(See "CONTINUING DISCLOSURE OF INFORMATION")

OFFICIAL STATEMENT

Dated August 11, 2026

Rating:
S&P: "AA" (Underlying)
(see "OTHER INFORMATION – Rating" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, interest on the Unlimited Tax Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

$28,960,000
HOOD COUNTY, TEXAS
UNLIMITED TAX ROAD BONDS, SERIES 2026

Dated Date: August 1, 2026 **Due: February 15, as shown on page 2**
Interest to accrue from the Date of Delivery (defined below)

PAYMENT TERMS . . . Interest on the $28,960,000 Hood County, Texas Unlimited Tax Road Bonds, Series 2026 (the "Unlimited Tax Bonds"), will accrue from the Date of Delivery (defined below), will be payable February 15 and August 15 of each year, commencing February 15, 2027, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Unlimited Tax Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Unlimited Tax Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. **No physical delivery of the Unlimited Tax Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Unlimited Tax Bonds will be payable by the Paying Agent/Registrar (identified below) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS – Book-Entry-Only System"). The initial Paying Agent/Registrar is Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (see "THE BONDS – Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Unlimited Tax Bonds are issued pursuant to the Constitution and general laws of the State of Texas, particularly Article III, Section 52 of the Texas Constitution, as amended, Chapter 1251 and Chapter 1471, Texas Government Code, as amended, an order authorizing the issuance of the Unlimited Tax Bonds (the "Unlimited Tax Order"), and a County-wide election held on November 4, 2025, and are direct obligations of Hood County, Texas (the "County"), payable from a direct and continuing annual ad valorem tax levied on all taxable property within the County, without legal limit as to rate or amount, as provided in the Unlimited Tax Order (see "THE BONDS – Authority for Issuance" and "THE BONDS – Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Unlimited Tax Bonds will be used for the purposes of (i) construction, acquisition by purchase, maintenance, and operation of macadamized, graveled, or paved roads, and other related costs therefore; and (ii) paying costs of issuance of the Unlimited Tax Bonds.

CUSIP PREFIX: 438781
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

SEPARATE ISSUES . . .The Unlimited Tax Bonds are being offered by the County concurrently with the issuance of the $23,445,000 Hood County, Texas Limited Tax Bonds, Series 2026 (the "Limited Tax Bonds") under a common Official Statement. The Unlimited Tax Bonds and the Limited Tax Bonds are separate and distinct securities offerings being issued and sold independently except for this Official Statement, and such Unlimited Tax Bonds and Limited Tax Bonds are hereinafter sometimes referred to collectively as the "Bonds". While the Unlimited Tax Bonds and the Limited Tax Bonds share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including without limitation the type of obligation being offered, its terms of payment, the rights of the County to redeem the Bonds of either series, the federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds and other features.

LEGALITY . . . The Unlimited Tax Bonds are offered for delivery when, as and if issued and received by the Initial Purchaser and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, Dallas, Texas (see Appendix C, "Forms of Bond Counsel's Opinions"). McCall, Parkhurst & Horton L.L.P. will also act as Disclosure Counsel to the County.

DELIVERY . . . It is expected that the Unlimited Tax Bonds will be available for delivery through DTC on or about September 9, 2026 (the "Date of Delivery").

CUSIP Prefix: 438781 [(1)]

$28,960,000
HOOD COUNTY, TEXAS
UNLIMITED TAX ROAD BONDS, SERIES 2026

MATURITY SCHEDULE

Principal Amount	15-Feb Maturity	Interest Rate	Initial Yield	CUSIP Suffix [(1)]
$ 365,000	2027	5.000%	2.690%	CX2
390,000	2028	5.000%	2.770%	CY0
480,000	2029	5.000%	2.840%	CZ7
575,000	2030	5.000%	2.940%	DA1
680,000	2031	5.000%	3.040%	DB9
785,000	2032	5.000%	3.110%	DC7
895,000	2033	5.000%	3.240%	DD5
1,020,000	2034	5.000%	3.340%	DE3
1,145,000	2035	5.000%	3.450%	DF0
1,280,000	2036	5.000%	3.550%	DG8
1,425,000	2037	5.000%	3.650% [(2)]	DH6
1,575,000	2038	5.000%	3.750% [(2)]	DJ2
1,740,000	2039	5.000%	3.840% [(2)]	DK9
1,910,000	2040	5.000%	3.980% [(2)]	DL7

$6,800,000 4.250% Term Bonds due February 15, 2043 at Price of 100.000 to Yield 4.250% CUSIP Suffix[(1)] DP8

$7,895,000 4.500% Term Bonds due February 15, 2046 at Price of 100.000 to Yield 4.500% CUSIP Suffix[(1)] DS2

(Interest to accrue from the Date of Delivery)

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(1) 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 Initial Purchaser, nor the Municipal Advisor shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.
(2) Yield calculated based on the assumption that the Unlimited Tax Bonds denoted and sold at a premium will be redeemed on February 15, 2036, the first optional call date for such Unlimited Tax Bonds, at a redemption price of par, plus accrued interest to the redemption date.

OPTIONAL REDEMPTION . . . The County reserves the right, at its option, to redeem Unlimited Tax Bonds having stated maturities on and after February 15, 2037, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption").

MANDATORY SINKING FUND REDEMPTION . . . The Unlimited Tax Bonds maturing on February 15 in the each of the years 2043 and 2046 (the “Term Unlimited Tax Bonds”) are also subject to mandatory sinking fund redemption as described herein (see "THE BONDS - Mandatory Sinking Fund Redemption").

(See "CONTINUING DISCLOSURE OF INFORMATION")

NEW ISSUE - Book-Entry-Only

OFFICIAL STATEMENT

Dated August 11, 2026

Rating:
S&P: "AA" (Underlying)
(see "OTHER INFORMATION – Rating" herein)

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, interest on the Limited Tax Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

$23,445,000
HOOD COUNTY, TEXAS
LIMITED TAX BONDS, SERIES 2026

Dated Date: August 1, 2026 **Due: February 15, as shown on page 4**
Interest to accrue from the Date of Delivery (defined below)

PAYMENT TERMS . . . Interest on the $23,445,000 Hood County, Texas Limited Tax Bonds, Series 2026 (the "Limited Tax Bonds"), will accrue from the Date of Delivery (defined below), will be payable February 15 and August 15 of each year, commencing February 15, 2027, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Limited Tax Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Limited Tax Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. **No physical delivery of the Limited Tax Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Limited Tax Bonds will be payable by the Paying Agent/Registrar (identified below) 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 Limited Tax Bonds (see "THE BONDS - Book-Entry-Only System"). The initial Paying Agent/Registrar is Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (see "THE BONDS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Limited Tax Bonds are issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 1251 and Section 1473.101, Texas Government Code, as amended, an order authorizing the issuance of the Limited Tax Bonds (the "Limited Tax Order"), and a County-wide election held on November 4, 2025, and are direct obligations of Hood County, Texas (the "County"), payable from a direct and continuing annual ad valorem tax levied on all taxable property within the County, within the limits prescribed by law, as provided in the Limited Tax Order (see "THE BONDS - Authority for Issuance" and "THE BONDS - Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Limited Tax Bonds will be used for the purposes of (i) constructing, rehabilitating, renovating, improving, upgrading, updating, expanding, enlarging, and equipping the County's law enforcement center and jail; and (ii) paying the costs of issuance of the Limited Tax Bonds.

CUSIP PREFIX: 438781
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 4

SEPARATE ISSUES . . . The Limited Tax Bonds are being offered by the County concurrently with the issuance of the $28,960,000 Hood County, Texas Unlimited Tax Road Bonds (the "Unlimited Tax Bonds") under a common Official Statement. The Unlimited Tax Bonds and the Limited Tax Bonds are separate and distinct securities offerings being issued and sold independently except for this Official Statement, and such Unlimited Tax Bonds and Limited Tax Bonds are hereinafter sometimes referred to collectively as the "Bonds". While the Unlimited Tax Bonds and the Limited Tax Bonds share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including without limitation the type of obligation being offered, its terms of payment, the rights of the County to redeem the Bonds of either series, the federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds and other features.

LEGALITY . . . The Limited Tax Bonds are offered for delivery when, as and if issued and received by the Initial Purchaser and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, Dallas, Texas (see Appendix C, "Forms of Bond Counsel's Opinions"). McCall, Parkhurst & Horton L.L.P. will also act as Disclosure Counsel to the County.

DELIVERY . . . It is expected that the Limited Tax Bonds will be available for delivery through DTC on or about September 9, 2026 (the "Date of Delivery").

CUSIP Prefix: 438781 (1)

$23,445,000
HOOD COUNTY, TEXAS
LIMITED TAX BONDS, SERIES 2026

MATURITY SCHEDULE

Principal Amount	15-Feb Maturity	Interest Rate	Initial Yield	CUSIP Suffix (1)
$ 800,000	2027	5.000%	2.730%	CB0
745,000	2028	5.000%	2.820%	CC8
780,000	2029	5.000%	2.890%	CD6
820,000	2030	5.000%	2.960%	CE4
865,000	2031	5.000%	3.040%	CF1
905,000	2032	5.000%	3.090%	CG9
955,000	2033	5.000%	3.220%	CH7
1,005,000	2034	5.000%	3.320%	CJ3
1,055,000	2035	5.000%	3.430%	CK0
1,110,000	2036	5.000%	3.540%	CL8
1,165,000	2037	5.000%	3.660% (2)	CM6
1,225,000	2038	5.000%	3.780% (2)	CN4
1,290,000	2039	5.000%	3.890% (2)	CP9
1,345,000	2040	4.000%	4.170%	CQ7
1,405,000	2041	4.125%	4.250%	CR5
1,460,000	2042	4.125%	4.320%	CS3
1,525,000	2043	4.250%	4.370%	CT1
1,590,000	2044	4.375%	4.470%	CU8
1,660,000	2045	4.375%	4.520%	CV6
1,740,000	2046	4.500%	4.620%	CW4

(Interest to accrue from the Date of Delivery)

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(2) Yield calculated based on the assumption that the Limited Tax Bonds denoted and sold at a premium will be redeemed on February 15, 2036, the first optional call date for such Limited Tax Bonds, at a redemption price of par, plus accrued interest to the redemption date.

Optional Redemption . . . The County reserves the right, at its option, to redeem Limited Tax Bonds having stated maturities on and after February 15, 2037, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption").

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

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

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

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

NONE OF THE COUNTY, ITS MUNICIPAL ADVISOR, NOR THE INITIAL PURCHASER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING DTC OR ITS BOOK-ENTRY-ONLY SYSTEM.

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

THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COUNTY OR OTHER MATTERS DESCRIBED HEREIN. SEE "CONTINUING DISCLOSURE OF INFORMATION" FOR A DESCRIPTION OF THE COUNTY'S UNDERTAKING TO PROVIDE CERTAIN INFORMATION ON A CONTINUING BASIS.

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

TABLE OF CONTENTS

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

OFFICIAL STATEMENT SUMMARY

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

THE COUNTY .... Hood County, Texas (the "County") is a political subdivision of the State of Texas (the "State"). The governing body of the County is the Commissioners Court (the "Commissioners Court") which consists of four commissioners representing the County's four road and bridge precincts and is presided over by the countywide elected judge. The County covers approximately 437 square miles. The City of Granbury is the County Seat (see "INTRODUCTION - Description of the County").

THE BONDS .... The $28,960,000 Hood County, Texas, Unlimited Tax Road Bonds, Series 2026 mature serially on February 15 in each of the years 2027 through 2040 and as Term Unlimited Tax Bonds maturing on February 15 in the years 2043 and 2046 unless redeemed in accordance with the provisions described herein (see "THE BONDS - Description of the Bonds").

The $23,445,000 Hood County, Texas, Limited Tax Bonds, Series 2026 mature serially on February 15 in each of the years 2027 through 2046 (see "THE BONDS - Description of the Bonds").

The Unlimited Tax Bonds and the Limited Tax Bonds are sometimes referred to collectively herein as the "Bonds".

PAYMENT OF INTEREST .... Interest on the Bonds accrues from the date of initial delivery of the Bonds to the Initial Purchaser, and is payable February 15, 2027, and each August 15 and February 15 thereafter until maturity or prior redemption (see "THE BONDS - Description of the Bonds").

AUTHORITY FOR ISSUANCE .... The Unlimited Tax Bonds are authorized and issued pursuant to the Constitution and general laws of the State, particularly Article III, Section 52 of the Texas Constitution, as amended, Chapter 1251 and Chapter 1471, Texas Government Code, as amended, a County-wide election held on November 4, 2025, and an order adopted by the Commissioners Court on August 11, 2026 (the "Unlimited Tax Order") (see "THE BONDS - Authority for Issuance of the Bonds").

The Limited Tax Bonds are issued pursuant to the Constitution and general laws of the State, particularly Chapter 1251 and Section 1473.101, Texas Local Government Code, as amended, a County-wide election held on November 4, 2025, and an order adopted by the Commissioners Court on August 11, 2026 (the "Limited Tax Order" and together with the Unlimited Tax Order, the "Orders") (see "THE BONDS - Authority for Issuance of the Bonds").

