology Fund	Constable Number Four Training Fund
District Attorney LEOSE Fund	Pecan Glen Road District Debt Service Fund
District Attorney Hot Check Fund	Tax Note Series 2007
Ambulance Service Supplement	Pecan Glen Road District Project Account
American Rescue Plan Act	Courthouse Security Fund
EMS Donations Fund	District Court Archive
Rural Addressing Fund	Unclaimed Abandoned Property Fund
Law Library Fund	Homeland Security Fund
Check and Process Fund	Community Development Program Fund
Sheriff Escrow Fund	Tobacco Settlement Fund
Child Foster Care Fund	Clerk Election Fund
District Attorney Forfeiture Fund	Rural Health Pilot Program Fund
Sheriff Forfeiture Fund	Bail Bond
Records Management Preservation - County Clerk	SO Training Fund
Records Management Preservation - District Clerk	Sheriff's Donation
County and District Court Technology Fund	Hotel Motel Tax
Record Preservation Fund	Health County Rewards
Archive Fee County Clerk Fund	County Attorney Pretrial Diversion

The County Judge is, by statute, the Budget Officer of the County and has the responsibility of preparing the County's budget. Under the County's budgeting procedures, each department submits a budget request to the County Judge. The County Judge reviews the budget request and holds informal hearings when needed. Before October 1, a proposed budget is presented to the Commissioners Court. A public hearing is then held and the Commissioners Court takes action on the proposed budget. Before determining the final budget, the Commissioners Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the estimate of revenues and available fund balance.

Once the budget has been adopted by the Commissioners Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping members of the Commissioners Court advised of the conditions of the various funds and accounts.

The appropriated budget is prepared by fund. Any transfers of appropriations are first approved by the Commissioners Court. No amendments may be made without Commissioners Court approval to the total budget for each department within a fund. Thus, the legal level of budgetary control is at the department level. Some supplemental appropriations were required during the year.

The General Fund had expenditures in excess of appropriations in the Capital Outlay line item for $45,940 and the Transfer Out line item by $1,274.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

BRACEWELL

[closing date]

$________________
WASHINGTON COUNTY, TEXAS
CERTIFICATES OF OBLIGATION,
SERIES 2026

We have represented Washington County, Texas (the "Issuer"), as its bond counsel in connection with an issue of certificates of obligation (the "Certificates") described as follows:

> WASHINGTON COUNTY, TEXAS CERTIFICATES OF OBLIGATION, SERIES 2026, dated September 9, 2026.
>
> The Certificates mature, bear interest and may be transferred and exchanged as set out in the Certificates and in the order adopted by the Commissioners Court of the Issuer authorizing their issuance (the "Order"). The Certificates are subject to redemption prior to the stated maturity thereof as provided in the Order.

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

In our capacity as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Certificates, on which we have relied in giving our opinion. The transcript of proceedings contains certified copies of certain proceedings of the Issuer, customary certificates of officers, agents and representatives of the Issuer, and the other public officials and other certified showings relating to the authorization and issuance of the Certificates. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. Moreover, we have examined executed Certificate No. T-1 of this issue.

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

Based on such examination, and in reliance on such representations and certifications and subject to the assumptions, qualifications and limitations set forth herein, it is our opinion that:

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Certificates in full compliance with the Constitution and laws of the State presently effective and that therefore the Certificates constitute valid and legally binding obligations of the Issuer.

(B) A continuing ad valorem tax upon all taxable property within Washington County, Texas, necessary to pay the interest on and principal of the Certificates, has been levied and pledged irrevocably for such purposes, within the limits prescribed by law. In addition, the Certificates are further secured by a limited pledge of the surplus revenues of the Issuer's park system as provided in the Order.

(C) Interest on the Certificates is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Certificates is not an item of tax preference for purposes of the alternative minimum tax on individuals, but we observe that such interest is taken into account in computing the alternative minimum tax on certain corporations.

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

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

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