SECURITY FOR THE UNLIMITED TAX BONDS .... The Unlimited Tax Bonds are direct obligations of the County, payable from a direct and continuing annual ad valorem tax levied on all taxable property within the County, without legal limit as to rate or amount, as provided in the Unlimited Tax Order (see "THE BONDS - Security and Source of Payment" and "THE BONDS - Tax Rate Limitation").

SECURITY FOR THE LIMITED TAX BONDS .... The Limited Tax Bonds are direct obligations of the County, payable from a direct and continuing annual ad valorem tax levied on all taxable property within the County, within the limits prescribed by law, as provided in the Limited Tax Order (see "THE BONDS – Security and Source of Payment" and "THE BONDS - Tax Rate Limitation").

REDEMPTION .... The County reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2037, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption").

MANDATORY SINKING FUND REDEMPTION .... The Unlimited Tax Bonds maturing on February 15 in the years 2043 and 2046 (the "Term Unlimited Tax Bonds") are also subject to mandatory sinking fund redemption (see "THE BONDS - Mandatory Sinking Fund Redemption").

TAX EXEMPTION .... In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions existing on the date of such opinion, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

USE OF PROCEEDS........................ Proceeds from the sale of the Unlimited Tax Bonds will be used for the purposes of (i) construction, acquisition by purchase, maintenance, and operation of macadamized, graveled, or paved roads, and other related costs therefore; and (ii) paying costs of issuance of the Unlimited Tax Bonds.

Proceeds from the sale of the Limited Tax Bonds will be used for the purposes of (i) constructing, rehabilitating, renovating, improving, upgrading, updating, expanding, enlarging, and equipping the County's law enforcement center and jail; and (ii) paying the costs of issuance of the Limited Tax Bonds.

RATING .... The Bonds and certain of the presently outstanding tax supported debt of the County are rated "AA" (stable outlook) by S&P Global Ratings, a division of S&P Global Inc. ("S&P") without regard to credit enhancement (see "OTHER INFORMATION - Rating").

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

PAYMENT RECORD .... The County has never defaulted in payment of its bonded indebtedness.

PAYING AGENT/REGISTRAR .... The initial Paying Agent/Registrar for the Bonds is Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas.

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SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated Population(1)	Taxable Assessed Valuation(2)	Taxable Assessed Valuation Per Capita	Ad Valorem Tax Debt Outstanding at End of Year	Ratio of Ad Valorem Tax Debt to Taxable Assessed Valuation	Ad Valorem Tax Debt Per Capita
2022	66,299	$ 8,016,802,796	$ 120,919	$ 6,205,000	0.08%	$94
2023	67,717	9,948,278,277	146,910	1,542,000	0.02%	23
2024	69,310	11,899,384,762	171,684	6,342,000	0.05%	92
2025	70,501	12,088,643,539	171,468	2,504,000	0.02%	36
2026	70,501	12,530,566,319	177,736	52,405,000 (3)	0.42%	743

(1) Source: Federal Reserve Bank of St. Louis and County Staff.
(2) As reported by the Appraisal District on the City's annual Certified Rolls; subject to change during the ensuing year.
(3) Includes the Bonds.

ELECTED OFFICIALS

County Offices	Term Expires	County Offices	Term Expires
Ron Massingill County Judge	2026	Ryan Sinclair District Attorney	2028
Kevin Andrews Commissioner Precinct 1	2028	Bryan Bufkin District Judge	2026
Nannette Samuelson Commissioner Precinct 2	2026	Melanie Graft District Clerk	2026
Jack Wilson Commissioner Precinct 3	2028	Chad Davis Constable Precinct 1	2028
Dave Eagle Commissioner Precinct 4	2026	John D. Shirley Constable Precinct 2	2028
Roger Deeds County Sheriff	2028	Randy Ellis Constable Precinct 3	2028
Richard Hattox County Court at Law	2026	Chad Jordan Constable Precinct 4	2028
Matthew A Mills County Attorney	2028	Laura Freeman Justice of the Peace Precinct 1	2028
Christine C. Leftwich, M.Ed County Clerk	2026	Jeff Kelley Justice of the Peace Precinct 2	2026
Leigh Ann McCoy County Treasurer	2026	Stephen Barnett Justice of the Peace Precinct 3	2026
Andrea Ferguson Tax Assessor-Collector	2028	Earl 'Dub' Gillum Justice of the Peace Precinct 4	2028

KEY APPOINTED / ELECTED OFFICIALS

Name	Position	Term Expires
Ron Massingill	County Judge	2026
Christine C. Leftwich, M.Ed	County Clerk	2026
Leigh Ann McCoy	County Treasurer	2026
Andrea Ferguson	Tax Assessor-Collector	2028
Stephanie Matlock, MBA	County Auditor	Appointed

CONSULTANTS AND ADVISORS

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

Bond Counsel and Disclosure Counsel .... McCall, Parkhurst & Horton L.L.P.
Dallas, Texas

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

For additional information regarding the County, please contact:

Stephanie Matlock, MBA	Andre Ayala	Jorge Delgado
County Auditor	Managing Director	Senior Vice President
smatlock@hoodcounty.texas.gov	andre.ayala@hilltopsecurities.com	jorge.delgado@hilltopsecurities.com
Hood County, Texas	Hilltop Securities Inc.	Hilltop Securities Inc.
1402 West Pearl Street, Suite 4	717 N. Harwood Street, Suite 3400	717 N. Harwood Street, Suite 3400
Granbury, Texas 76048	Dallas, Texas 75201	Dallas, Texas 75201
817-579-3210	(214) 953-4000	(214) 953-4000

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OFFICIAL STATEMENT

RELATING TO

$28,960,000		**$23,445,000**
HOOD COUNTY, TEXAS	**AND**	**HOOD COUNTY, TEXAS**
UNLIMITED TAX ROAD BONDS, SERIES 2026		**LIMITED TAX BONDS, SERIES 2026**

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $28,960,000 Hood County, Texas Unlimited Tax Road Bonds, Series 2026 (the "Unlimited Tax Bonds") and $23,445,000 Hood County, Texas Limited Tax Bonds, Series 2026 (the "Limited Tax Bonds", and together with the Unlimited Tax Bonds, herein collectively referred to as the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the respective orders (the "Unlimited Tax Order" with respect to the Unlimited Tax Bonds and the "Limited Tax Order" with respect to the Limited Tax Bonds), each adopted by the Commissioners Court (the "Commissioners Court") of Hood County, Texas (the "County") on the date of the sale of the Bonds which will authorize the issuance of the Unlimited Tax Bonds and the Limited Tax Bonds respectively. The Unlimited Tax Order and the Limited Tax Order are herein collectively referred to as the "Orders".

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

DESCRIPTION OF THE COUNTY . . . The County was organized in 1866 and is a political subdivision of the State of Texas (the "State"). The governing body of the County is the Commissioners Court which consists of the County Judge and four Commissioners, one from each of four geographical Commissioners Precincts. The County Judge is elected for a term of four years and the Commissioners for four year staggered terms. Other major County elective officers include the County Clerk and County Treasurer. The County Auditor is appointed for a term of two years by, and serves at the will of, the District Judges whose courts are located in the County. The County covers approximately 437 square miles. The City of Granbury is the County Seat. The 2010 Census population for the County was 51,182, the 2020 Census population for the County was 61,598 and its 2026 estimated population is 70,501.

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Unlimited Tax Bonds will be used for the purposes of (i) construction, acquisition by purchase, maintenance, and operation of macadamized, graveled, or paved roads, and other related costs therefore; and (ii) paying costs of issuance of the Unlimited Tax Bonds.

Proceeds from the sale of the Limited Tax Bonds will be used for the purposes of (i) constructing, rehabilitating, renovating, improving, upgrading, updating, expanding, enlarging, and equipping the County's law enforcement center and jail; and (ii) paying the costs of issuance of the Limited Tax Bonds.

SOURCES AND USES OF FUNDS . . . Proceeds from the sale of the Bonds are expected to be expended approximately as follows:

	Unlimited Tax Bonds	Limited Tax Bonds
Sources of Funds		
Par Amount	$ 28,960,000.00	$ 23,445,000.00
Cash Premium	$ 1,302,547.50	919,425.40
Total Sources of Funds	**$ 30,262,547.50**	**$ 24,364,425.40**
Uses of Funds		
Deposit to Project Fund	$ 30,000,000.00	$ 24,000,000.00
Underwriting Discount	55,278.15	184,077.22
Cost of Issuance	207,269.35	180,348.18
Total Uses of Funds	**$ 30,262,547.50**	**$ 24,364,425.40**

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated August 1, 2026 and mature on February 15 in each of the years and in the amounts shown on pages 2 and 4 hereof. Interest will accrue from the date of initial delivery thereof (the "Delivery Date"), will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15 and August 15 of each year, commencing February 15, 2027 until maturity or prior redemption. The definitive Bonds will be issued only in fully-registered form in principal denominations of $5,000 or any integral multiple thereof for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar identified herein to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").

AUTHORITY FOR ISSUANCE . . . The Unlimited Tax Bonds are being authorized and issued pursuant to the Constitution and general laws of the State, particularly Article III, Section 52 of the Texas Constitution, as amended, Chapter 1251 and Chapter 1471, Texas Government Code, as amended, an order authorizing the issuance of the Unlimited Tax Bonds (the "Unlimited Tax Order"), and a County-wide election held on November 4, 2025.

The Limited Tax Bonds are issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 1251 and Section 1473.101, Texas Government Code, as amended, an order authorizing the issuance of the Limited Tax Bonds (the "Limited Tax Order"), and a County-wide election held on November 4, 2025.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS . . . The Unlimited Tax Bonds constitute direct obligations of the County, payable from a direct and continuing annual ad valorem tax levied on all taxable property within the County, without legal limit as to rate or amount, as provided in the Unlimited Tax Order (see "THE BONDS - Tax Rate Limitation").

The Limited Tax Bonds constitute direct obligations of the County, payable from a direct and continuing annual ad valorem tax levied on all taxable property within the County, within the limits prescribed by law, as provided in the Limited Tax Order (see "THE BONDS - Tax Rate Limitation").

TAX RATE LIMITATION . . . The Texas Constitution (Article VIII, Section 9) imposes a tax rate limit of $0.80 per $100 assessed valuation of all taxable property within the County (the "$0.80 Tax Limitation") for all purposes of a County's general fund, permanent improvement fund, road and bridge fund and jury fund, including debt service of bonds (including the Limited Tax Bonds) or other debt obligations issued against such funds. Administratively, the Attorney General of Texas will not approve a county's issuance of limited tax bonds in an amount which produces debt service requirements exceeding that which can be paid from $0.40 per $100 valuation, at a 90% collection rate of the $0.80 Tax Limitation.

Limited tax obligations of counties issued pursuant to authority granted under Texas Government Code, Section 1301.003 limits the amount of such debt issued for certain purposes as follows:

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

Unlimited Tax Road Bonds… Texas Constitution (Article III, Section 52) also authorizes the levy of a tax unlimited as to rate or amount to pay debt service on voted County road bonds; however, total unlimited tax road bond debt cannot exceed 25% of the assessed valuation of real property in the county. The Unlimited Tax Bonds are being issued as unlimited tax County road bonds. The debt service of the Unlimited Tax Bonds is not subject to the $0.80 Tax Limitation.

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

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

OPTIONAL REDEMPTION . . . The County reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2037, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the

Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

MANDATORY SINKING FUND REDEMPTION . . . The Unlimited Tax Bonds maturing on February 15 in the years 2043 and 2046 (the "Term Unlimited Tax Bonds") are subject to mandatory sinking fund redemption on the dates and in the principal amounts shown below at the price of par plus accrued interest to the date of redemption:

Term Unlimited Tax Bonds Due February 15, 2043			Term Unlimited Tax Bonds Due February 15, 2046		
Redemption Date		Principal Amount	Redemption Date		Principal Amount
February 15, 2041		$2,085,000	February 15, 2044		$2,515,000
February 15, 2042		$2,260,000	February 15, 2045		$2,630,000
February 15, 2043	(maturity)	$2,455,000	February 15, 2046	(maturity)	$2,750,000

The principal amount of Term Unlimited Tax Bonds required to be redeemed on any mandatory sinking fund redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the County, by the principal amount of any Term Unlimited Tax Bonds which, at least 45 days prior to a mandatory redemption date (1) shall have been acquired by the County at a price not exceeding the principal amount of such Term Unlimited Tax Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the County at a price not exceeding the principal amount of such Term Unlimited Tax Bonds plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the County shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY OBLIGATION OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH OBLIGATION OR PORTION THEREOF SHALL CEASE TO ACCRUE, PROVIDED THAT MONIES FOR THE PAYMENT OF THE REDEMPTION PRICE AND THE INTEREST ACCRUED ON THE PRINCIPAL AMOUNT TO BE REDEEMED TO THE DATE OF REDEMPTION ARE HELD FOR THE PURPOSE OF SUCH PAYMENT BY THE PAYING AGENT/REGISTRAR.

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

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

DEFEASANCE . . . The Orders provide for the defeasance of the Bonds when the payment of the principal and premium, if any, on the Bonds, plus interest on the Bonds to the due date thereof is provided by irrevocably depositing with the Paying Agent/Registrar or another authorized escrow agent, in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds, and thereafter the County will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The County additionally has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the County moneys in excess of the amount required for such defeasance. The Orders provide that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, and (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the County, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Orders do not contractually limit such investments, registered owners will 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 for defeasance purposes or that for any other Defeasance Security will be maintained at any particular rating category.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the County to initiate proceedings to call the Bonds that have been defeased for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds that have been defeased 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 Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

AMENDMENTS . . . In the Orders, the County has reserved the right to amend the Orders without the consent of any holder of the Bonds for the purpose of amending or supplementing the Orders to (i) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of the Orders that do not materially adversely affect the interests of the holders, (iv) qualify the Orders under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect or (v) make such other provisions in regard to matters or questions arising under the Orders that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the County, do not materially adversely affect the interests of the holders.

The Orders further provide that the holders of the Bonds aggregating in principal amount a majority of the outstanding Bonds will have the right from time to time to approve any amendment not described above to the Orders if it is deemed necessary or desirable by the County; provided, however, that without the consent of 100% of the holders in original principal amount of the then outstanding Bonds, no amendment may be made for the purpose of: (i) making any change in the maturity of any of the outstanding Bonds; (ii) reducing the rate of interest borne by any of the outstanding Bonds; (iii) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Bonds; (iv) modifying the terms of payment of principal or of interest or redemption premium on outstanding Bonds, or imposing any condition with respect to such payment; or (v) changing the minimum percentage of the principal amount of the Bonds necessary for consent to such amendment. Reference is made to the Orders for further provisions relating to the amendment thereof.

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

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

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

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

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

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

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

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

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

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent/Registrar on payable dates 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 in 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, the Paying Agent/Registrar or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment 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 shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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 Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Orders will be given only to DTC.

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

Effect of Termination of Book-Entry-Only System . . . In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the County with respect the Bonds, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Orders and summarized under "THE BONDS - Transfer, Exchange and Registration" below.

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

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued with respect to the Bonds, printed Bonds will be issued to the registered owners of the Bonds and thereafter such printed Bonds 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. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the County nor the Paying Agent/Registrar will be required to make any transfer, conversion, or exchange of an Obligation (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Obligation or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

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

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

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

REPLACEMENT BONDS. . . If any Bond is mutilated, destroyed, stolen or lost, a new Bond in the same principal amount as the Bond so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Bond , such new Bond will be delivered only upon surrender and cancellation of such mutilated Bond . In the case of any Bond issued in lieu of and substitution for an Bond which has been destroyed, stolen or lost, such new Bond will be delivered only (a) upon filing with the Paying Agent/Registrar a certificate to the effect that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and (b) upon furnishing the Paying Agent/Registrar with indemnity satisfactory to hold the County and the Paying Agent/Registrar harmless. The person requesting the authentication and delivery of a new Bond must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

Bondholders' Remedies. . . The Orders establish specific events of default with respect to the Bonds. If the County defaults in the payment of the principal of or interest on the Bonds when due or the County defaults in the observance or performance of any of the covenants, conditions, or obligations of the County, the failure to perform which materially, adversely affects the rights of the owners of the Bonds, including but not limited to, their prospect or ability to be repaid in accordance with the Orders, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the County, the Orders provide that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the County to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus is controlled by equitable principles, and thus rests within the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Orders do not provide for the appointment of a trustee to represent the interest of the Bondholders upon any failure of the County to perform in accordance with the terms of the Orders, or upon any other condition, and, accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) ("Wasson") that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. The Texas Supreme Court reviewed *Wasson* again in June 2018 and clarified 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. If sovereign immunity is determined by a court to exist, then the Texas Supreme Court has ruled in *Tooke v.City of Mexia*, 197 S.W.3rd 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the County's sovereign immunity from a suit for money damages, Obligationholders may not be able to bring such a suit against the County for breach of the Bonds or Orders covenants. Even if a judgment against the County could be obtained, it could not be enforced by direct levy and execution against the County's property. Further, the registered owners cannot themselves foreclose on property within the County or sell property within the County to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the County is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Obligationholders of an entity which has sought protection under Chapter 9. Therefore, should the County avail itself of Chapter 9 protection from creditors, the ability to enforce creditors' rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Orders and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, including principles of governmental immunity, and by general principles of equity which permit the exercise of judicial discretion.

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

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

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.

Through December 31, 2026, an appraisal district is prohibited from increasing the appraised value of real property during the 2025 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than $5,160,000 (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. After the 2025 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.

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

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

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

PERSONAL PROPERTY . . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property. Pursuant to voter approval at a Statewide election held on November 4, 2025, legislation passed by the Legislature and signed by the Governor during the 89th Regular Session will provide a person to 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 intangible personal property.

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

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

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

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

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

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

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

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

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

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

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

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

"unused increment rate" means the greater of (i) zero; or (ii) the sum of the foregone revenue amount for each of the tax years 2023 through 2025 divided by the current total value.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

County Application of Tax Code . . . The County grants an exemption to the market value of the residence homestead of persons who are 65 years of age or older of $15,000.

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

Ad valorem taxes are levied by the County against the non-exempt value of residence homesteads for the payment of debt.

The County grants a 20% exemption for residence homesteads (but not less than $5,000).

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

The County does not tax freeport property.

The County levies the ½ of 1% additional sales and use tax for the reduction of property taxes.

The County does not collect additional penalties to defray attorney costs in the collection of delinquent taxes over and above the penalty automatically assessed under the Property Tax Code.

Regulation of Land Development and Tax Incentives . . . The County has experienced rapid population growth in recent years, together with rapid land development. The County may implement various economic development incentives to manage and continue this growth while maintaining a stable property tax rate. Pursuant to Chapter 381, Texas Local Government Code, the County is authorized to enter into economic development agreements (each a "Chapter 381 Agreement") wherein the County agrees to reimburse the property owner for all or a portion of certain ad valorem taxes paid by such property owner during the term of the agreement.

The County previously entered a Chapter 381 Agreement with Propell American LLC and Red Cedar LLC in connection with the development of a manufacturing facility for certain oilfield equipment, in which the County agreed to reimburse the property owners for 50% of all real and personal property taxes paid to the County for a 10-year period, up to a maximum amount of $1,000,000, with an expiration date of June 30, 2028. To date, however, the County has not received requests for reimbursement from the property owners pursuant to the agreement.

The County previously entered into a Chapter 381 Agreement with Luminant Generation Company LLC ("Luminant") in connection with the development of a 260-megawatt battery energy storage project within the County, in which the County agreed to reimburse Luminant an annually increasing percentage of the ad valorem taxes paid by Luminant to the County during a period of 5 years, with an expiration date of December 31, 2027. Luminant is required to invest $136 million dollars at the project site and to employ 11 full time equivalent employment positions and to keep the property open through expiration.

Pursuant to Subchapter K, Chapter 231, Texas Local Government Code, the County has unique statutory authority to regulate land development within the unincorporated areas of the County, in part to protect the Brazos River watershed. In recent years, pursuant to said authority, the County has received numerous applications for the approval of large development projects, including most notably data centers, electric generation facilities, and a solar farm, among others.

Data Center Projects and Litigation

In recent years, the County has received applications from seven different developers in connection with the proposed construction of large data center projects within the unincorporated areas of the County. In addition to said applications, certain developers have requested tax abatement agreements (Chapter 381 Agreements) and other incentives in connection with their projects. To date, the County has approved a concept plan for one such project known as Project Spectrum, which is a 1,200+ acre data center for Amazon Web Services (AWS). To date, the County has not approved any Chapter 381 Agreement in connection with a data center project. Two other developers have filed suit against the County, seeking writs of mandamus to require the County to approve concept plans for their data center projects. While these lawsuits currently do not seek monetary damages, the potential for future litigation related to these and similar projects remains high. The outcome of these lawsuits and other claims are not presently determinable and the resolutions of these matters are not presently expected to have a material effect on the financial condition of the County.

Yellow Viking Solar Farm

The County previously approved a concept plan for the development of a 1,187-acre solar farm project to be developed by Yellow Viking Development One LLC (Lydian Energy) in Hood and Somervell Counties, with approximately 528 acres planned within the County. Although the County initially entered into a Chapter 381 Agreement with said developer on June 8, 2021, on February 5, 2025, the County declared the Chapter 381 Agreement to be inactive, due to failure by the developer to satisfy the requirements of the agreement. The County has not made any payments to the developer pursuant to said agreement.

Wolf Hollow Power Plants

The County previously approved the development of two gas-powered electric generation plants owned by Wolf Hollow I Power LLC (approximately 750 megawatts) and Wolf Hollow II Power LLC (approximately 1,100 megawatts). The County previously entered into a Chapter 381 Agreement with Wolf Hollow II Power LLC, which provided for reimbursement of up to 60% of ad valorem taxes for a period of 7 years, which agreement has since expired. The plant owner has applied for permits to construct a third power plant, to be known as “Wolf Hollow III”, which would be adjacent to cryptocurrency mining data center, which has become controversial within the community. The County has taken official action to request that the Texas Commission on Environmental Quality deny the air quality permit application of the plant owner.

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TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2026/2027 Market Valuation Established by Hood Central Appraisal District (including totally exempt property)		$ 19,027,278,536
Less Exemptions/Reductions at 100% Market Value:		
Cap Loss	$ 380,174,750	
Circuit Breaker	182,929,835	
Productivity Loss	2,536,536,414	
Homestead	1,560,465,758	
65 and Over	161,593,255	
Disabled Veteran	289,639,678	
Abatements	926,070	
Pollution Control	126,792,074	
Freeport	2,162,111	
Minimum Value	78,287,247	
Other	2,655,554	
Totally Exempt	788,179,394	6,110,342,140
2026/2027 Taxable Assessed Valuation		$ 12,916,936,396
General Obligation Debt Payable from Ad Valorem Taxes (as of 8/1/2026)		
The Unlimited Tax Bonds		28,960,000
The Limited Tax Bonds		23,445,000
Total General Obligation Debt Payable from Ad Valorem Taxes (as of 8/1/2026)		$ 52,405,000
General Obligation Interest and Sinking Fund (as of 9/30/2025)		$ -
Ratio of General Obligation Tax Debt to 2026/2027 Taxable Assessed Valuation		0.41%

2026 Estimated Population - 70,501

Per Capita Taxable Assessed Valuation - $183,216

Per Capita General Obligation Debt Payable from Ad Valorem Taxes - $743

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TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Vaue for Fiscal Year Ended September 30,					
	2027		2026		2025	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 9,515,197,756	50.01%	$ 9,128,077,460	50.16%	$ 8,822,304,961	51.73%
Real, Residential, Multi-Family	294,500,256	1.55%	289,472,760	1.59%	303,281,177	1.78%
Real, Vacant Lots/Tracts	583,875,325	3.07%	521,247,268	2.86%	470,706,411	2.76%
Real, Acreage (Land Only)	4,374,153,454	22.99%	4,172,247,869	22.93%	3,653,922,754	21.43%
Real, Farm and Ranch Improvements	28,963,010	0.15%	32,697,190	0.18%	28,976,870	0.17%
Real, Commercial & Industrial	1,974,031,315	10.37%	1,532,490,908	8.42%	1,415,663,610	8.30%
Real, Oil and Gas and Minerals	104,278,101	0.55%	129,174,150	0.71%	106,872,950	0.63%
Real and Tangible Personal, Utilities	680,670,320	3.58%	662,851,700	3.64%	577,960,770	3.39%
Tangible Personal, Commercial & Industrial	492,736,100	2.59%	864,965,743	4.75%	799,955,050	4.69%
Tangible Personal, Other	72,069,535	0.38%	59,000,971	0.32%	58,260,117	0.34%
Real Property, Inventory	90,637,265	0.48%	83,408,960	0.46%	98,500,360	0.58%
Special Inventory	36,462,430	0.19%	37,653,020	0.21%	41,794,460	0.25%
Totally Exempt	779,703,669	4.10%	685,410,000	3.77%	675,287,260	3.96%
Total Appraised Value Before Exemptions	$ 19,027,278,536	100.00%	$ 18,198,697,999	100.00%	$ 17,053,486,750	100.00%
Less: Total Exemptions/Reductions	6,110,342,140		5,668,131,680		4,964,843,211	
Taxable Assessed Value	$ 12,916,936,396		$ 12,530,566,319		$ 12,088,643,539	

	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2024		2023	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 8,556,983,884	52.69%	$ 7,203,118,480	52.97%
Real, Residential, Multi-Family	213,612,131	1.32%	179,225,229	1.32%
Real, Vacant Lots/Tracts	431,480,992	2.66%	301,842,990	2.22%
Real, Acreage (Land Only)	3,291,690,389	20.27%	2,671,135,553	19.64%
Real, Farm and Ranch Improvements	27,806,320	0.17%	26,780,800	0.20%
Real, Commercial & Industrial	1,590,271,730	9.79%	1,448,917,407	10.65%
Real, Oil and Gas and Minerals	236,377,930	1.46%	208,531,670	1.53%
Real and Tangible Personal, Utilities	494,281,560	3.04%	407,229,030	2.99%
Tangible Personal, Commercial & Industrial	513,858,930	3.16%	373,469,220	2.75%
Tangible Personal, Other	63,318,855	0.39%	26,764,492	0.20%
Real Property, Inventory	77,801,170	0.48%	38,949,700	0.29%
Special Inventory	50,196,989	0.31%	39,628,720	0.29%
Totally Exempt	694,005,780	4.27%	673,465,890	4.95%
Total Appraised Value Before Exemptions	$ 16,241,686,660	100.00%	$ 13,599,059,181	100.00%
Less: Total Exemptions/Reductions	4,342,301,898		3,650,780,904	
Taxable Assessed Value	$ 11,899,384,762		$ 9,948,278,277	

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

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TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population[(1)]	Taxable Assessed Valuation[(2)]	Taxable Assessed Valuation Per Capita	Ad Valorem Tax Debt Outstanding at End of Year	Ratio of Ad Valorem Tax Debt to Taxable Assessed Valuation	Ad Valorem Tax Debt Per Capita
2022	66,299	$ 8,016,802,796	$ 120,919	$ 6,205,000	0.08%	$94
2023	67,717	9,948,278,277	146,910	1,542,000	0.02%	23
2024	69,310	11,899,384,762	171,684	6,342,000	0.05%	92
2025	70,501	12,088,643,539	171,468	2,504,000	0.02%	36
2026	70,501	12,530,566,319	177,736	52,405,000 (3)	0.42%	743

(1) Source: Federal Reserve Bank of St. Louis and County Staff.
(2) As reported by the Appraisal District on the City's annual Certified Rolls; subject to change during the ensuing year.
(3) Includes the Bonds.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy[(1)]	% Current Collections	% Total Collections
2022	$ 0.420345	$ 0.374273	$ 0.046072	$ 31,083,101	99.01%	99.01%
2023	0.331129	0.297022	0.034107	31,277,887	98.77%	98.77%
2024	0.282538	0.257138	0.025400	32,279,182	98.70%	98.70%
2025	0.267258	0.241774	0.025484	31,422,094	98.72%	98.72%
2026	0.279700	0.252701	0.026999	34,486,491	97.79% (2)	97.79% (2)

(1) Source: Year to Date Collection Reports by Hood Central Appraisal District.
(2) Collections as of June 30, 2026.

TABLE 5 - TEN LARGEST TAXPAYERS [(1)]

Name of Taxpayer	Nature of Property	2025/26 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Wolf Hollow II Power LLC	Energy	$ 483,266,000	3.86%
Wolf Hollow I Power PLT	Energy	244,878,160	1.95%
Marathon Digital	Cryptocurrency Mining	154,919,010	1.24%
Grand Prix Pipeline LLC	Oil & Gas	118,048,180	0.94%
Decordova Battery Storage	Electric Utilities	98,834,560	0.79%
Diversified Production LLC	Oil & Gas	56,325,690	0.45%
Oncor Electric Delivery U	Electric Utilities	54,504,910	0.43%
Cowtown Pipeline Partners	Oil & Gas	42,516,780	0.34%
Pecos Housing Finance Corp	Non-profit Corporation	35,280,000	0.28%
Enlink North TX Gathering	Oil & Gas	33,089,390	0.26%
		$ 1,321,662,680	10.55% (2)

(1) As reported by the Hood Central Appraisal District.
(2) As shown in Table 4 above, over 10% of the County's total taxable assessed valuation is concentrated in its top 10 taxpayers, with the top three taxpayers—two power plants and a data center—comprising over 10% of the County's tax base. The continued development of power generating facilities and data centers within the County could lead to increased concentration of the County's tax base. Adverse development affecting such industries could adversely affect the taxable assessed valuation in the County resulting in less tax revenue or future increases in ad valorem tax rates. See "TAX INFORMATION - Regulation of Land Development and Tax Incentives" herein.

TABLE 6 - TAX ADEQUACY

Principal and Interest Requirements, FY 2027(1)	$ 3,423,294
$0.0271 Tax Rate at 98% Collection Produces	$ 3,430,480
Average Annual Principal and Interest Requirements, FY 2027-2046(1)	$ 4,094,460
$0.0324 Tax Rate at 98% Collection Produces	$ 4,101,386
Maximum Principal and Interest Requirements, FY 2043(1)	$ 4,640,338
$0.0367 Tax Rate at 98% Collection Produces	$ 4,645,705

(1) Includes the Bonds. Calculated based on 2026/2027 Taxable Assessed Valuation.

TABLE 7 - ESTIMATED OVERLAPPING DEBT

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

Taxing Jurisdiction	2025/26 Taxable Assessed Value	2025/26 Tax Rate	Total General Obligation Debt as of 8/1/2026	Estimated % Applicable	County's Overlapping General Obligation Debt as of 8/1/2026
Hood County	$ 12,530,566,319	$ 0.2797	$ 52,405,000 (1)	100.00%	$ 52,405,000
Bluff Dale Independent School District	316,804,438	0.8400	5,420,500	4.29%	232,539
Glen Rose Independent School District	4,583,459,064	0.7896	29,155,000	1.69%	492,720
Godley Independent School District	1,922,240,548	1.2850	220,900,000	2.00%	4,418,000
Granbury Independent School District	9,181,093,938	0.9296	58,260,000	87.69%	51,088,194
City of Granbury	2,963,135,078	0.4200	140,020,000	100.00%	140,020,000
Lipan Independent School District	325,108,978	1.0469	15,300,895	48.90%	7,482,138
City of Lipan	51,992,142	0.2266	217,000	100.00%	217,000
Tolar Independent School District	546,244,648	0.9188	4,587,981	100.00%	4,587,981
City of Tolar	138,982,102	0.5000	9,471,000	100.00%	9,471,000
Total Direct and Overlapping Tax-supported Debt(1)					$ 270,414,571
Ratio of Direct and Overlapping Tax-Supported Debt to Taxable Assessed Valuation(1)					2.16%
Per Capita Overlapping Tax-supported Debt(1)					$ 3,836

(1) Includes the Bonds.

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TABLE 8 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 30-Sep	Outstanding Debt Service Principal	Outstanding Debt Service Interest	Outstanding Debt Service Total D/S	The Unlimited Tax Bonds Principal	The Unlimited Tax Bonds Interest	The Unlimited Tax Bonds Total	The Limited Tax Bonds Principal	The Limited Tax Bonds Interest	The Limited Tax Bonds Total	Total General Obligation Debt Service	% of Principal Retired
2026	$ 2,504,000	$ 55,088	$ 2,559,088	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,559,088	
2027	-	-	-	365,000	1,257,898	1,622,898	800,000	1,000,396	1,800,396	3,423,294	
2028	-	-	-	390,000	1,329,525	1,719,525	745,000	1,034,656	1,779,656	3,499,181	
2029	-	-	-	480,000	1,307,775	1,787,775	780,000	996,531	1,776,531	3,564,306	
2030	-	-	-	575,000	1,281,400	1,856,400	820,000	956,531	1,776,531	3,632,931	13.58%
2031	-	-	-	680,000	1,250,025	1,930,025	865,000	914,406	1,779,406	3,709,431	
2032	-	-	-	785,000	1,213,400	1,998,400	905,000	870,156	1,775,156	3,773,556	
2033	-	-	-	895,000	1,171,400	2,066,400	955,000	823,656	1,778,656	3,845,056	
2034	-	-	-	1,020,000	1,123,525	2,143,525	1,005,000	774,656	1,779,656	3,923,181	
2035	-	-	-	1,145,000	1,069,400	2,214,400	1,055,000	723,156	1,778,156	3,992,556	30.54%
2036	-	-	-	1,280,000	1,008,775	2,288,775	1,110,000	669,031	1,779,031	4,067,806	
2037	-	-	-	1,425,000	941,150	2,366,150	1,165,000	612,156	1,777,156	4,143,306	
2038	-	-	-	1,575,000	866,150	2,441,150	1,225,000	552,406	1,777,406	4,218,556	
2039	-	-	-	1,740,000	783,275	2,523,275	1,290,000	489,531	1,779,531	4,302,806	
2040	-	-	-	1,910,000	692,025	2,602,025	1,345,000	430,381	1,775,381	4,377,406	56.15%
2041	-	-	-	2,085,000	599,969	2,684,969	1,405,000	374,503	1,779,503	4,464,472	
2042	-	-	-	2,260,000	507,638	2,767,638	1,460,000	315,413	1,775,413	4,543,050	
2043	-	-	-	2,455,000	407,444	2,862,444	1,525,000	252,894	1,777,894	4,640,338	
2044	-	-	-	2,515,000	298,688	2,813,688	1,590,000	185,706	1,775,706	4,589,394	
2045	-	-	-	2,630,000	182,925	2,812,925	1,660,000	114,613	1,774,613	4,587,538	91.82%
2046	-	-	-	2,750,000	61,875	2,811,875	1,740,000	39,150	1,779,150	4,591,025	100.00%
	$ 2,504,000	$ 55,088	$ 2,559,088	$ 28,960,000	$ 17,354,261	$ 46,314,261	$ 23,445,000	$ 12,129,930	$ 35,574,930	$ 84,448,279	

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TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Budgeted Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2026		$ 2,559,088
Interest and Sinking Fund, Fiscal Year Ended 9/30/2025	$ -	
Budgeted Interest and Sinking Fund Tax Collections(1)	2,782,994	
Budgeted Investment Earnings(1)	8,000	
Budgeted Penalty & Interest & Prior Year Collections(1)	45,000	2,835,994
Estimated Balance as of Fiscal Year Ending 9/30/2026		$ 276,906

(1) Source: County's 2025-2026 Adopted Budget.

TABLE 10 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Authorization Being Used(1)	Unissued Balance
Transportation	11/4/2025	$ 125,000,000	$ -	$ 30,000,000	$ 95,000,000
Justice Center	11/4/2025	24,000,000	-	24,000,000	-
Total		$ 149,000,000	$ -	$ 54,000,000	$ 95,000,000

(1) The "Authorization Being Used" consists of the par amount of the Bonds plus any premium on the Bonds which will be deposited to the Construction Fund and allocated against voted authorization.

ANTICIPATED ISSUANCE OF ADDITIONAL GENERAL OBLIGATION DEBT. . . The County does not anticipate the issuance of additional general obligation debt within the next 12 months.

OTHER OBLIGATIONS . . . The County has outstanding obligations due to the Texas Department of Transportation and subscription liabilities. For more information and a list of those outstanding obligations, see "APPENDIX B – Excerpts from the County's Annual Financial Report" and the notes thereto.

CONTINGENT LIABILITIES . . . A discussion of the financial impact of certain contingent liabilities of the County is disclosed in Note II.F of the County's audited financial statements attached hereto as Appendix B. The County is contingently liable in respect to lawsuits and other claims in the ordinary course of its operations. Such lawsuits include various civil claims that are currently between the stages of discovery and pleadings. The outcome of these lawsuits and other claims are not presently determinable and the resolutions of these matters are not expected to have a material effect on the financial condition of the County. See "TAX INFORMATION – Regulation of Land Development and Tax Incentives" herein for additional information regarding ongoing litigation.

COMPENSATED ABSENCES . . . The County recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The County's projected liability for compensated absences as of September 30, 2025 was $2,731,053. For more information regarding the County's liabilities for compensated absences, see Notes I.D, III.F, and IV.C in Appendix B – "Excerpts from the County's Annual Financial Report for the Year Ended September 30, 2025."

DEFINED BENEFIT PENSION PLAN . . . The County provides retirement, disability, and survivor benefits for its employees through a nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). The system serves nearly 890 participating counties and districts throughout Texas. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at Barton Oaks Plaza IV Ste. 500, 901 S. MoPac Expy., Austin, Texas, 78746 or from the website www.tcdrs.org.

The plan provisions with respect to County employees are adopted by the Commissioners Court, within the options available in the State statutes governing TCDRS (TCDRS Act). Members can retire at age 60 and above with eight or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

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

The County's contributions to TCDRS for the year ended September 30, 2025 were $2,333,706.

For more information regarding the County's pension obligations, see Note III.A in Appendix B – "Excerpts from the County's Annual Financial Report for the Year Ended September 30, 2025."

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FINANCIAL INFORMATION

TABLE 11 - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30				
	2025	2024	2023	2022	2021
Revenues:					
Taxes	$ 32,805,471	$ 33,407,598	$ 32,166,777	$ 30,658,974	$ 28,970,769
Intergovernmental	927,836	941,436	390,040	395,152	2,355,286
Charges for Services	3,780,442	4,528,066	4,383,734	-	-
Fees	-	-	-	3,604,834	3,342,988
Fines	690,325	563,407	572,352	542,170	538,467
Investment Income	2,243,939	2,502,575	1,409,883	286,637	14,066
Miscellaneous	269,534	264,416	843,057	565,622	692,972
Total Revenues	$ 40,717,547	$ 42,207,498	$ 39,765,843	$ 36,053,389	$ 35,914,548
Expenditures:					
General Government	$ 10,799,047	$ 11,897,997	$ 10,700,414	$ 10,974,722	$ 9,425,392
Judicial	5,439,229	5,030,827	4,617,314	4,438,385	4,019,157
Public Facilities	1,479,140	1,478,517	1,468,496	815,582	1,307,964
Public Safety	18,176,113	16,544,565	13,797,293	12,696,781	11,329,027
Health and Welfare	1,073,652	1,140,803	1,069,103	438,932	514,765
Conservation	100,750	92,800	88,116	91,718	72,781
Capital Outlay	28,438	72,836	37,331	686,945	26,143
Debt Service	1,893,465	1,765,290	1,180,000	1,180,000	1,180,000
Total Expenditures	$ 38,989,834	$ 38,023,635	$ 32,958,067	$ 31,323,065	$ 27,875,229
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 1,727,713	$ 4,183,863	$ 6,807,776	$ 4,730,324	$ 8,039,319
Total Other Financing Sources (Uses)	(3,723,832)	260,397	(3,128,380)	(1,162,443)	(8,046,109)
Net Change in Fund Balance	$ (1,996,119)	$ 4,444,260	$ 3,679,396	$ 3,567,881	$ (6,790)
Beginning Fund Balance	$ 32,283,587	$ 27,839,327	$ 24,159,931	$ 20,592,050	$ 20,598,840
Ending Fund Balance	$ 30,287,468 (1)	$ 32,283,587	$ 27,839,327	$ 24,159,931	$ 20,592,050

(1) County anticipates utilizing approximately $3 million in General Fund balance to fund a portion of its operating budget for the upcoming fiscal year.

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FINANCIAL POLICIES

Basis of Accounting . . The accounting policies for the County conform to generally accepted accounting principles.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means that the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liabilities are incurred.

General Fund Balance . . The County’s budgetary goal is to follow the Government Finance Officers Association (GFOA) recommended best practices by maintaining combined fund balances in the General Fund and Road and Bridge Funds at a level equivalent to no less than 90 days and no more than 180 days of operating expenditures.

Budgetary Procedures . . The County’s Fiscal Year begins October 1 and ends September 30. The annual budget process begins in April, when departments submit funding requests to the County Budget Committee. The Budget Committee is composed of the County Judge, County Auditor, Personnel Director, Budget Coordinator, and one County Commissioner (rotated annually). After reviewing departmental submissions, the Committee develops preliminary budget recommendations for consideration by the Commissioners Court during July and August. The Commissioners Court approves the final budget and sets the County’s tax rate in September. The current property tax rate is $0.3793.

Fund Investments . . The County’s investment policy parallels State laws which govern the investment of public funds, particularly the Public Funds Investment Act of 1987. Funds are invested to maximize yield, with safety of principal and liquidity as primary objectives. The County generally restricts investments to direct obligations of the United States Government, governmental agencies, investment pools, and to insured or collateralized bank Certificates of deposit, primarily with the County’s depository bank.

INVESTMENTS

The County invests its investable funds in investments authorized by Texas law, including particularly Texas Government Code, Chapter 2256, as amended (the "PFIA"), in accordance with investment policies approved by the Commissioners Court. Both State law and the County’s investment policies are subject to change.

LEGAL INVESTMENTS . . . Under State law and subject to certain limitations, the County is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations issued and secured by a federal agency or instrumentality of the United States; (4) other obligations unconditionally guaranteed or insured by the State of Texas or the United States or their respective agencies and instrumentalities; (5) "A" or better rated obligations of states, agencies, counties, cities, and other political subdivisions of any state; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) federally insured interest-bearing bank deposits, brokered pools of such deposits, and collateralized certificates of deposit and share certificates; (8) fully collateralized U.S. government securities repurchase agreements; (9) one-year or shorter securities lending agreements secured by obligations described in clauses (1) through (7) above or (11) through (14) below or an irrevocable letter of credit issued by an "A" or better rated state or national bank; (10) 270-day or shorter bankers’ acceptances, if the short-term obligations of the accepting bank or its holding company are rated at least "A-1" or "P-1"; (11) commercial paper rated at least "A-1" or "P-1"; (12) SEC-registered no-load money market mutual funds that are subject to SEC Rule 2a-7; (13) SEC-registered no-load mutual funds that have an average weighted maturity of less than two years; (14) "AAA" or "AAAm"-rated investment pools that invest solely in investments described above; (15) aggregate repurchase agreement transactions entered into by an investing entity in conformity with the provisions of subsection (a-1), (f) and (g) of Section 2256.011 of the PFIA; and (16) in the case of bond proceeds, guaranteed investment contracts that are secured by obligations described in clauses (1) through (7) above and, except for debt service funds and reserves, have a term of 5 years or less.

The County may not, however, invest in (1) interest only obligations, or non-interest bearing principal obligations, stripped from mortgage-backed securities; (2) collateralized mortgage obligations that have a remaining term that exceeds 10 years; and (3) collateralized mortgage obligations that bear interest at an index rate that adjusts opposite to the changes in a market index. In addition, the County may not invest more than 15 percent of its monthly average fund balance (excluding bond proceeds and debt service funds and reserves) in mutual funds described in clause (13) above or make an investment in any mutual fund that exceeds 10% of the fund’s total assets.

Except as stated above or inconsistent with its investment policy, the County may invest in obligations of any duration without regard to their credit rating, if any. If an obligation ceases to qualify as an eligible investment after it has been purchased, the County is not required to liquidate the investment unless it no longer carries a required rating, in which case the County is required to take prudent measures to liquidate the investment that are consistent with its investment policy.

INVESTMENT POLICIES . . . Under State law, the County is required to adopt and annually review written investment policies and must invest its funds in accordance with its policies. The policies must identify eligible investments and address investment diversification, yield, maturity, and the quality and capability of investment management. For investments whose eligibility is rating dependent, the policies must adopt procedures to monitor ratings and liquidate investments if and when required. The policies must require that all investment transactions settle on a delivery versus payment basis. The County must adopt a written investment strategy for each fund group to achieve investment objectives in the following order of priority: (1) suitability, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.

State law requires the County's investments 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." The County is required to perform an annual audit of the management controls on investments and compliance with its investment policies and provide regular training for its investment officers.

TABLE 12 - CURRENT INVESTMENTS

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

Type of Investment	Market Value	Book Value	% of Total Market Value
Texas CLASS	$ 22,653,292	$ 22,653,292	40.40%
LOGIC	28,157,532	28,157,532	50.22%
Texas FIT	4,817,813	4,817,813	8.59%
TexStar	443,937	443,937	0.79%
Total	$ 56,072,574	$ 56,072,574	100.00%

TAX MATTERS

OPINION . . . On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel to the County, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds", the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See APPENDIX C - Forms of Bond Counsel's Opinions.

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

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

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

A ruling was not sought from the Internal Revenue Service by the County with respect to the Bonds or the property financed with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the County as the taxpayer and the Obligationholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

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

Under Existing Law, any owner who has purchased such Original Issue Discount Obligation in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Obligation equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see the discussion set forth below.

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

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

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

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

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

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

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

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

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

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

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

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

CONTINUING DISCLOSURE OF INFORMATION

In the Orders, the County has made the following agreement for the benefit of the registered and beneficial owners of the Bonds. The County is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the County will be obligated to provide certain updated financial information and operating data annually and timely notice of specified events to the Municipal Securities Rulemaking Board ("*MSRB*"). This information will be publicly available on the MSRB's Electronic Municipal Market Access System ("*EMMA*") at http://emma.msrb.org/.

ANNUAL REPORTS. . . The County will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the County of the general type included in this Official Statement under Tables numbered 1 through 6 and 8 through 12 and in Appendix B, which is the County's annual audited financial report. The County will update and provide the information in the numbered tables within six months after the end of each fiscal year ending in and after 2026 and, if not submitted as part of such annual financial information, the County will provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year ending in and after 2026. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the County will file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the County may be required to employ from time to time pursuant to State law or regulation.

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

All financial information, operating data, financial statements and notices required to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB. Financial information and operating data to be provided as set forth above may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB's Internet Web site or filed with the Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

EVENT NOTICES . . . The County will provide notice in a timely manner not in excess of ten business days after the occurrence of any of the following events with respect to the Bonds, as applicable: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Obligation calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the County; (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 any such financial obligation of the County, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the County, any of which reflect financial difficulties. As used above in item (12), the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. 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 jurisdiction has been assumed by leaving the existing Commissioner Court and officials or officers of the County in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County. Neither the Bonds nor the Orders make any provision for debt service reserves, liquidity enhancement or credit enhancement, although the County is soliciting bids for bond insurance. For the purposes of the above describe event notices (15) and (16), 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) a guarantee of (i) or (ii); provided however, that a "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

In addition, the County will provide timely notice of any failure by the County to provide financial information or operating data in accordance with its agreement described above under "Annual Reports."

AVAILABILITY OF INFORMATION . . . The County has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

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

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

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . The County has not been subject to a continuing disclosure agreement in accordance with the Rule during the last five years.

CYBERSECURITY RISKS

The County, like other municipalities in the State, utilizes technology in conducting its operations. As a user of technology, the County potentially faces cybersecurity threats (e.g., hacking, phishing, viruses, malware and ransomware) on its technology systems. Accordingly, the County may be the target of a cyber-attack on its technology systems that could result in adverse consequences to the County. The County employs a multi-layered approach to combating cybersecurity threats. While the County deploys layered technologies and requires employees to receive cybersecurity training, as required by State law, among other efforts, cybersecurity breaches could cause material disruptions to the County’s finances or operations. The costs of remedying such breaches or protecting against future cyber-attacks could be substantial. Further, cybersecurity breaches could expose the County to litigation and other legal risks, which could cause the County to incur other costs related to such legal claims or proceedings. During the last 4 years, the County has experienced two attempted cyber-attacks, both of which were identified and neutralized quickly without material data loss. The County has not experienced a cyber-attack that has disrupted operations or caused financial harm.

OTHER INFORMATION

RATING

The Bonds have been rated "AA" (stable outlook) by S&P Global Ratings, a division of S&P Global Inc. (“S&P”), without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from the companies furnishing the ratings. The rating reflects only the view of such companies and the County makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of such companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

LITIGATION

It is the opinion of the County Attorney and County Staff that there is no pending litigation against the County that would have a material adverse financial impact upon the County or its operations. See “TAX INFORMATION - Regulation of Land Development and Tax Incentives” herein for additional information regarding ongoing litigation.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

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

MUNICIPAL ADVISOR

Hilltop Securities Inc. is employed as Municipal Advisor to the County in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Municipal Advisor has agreed, in its Municipal Advisory contract, not to bid for the Bonds, either independently or as a member of a syndicate organized to submit a bid for the Bonds. Hilltop Securities Inc., in its capacity as Municipal 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 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

INITIAL PURCHASER

After requesting competitive bids for the Unlimited Tax Bonds, the County accepted the bid of Morgan Stanley & Co. LLC (the "Unlimited Tax Bonds Initial Purchaser") to purchase the Unlimited Tax Bonds at the interest rates shown on page 2 of this Official Statement at a price of $30,207,269.35. The Unlimited Tax Bonds Initial Purchaser can give no assurance that any trading market will be developed for the Unlimited Tax Bonds after their sale by the County to the Unlimited Tax Bonds Initial Purchaser. The initial yields shown on page 2 of this Official Statement will be established by and are the sole responsibility of the Unlimited Tax Bonds Initial Purchaser and may subsequently be changed at the sole discretion of the Unlimited Tax Bonds Initial Purchaser. The County has no control over the determination of the initial yields and has no control over the prices at which the Bonds are sold in the secondary market.

After requesting competitive bids for the Limited Tax Bonds, the County accepted the bid of TD Financial Products LLC (the "Limited Tax Bonds Initial Purchaser") to purchase the Limited Tax Bonds at the interest rates shown on page 4 of this Official Statement at a price of $24,180,348.18. The Limited Tax Bonds Initial Purchaser can give no assurance that any trading market will be developed for the Limited Tax Bonds after their sale by the County to the Limited Tax Bonds Initial Purchaser. The initial yields shown on page 4 of this Official Statement will be established by and are the sole responsibility of the Limited Tax Bonds Initial Purchaser and may subsequently be changed at the sole discretion of the Limited Tax Bonds Initial Purchaser. The County has no control over the determination of the initial yields and has no control over the prices at which the Bonds are sold in the secondary market.

Each of Unlimited Tax Bonds Initial Purchaser and Limited Tax Bonds Initial Purchaser is referred to herein as an "Initial Purchaser".

Morgan Stanley & Co. LLC, an underwriter of the Unlimited Tax Bonds, has entered into a distribution agreement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Unlimited Tax Bonds.

LEGAL MATTERS

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

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

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

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

UPDATING THE OFFICIAL STATEMENT DURING UNDERWRITING PERIOD

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

CERTIFICATION AS TO OFFICIAL STATEMENT

The County, acting by and through its Commissioners Court in its official capacity hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the County and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, description and statements concerning entities other than the County, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the County has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof. Except as set forth in "CONTINUING DISCLOSURE OF INFORMATION" herein, the County has no obligation to disclose any changes in the affairs of the County and other matters described in this Official Statement subsequent to the "end of the underwriting period" which shall end when the County delivers the Bonds to the Purchaser at closing, unless extended by the Purchaser. All information with respect to the resale of the Bonds subsequent to the "end of the underwriting period" is 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 County’s expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the County on the date hereof, and the County assumes no obligation to update any such forward-looking statements. The County's actual results could differ materially from those discussed in such forward-looking statements.

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

MISCELLANEOUS

The financial data and other information contained herein have been obtained from the County's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and 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 Orders approved the form and content of this Official Statement, and any addenda, supplement or amendment hereto, and authorize its further use in the reoffering of the Bonds by the Initial Purchaser.

David Eagle
County Commissioner Precinct 4
Hood County, Texas

ATTEST:

Christine C. Leftwich
County Clerk
Hood County, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE COUNTY

THE COUNTY

The County was organized and created in 1866. The County is well diversified with timber, prairie, rock-crested cliffs and silvery-winding streams. City of Granbury is the County Seat of the County.

EMPLOYMENT BY INDUSTRY (TOP TEN) (1)

Industry	Number of Employees
Retail Trade	3,946
Health Care / Social Assistance	3,559
Educational Services	3,251
Construction	3,112
Manufacturing	2,466
Professional / Scientific / Tech Services	2,444
Transportation / Warehousing	1,962
Public Administration	1,578
Other Services	1,503
Accommodation / Food Services	1,472

(1) The City of Granbury – Economic Development Department.

LABOR FORCE STATISTICS (1)

Employment statistics for the County are as follows:

	June	Average Annual				
	2026	2025	2024	2023	2022	2021
Civilian Labor Force	29,616	29,244	28,827	27,954	27,359	26,415
Total Employment	28,132	27,993	27,599	26,770	26,194	24,895
Total Unemployment	1,484	1,251	1,228	1,184	1,165	1,520
Percent Unemployment	5.0%	4.3%	4.3%	4.2%	4.3%	5.8%

(1) Source: Texas Workforce Commission.

<u>APPENDIX B</u>

EXCERPTS FROM THE

COUNTY'S ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2025

The information contained in this Appendix consists of excerpts from the Hood County, Texas Annual Financial Report for the Year Ended September 30, 2025, and is not intended to be a complete statement of the County's financial condition. Reference is made to the complete Report for further information.

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HOOD COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2025

HOOD COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2025

Combining Statements and Schedules

COMPLIANCE SECTION

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable County Judge and
Commissioners' Court,
Hood County, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hood County, Texas (the "County"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hood County, Texas, as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in fiscal year 2025 the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hood County, Texas' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2026, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Waco, Texas
July 22, 2026

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MANAGEMENT'S
DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Hood 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 September 30, 2025.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded the liabilities and deferred inflows of resources at the close of the most recent fiscal year for governmental activities by $109,777,104. Of this amount, unrestricted net position is $41,092,782.

- The County's total net position decreased for governmental activities by $112,898.

- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of $51,200,335. 43.92% of fund this amount, $22,484,925 (unassigned fund balance), was available for use within the County's fund designations. Of the governmental funds amount, $9,375,793 has been restricted for specific uses, $8,243,025 was committed, and $3,871,814 is nonspendable.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $22,509,806 or 57.73% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements. These 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 information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the County include general government, judicial and legal, public facilities, public safety, public transportation, health and welfare, culture and recreation, and conservation. The County has no *business-type activities*.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific purposes or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the 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 current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds 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 twenty-nine (29) 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, Grants Fund, Capital Equipment Fund and the Debt Service Fund, which are considered to be major funds. Data from the other twenty-five (25) funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds. The County did not maintain any proprietary funds.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's operations. The County is the trustee, or *fiduciary,* for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information on pensions.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

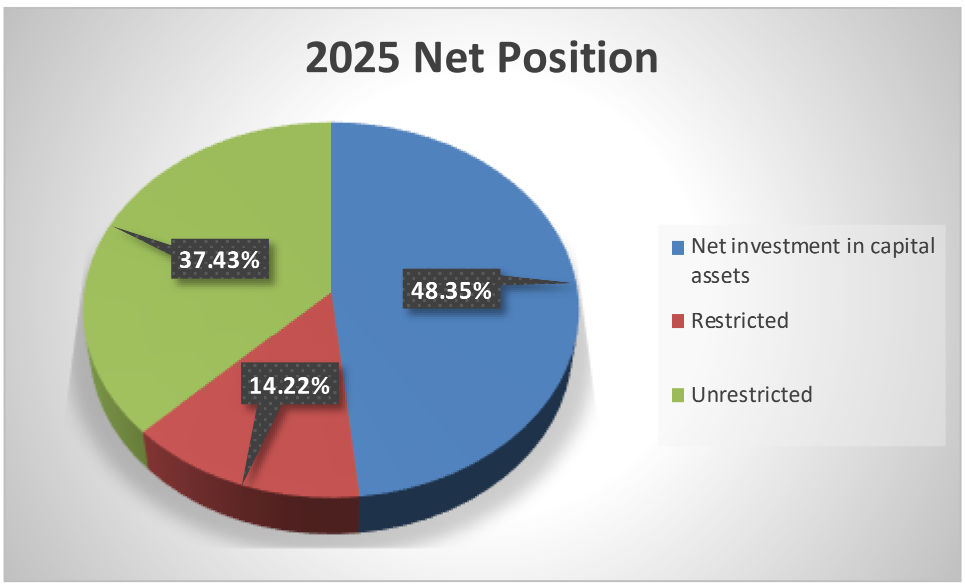
As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $109,777,104 as of September 30, 2025. This is a decrease in net position of $112,898 which is primarily due to an increase in general government, public safety, and judicial and legal expenditures.

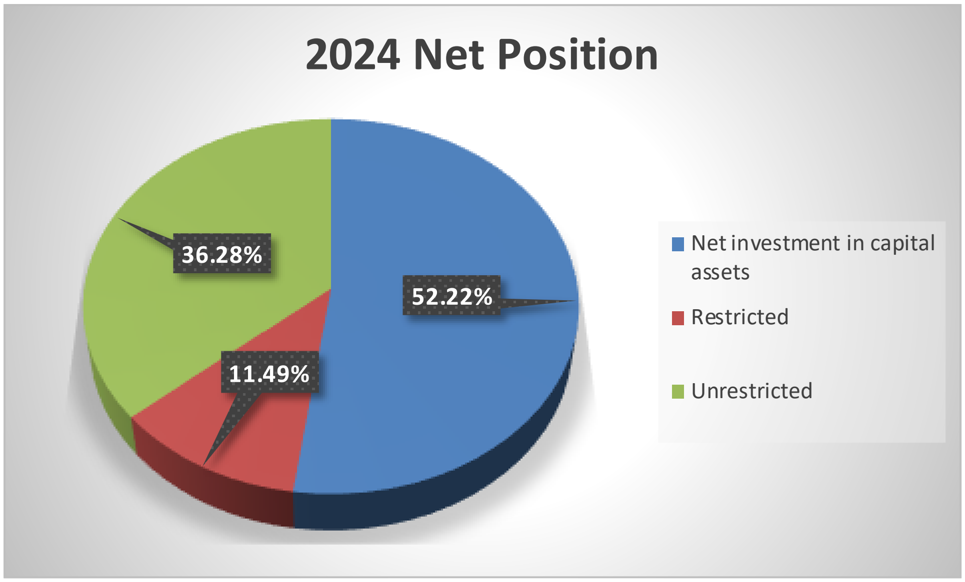
The largest portion of the County's net position of $53,078,749 reflects its investments in capital assets (e.g., land; construction in progress, buildings and improvements, furniture, equipment and vehicles and infrastructure), less any debt used to acquire those assets that is still outstanding. The County uses capital assets to provide service to citizens and consequently these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net investment in capital assets decrease by $5,939,411 due to a decrease in capital assets for the current fiscal year exceeding principal payments made in the current fiscal year to long-term debt.

An additional portion of the County's net position of $15,605,573 represents resources that are subject to external restrictions on how they may be used. The remaining balance of $41,092,782 represents unrestricted net position.

Table – 1
Hood County, Texas' Net Position

	Governmental Activities		Net
	2025	2024	Change
ASSETS			
Current and other assets	$ 63,509,740	$ 56,954,661	$ 6,555,079
Capital assets	54,985,791	65,921,484	(10,935,693)
Total assets	118,495,531	122,876,145	(4,380,614)
Total deferred outflows of resources	2,608,959	2,875,068	(266,109)
LIABILITIES			
Current and other liabilities	2,329,255	2,153,497	175,758
Long-term liabilities	8,259,505	12,471,092	(4,211,587)
Total liabilities	10,588,760	14,624,589	(4,035,829)
NET POSITION			
Net investment in capital assets	53,078,749	59,018,160	(5,939,411)
Restricted	15,605,573	12,536,716	3,068,857
Unrestricted	41,092,782	39,571,748	1,521,034
Total net position	$ 109,777,104	$ 111,126,624	$ (1,349,520)

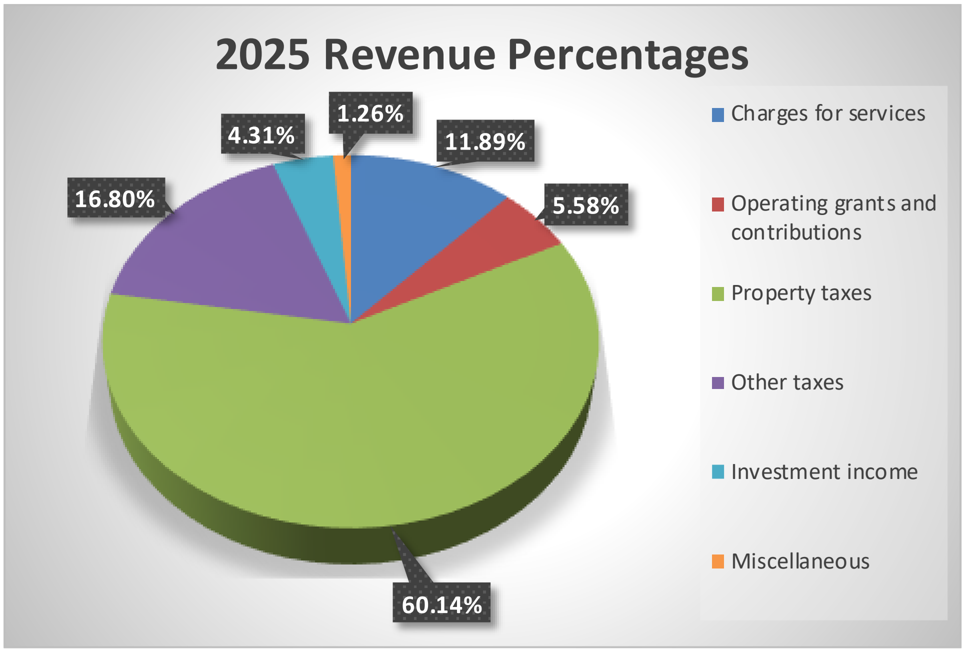


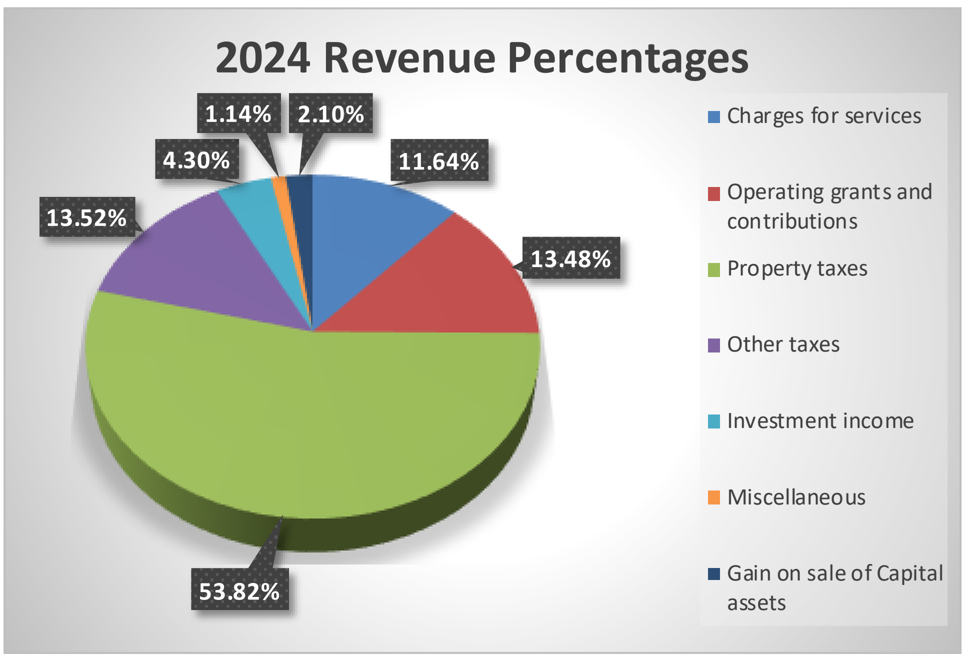


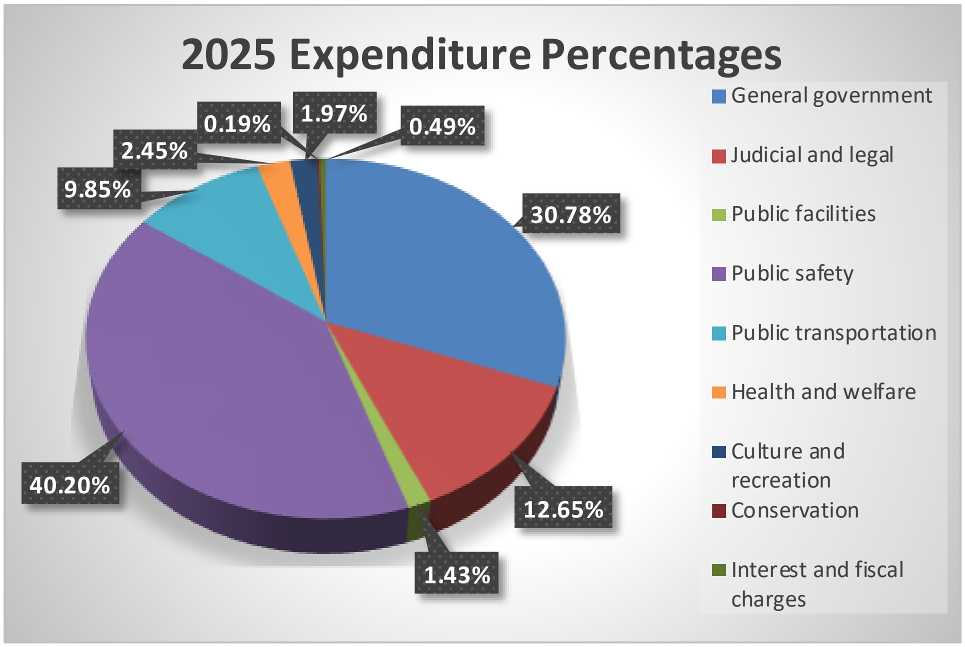
Analysis of the County's Operations. Governmental activities reported a decrease in net position in the amount of $112,898 due to an increase in general government, public safety, and judicial and legal expenditures. The following table provides a summary of the County's operations for the year ended September 30, 2025, and 2024.

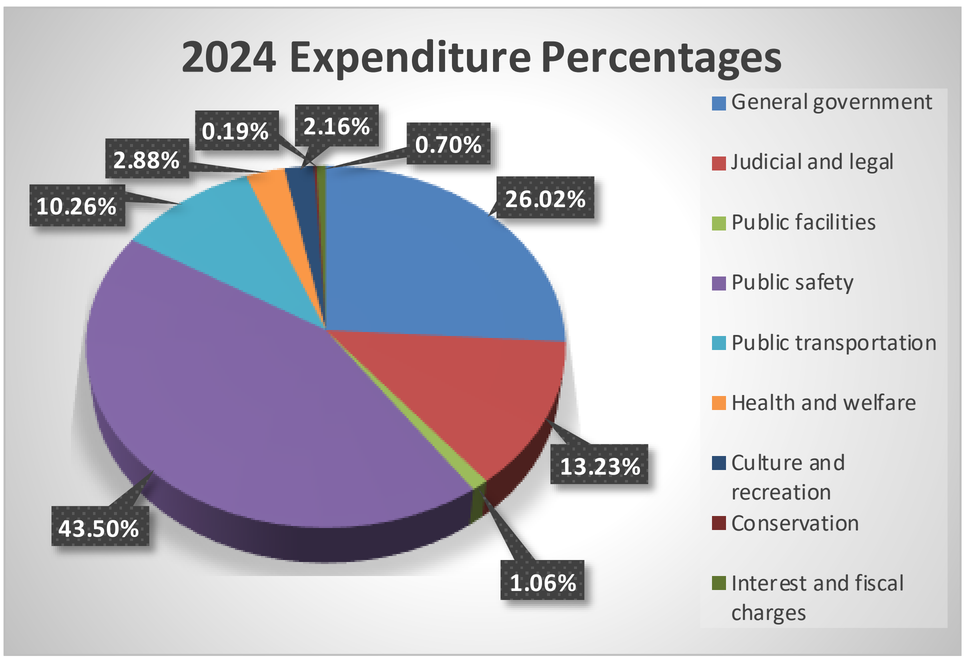
Table – 2
Hood County, Texas' Changes in Net Position

	Governmental Activities		Net
	2025	2024	Change
REVENUES			
Program revenues:			
Charges for services	$ 6,253,573	$ 7,073,729	$ (820,156)
Operating grants and contributions	2,935,474	8,188,820	(5,253,346)
General revenues:			
Property taxes	31,620,049	32,702,313	(1,082,264)
Other taxes	8,832,140	8,212,844	619,296
Investment income	2,267,980	2,611,800	(343,820)
Miscellaneous	664,195	690,102	(25,907)
Gain on sale of capital assets	-	1,278,782	(1,278,782)
Total revenues	52,573,411	60,758,390	(8,184,979)
EXPENSES			
General government	16,216,036	12,134,389	4,081,647
Judicial and legal	6,665,659	6,171,675	493,984
Public facilities	753,640	494,539	259,101
Public safety	21,178,736	20,283,988	894,748
Public transportation	5,188,535	4,786,855	401,680
Health and welfare	1,290,422	1,341,687	(51,265)
Culture and recreation	1,038,570	1,005,257	33,313
Conservation	98,112	89,229	8,883
Interest and fiscal charges	256,599	325,636	(69,037)
Total expenses	52,686,309	46,633,255	6,053,054
			-
CHANGE IN NET POSITION	(112,898)	14,125,135	(14,238,033)
NET POSITION - BEGINNING, AS PREVIOUSLY REPORTED	111,126,624	96,287,586	14,839,038
RESTATEMENTS	(1,236,622)	713,903	(1,950,525)
NET POSITION - BEGINNING, AS RESTATED	109,890,002	97,001,489	12,888,513
NET POSITION, ENDING	$ 109,777,104	$ 111,126,624	$ (1,349,520)


2025 Revenue Percentages
1.26%
4.31%
11.89%
16.80%
5.58%
60.14%
Charges for services
Operating grants and contributions
Property taxes
Other taxes
Investment income
Miscellaneous


2024 Revenue Percentages
1.14%
2.10%
4.30%
11.64%
13.52%
13.48%
53.82%
Charges for services
Operating grants and contributions
Property taxes
Other taxes
Investment income
Miscellaneous
Gain on sale of Capital assets





FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $51,200,335. The unassigned fund balance of $22,484,925 constitutes 43.92% of ending fund balance. The fund balance is categorized as 1) nonspendable of $3,871,814, 2) restricted of $9,439,183, 3) committed of $8,243,025, 4) unassigned of $22,484,925, and 5) assigned of $7,161,388.

The General Fund is the chief operating fund of the County. Total fund balance of the General Fund decreased by $1,996,119 due to increased public safety expenditures. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 57.73% of total General Fund expenditures, and total fund balance represents 77.68% of that same amount.

The fund balance of the County's Grants Fund increased by $291,395 due to transfers in from the General Fund.

The fund balance of the County's Debt Service Fund decreased by $1,013,475. The decrease in fund balance is attributed to the debt service payments exceeding tax revenue during the current fiscal year.

The fund balance of the County's Other Governmental Funds decreased by $605,062 due to greater expenditures and other financing sources.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County budget is prepared by the County Judge's Office and presented to Commissioners Court for approval. The County operates within this budget for the fiscal year with expenditure amendments made as needed.

The Commissioners Court approved increases to budgeted appropriations of $164,296. Various grant awards were also allocated to revenue and expenditures during the year as necessary.

Total General Fund revenue exceeded the budget by approximately 3% and total General Fund expenditures were under budget by approximately 8%.

CAPITAL ASSET AND DEBT ADMINISTRATION

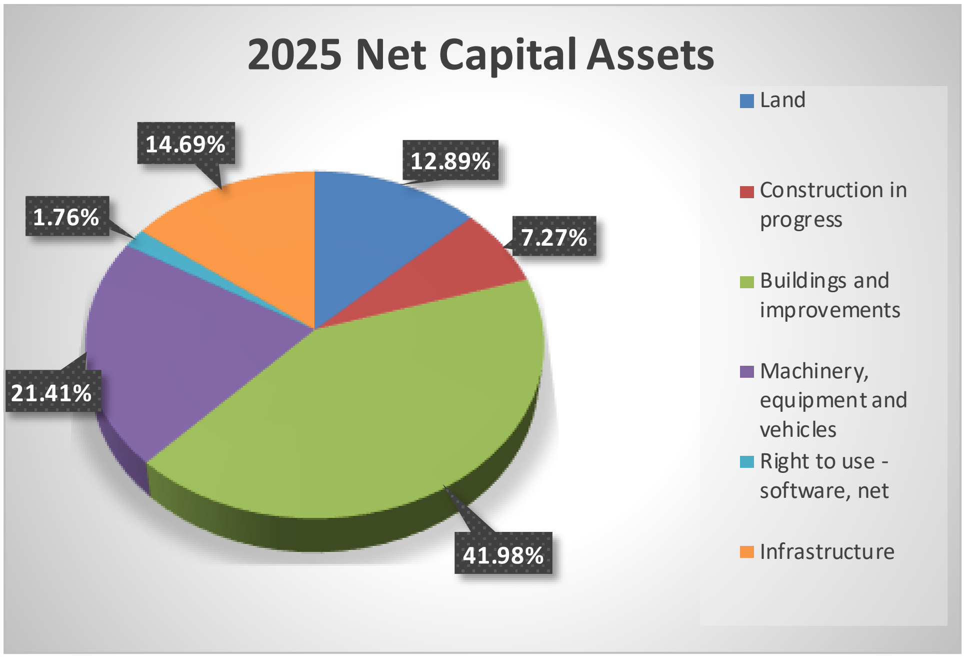
Capital assets. This investment in capital assets includes land; construction in progress; buildings and improvements; furniture, equipment and vehicles; right to use – software; and infrastructure.

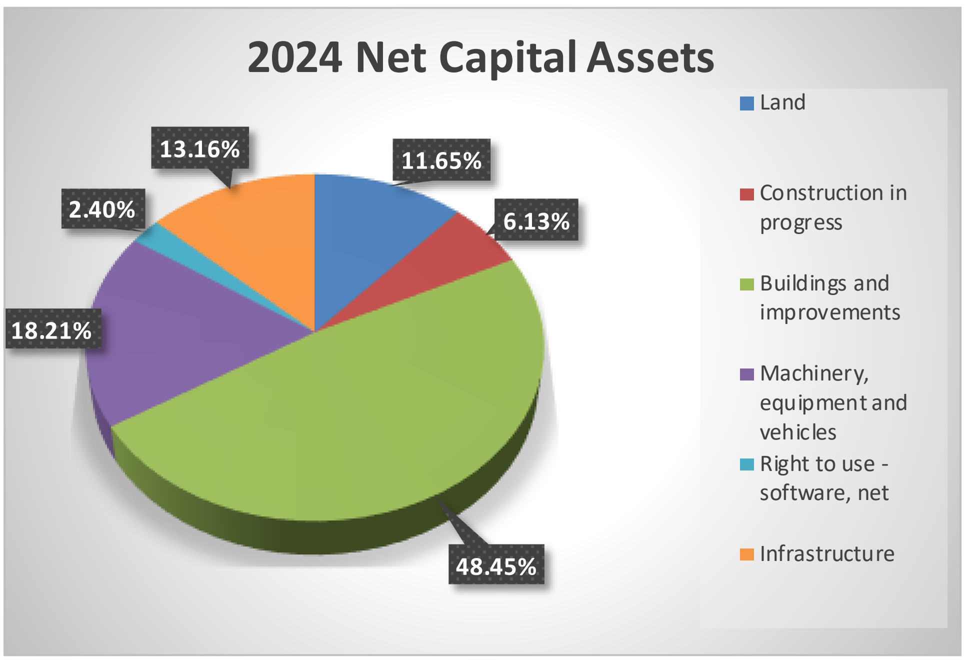
Major capital asset events during the current fiscal year included the following:

- Sale of YMCA Land and Building
- Purchase of an ambulance and a brush truck
- Purchase of Flock cameras

Table 3
Hood County, Texas' Capital Assets

	Governmental Activities		Net
	2025	2024	Change
Land	$ 7,086,360	$ 7,677,301	$ (590,941)
Construction in progress	3,995,012	4,044,124	(49,112)
Buildings and improvements	23,083,478	31,941,176	(8,857,698)
Machinery, equipment and vehicles	11,772,997	12,006,741	(233,744)
Right to use - software, net	969,510	1,579,819	(610,309)
Infrastructure	8,078,434	8,672,323	(593,889)
Total capital assets, net	$ 54,985,791	$ 65,921,484	$ (10,935,693)



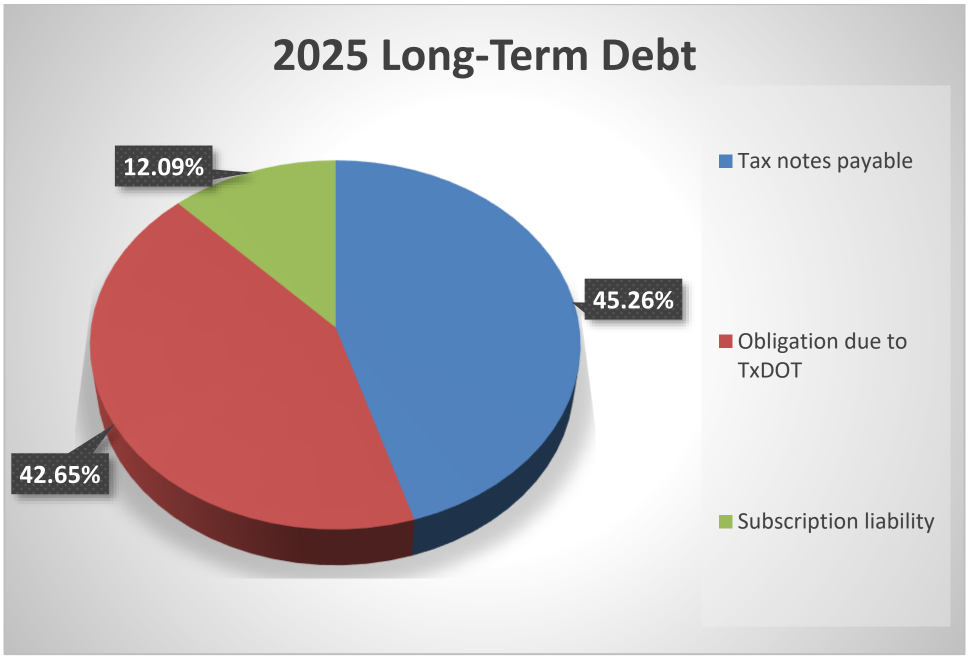


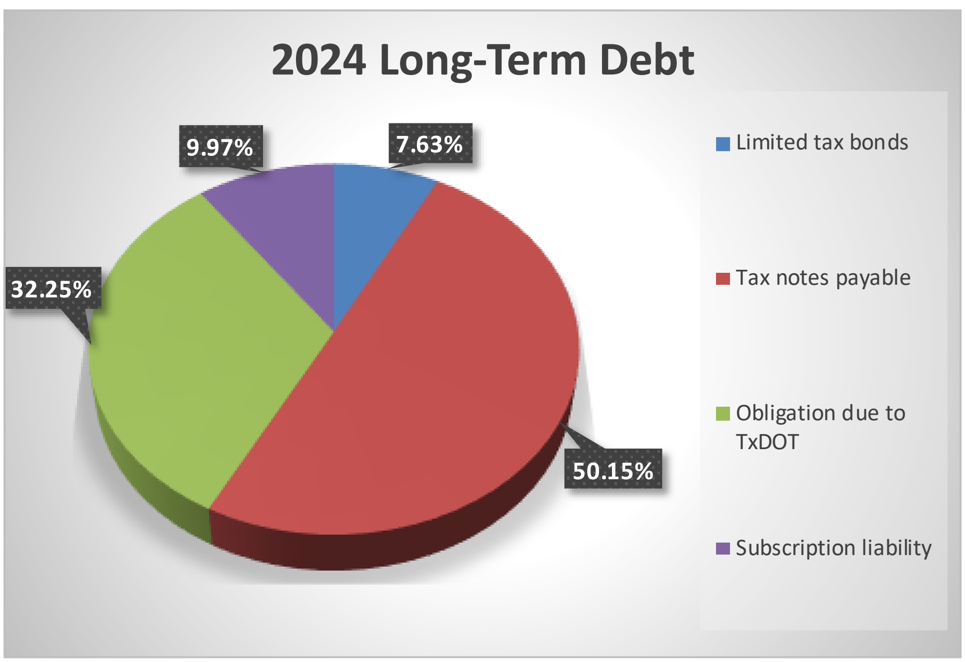
Additional information on the County's capital assets can be found in Note 5 on pages 32 through 33 of this report.

Long-term debt. At the end of the fiscal year, the County had total long-term debt of $5,533,066, which comprises bonded and debt backed by the full faith and credit of the County agreements. The bonds and notes payable will be retired with revenues from property taxes.

Table 4
Hood County, Texas' Long-Term Liabilities

	Governmental Activities 2025	Governmental Activities 2024	Net Change
Limited tax bonds	$ -	$ 837,000	$ (837,000)
Tax notes payable	2,504,000	5,505,000	(3,001,000)
Obligation due to TxDOT	2,360,000	3,540,000	(1,180,000)
Subscription liability	669,066	1,094,661	(425,595)
Total Outstanding Debt	$ 5,533,066	$ 10,976,661	$ (5,443,595)





During the fiscal year, the County's total debt decreased by $5,443,595 or 50%. The net decrease was due to the payoff of the limited tax bonds and substantial payments on the tax notes payable.

All of the outstanding Bonds of the County payable from its limited taxes are insured and are, therefore, rated "AA" by Standard & Poor's ("S&P"). State statutes limit the amount of general obligation debt a government may issue to 25% of its total assessed valuation. The current limitation for the County significantly exceeds the outstanding general obligation debt.

Additional information on the County's long-term debt can be found on pages 33 through 34 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The annual budget is developed to provide efficient, effective, and controlled use of the County's resources. Through the budget, the County Commissioners set the direction of the County, allocate its resources, and establish its priorities. The 2026 budget was adopted on September 9, 2025, with General fund expenditures of $48,265,332 and a revenue budget of $41,103,944. The Commissioner's court adopted an overall tax rate of $0.279700 per $100 assessed valuation.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of 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 Office of the Hood County Auditor, 1402 W. Pearl St., Ste. 4, Granbury, TX 76048, or call (817) 579-3210.

BASIC
FINANCIAL STATEMENTS

HOOD COUNTY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 47,720,840
Taxes receivable, net of allowance for uncollectibles	1,622,694
Accounts receivable	2,621,911
Due from other governments	88,247
Inventories	165,818
Prepaid expenses	3,705,996
Net pension asset	7,584,234
Capital assets:	
Land	7,086,360
Construction in progress	3,995,012
Buildings and improvements, net	23,083,478
Furniture, equipment and vehicles, net	11,772,997
Right to use - software, net	969,510
Infrastructure, net	8,078,434
Total assets	118,495,531
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	2,608,959
Total deferred outflows of resources	2,608,959
LIABILITIES	
Accounts and accrued liabilities payable	1,773,502
Accrued interest	13,772
Due to other governments	493,426
Unearned revenue	48,555
Long-term liabilities:	
Due within one year	4,676,081
Due in more than one year	3,583,424
Total liabilities	10,588,760
DEFERRED INFLOWS OF RESOURCES	
Pension related	738,626
Total deferred inflows of resources	738,626
NET POSITION	
Net investment in capital assets	53,078,749
Restricted:	
Pension	7,584,234
Judicial	5,577,808
Public safety	742,918
Public transportation	1,129,762
Culture and recreation	543,466
Debt service	27,385
Unrestricted	41,092,782
Total net position	$ 109,777,104

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

HOOD COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental activities:				
General government	$ 16,216,036	$ 2,777,564	$ 89,490	$ (13,348,982)
Judicial and legal	6,665,659	1,518,140	701,970	(4,445,549)
Public facilities	753,640	-	-	(753,640)
Public safety	21,178,736	737,118	1,545,418	(18,896,200)
Public transportation	5,188,535	834,661	93,163	(4,260,711)
Health and welfare	1,290,422	386,090	505,433	(398,899)
Culture and recreation	1,038,570	-	-	(1,038,570)
Conservation	98,112	-	-	(98,112)
Interest and fiscal charges	256,599	-	-	(256,599)
Total governmental activities	52,686,309	6,253,573	2,935,474	(43,497,262)
Total primary government	$ 52,686,309	$ 6,253,573	$ 2,935,474	(43,497,262)
General revenues:				
Property taxes				31,620,049
Other taxes				8,832,140
Investment income				2,267,980
Miscellaneous				664,195
Total general revenues				43,384,364
Change in net position				(112,898)
Net position - beginning, as previously reported				111,126,624
Restatements - change in accounting principle				(1,236,622)
Net position - beginning, as restated				109,890,002
Net position, ending				$ 109,777,104

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

HOOD COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	General	Grants	Capital Equipment
ASSETS			
Cash and cash equivalents	$ 29,146,577	$ 650,441	$ 8,227,192
Receivables:			
Taxes	1,545,764	-	-
Accounts	2,428,993	4,643	-
Due from other governments	-	-	75,843
Due from other funds	253,257	-	-
Inventories	-	-	-
Prepaid items	616,274	-	-
Total assets	33,990,865	655,084	8,303,035
LIABILITIES			
Accounts and accrued liabilities payable	1,357,494	10,904	60,010
Due to other governments	-	355,440	-
Due to other funds	-	225,350	-
Unearned revenue	-	-	-
Total liabilities	1,357,494	591,694	60,010
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - fines	2,144,395	-	-
Unavailable revenue - property taxes	201,508	-	-
Total deferred inflows of resources	2,345,903	-	-
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Prepaid items	616,274	-	-
Restricted:			
Judicial	-	-	-
Public safety	-	63,390	-
Public transportation	-	-	-
Culture and recreation	-	-	-
Capital projects	-	-	-
Committed:			
Capital projects	-	-	8,243,025
Assigned:			
Subsequent year's budget	7,161,388	-	-
Unassigned	22,509,806	-	-
Total fund balances	30,287,468	63,390	8,243,025
Total liabilities, deferred inflows of resources and fund balances	$ 33,990,865	$ 655,084	$ 8,303,035

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

Debt Service	Other Nonmajor Governmental	Total Governmental Funds
$ -	$ 9,696,630	$ 47,720,840
32,968	43,962	1,622,694
7,682	180,593	2,621,911
-	12,404	88,247
-	-	253,257
-	165,818	165,818
-	3,089,722	3,705,996
40,650	13,189,129	56,178,763
-	345,094	1,773,502
-	137,986	493,426
13,265	14,642	253,257
-	48,555	48,555
13,265	546,277	2,568,740
	-	2,144,395
27,385	36,400	265,293
27,385	36,400	2,409,688
-	165,818	165,818
-	3,089,722	3,705,996
-	3,433,413	3,433,413
-	679,528	742,918
-	1,100,053	1,100,053
-	536,775	536,775
-	3,626,024	3,626,024
-	-	8,243,025
-	-	7,161,388
-	(24,881)	22,484,925
-	12,606,452	51,200,335
$ 40,650	$ 13,189,129	$ 56,178,763

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HOOD COUNTY, TEXAS

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

SEPTEMBER 30, 2025

Fund balances - governmental funds	$ 51,200,335
Amounts reported for governmental activities in the Statement of Net Position are different due to the following:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds:	
Governmental capital assets	54,985,791
Some of the County's revenues will be collected after year-end, but are not available soon enough to pay current year's expenditures and therefore are not reported in the governmental funds.	
Property taxes	265,293
Court fines	2,144,395
Long-term assets are not current financial resources and therefore are not reported in the funds.	
Net pension asset	7,584,234
Certain long-term liabilities reported in governmental activities do not require current financial resources and therefore are not reported in the governmental funds balance sheet.	
Subscription liability	(669,066)
Compensated absences	(2,726,439)
Tax notes payable	(2,504,000)
Notes payable	(2,360,000)
Certain deferred inflows and deferred outflows of resources are only reported in the government-wide financial statements:	
Deferred outflows of resources:	
Related to pensions	2,608,959
Deferred inflows of resources:	
Related to pensions	(738,626)
Interest payable used in the County's governmental activities are not payable from current resources and therefore are not reported in the governmental funds.	(13,772)
Net position of governmental activities	$ 109,777,104

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

HOOD COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General	Grants	Capital Equipment
REVENUES			
Taxes	$ 32,805,471	$ -	$ -
Intergovernmental	927,836	721,713	75,843
Charges for services	3,780,442	3,990	-
Licenses and permits	-	-	-
Fines	690,325	-	-
Investment income	2,243,939	259	5,069
Miscellaneous	269,534	156,063	22,368
Total revenues	40,717,547	882,025	103,280
EXPENDITURES			
General government	10,799,047	16,324	-
Judicial	5,439,229	393,076	-
Public facilities	1,479,140	-	-
Public safety	18,176,113	204,354	199,700
Public transportation	-	-	-
Health and welfare	1,073,652	-	-
Culture and recreation	-	-	-
Conservation	100,750	-	-
Capital outlay	28,438	450,000	1,668,288
Debt service:			
Principal	1,857,722	-	5,784
Interest and fiscal charges	35,743	-	-
Total expenditures	38,989,834	1,063,754	1,873,772
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,727,713	(181,729)	(1,770,492)
OTHER FINANCING SOURCES (USES)			
Issuance of SBITA	257,911	-	-
Transfers in	69,300	473,124	2,795,000
Transfers out	(4,051,043)	-	-
Sale of capital assets	-	-	5,400,000
Total other financing sources (uses)	(3,723,832)	473,124	8,195,000
NET CHANGE IN FUND BALANCES	(1,996,119)	291,395	6,424,508
FUND BALANCES - BEGINNING, AS PREVIOUSLY PRESENTED	32,283,587	(228,005)	-
ADJUSTMENTS			
Formerly a nonmajor fund	-	-	1,818,517
Total adjustments	-	-	1,818,517
FUND BALANCES - BEGINNING, AS RESTATED	32,283,587	(228,005)	1,818,517
FUND BALANCES, ENDING	$ 30,287,468	$ 63,390	$ 8,243,025

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

Debt Service	Other Nonmajor Governmental	Total Governmental Funds
$ 3,007,997	$ 4,655,127	$ 40,468,595
-	1,210,082	2,935,474
-	835,175	4,619,607
-	834,661	834,661
-	400	690,725
1,218	17,495	2,267,980
-	216,230	664,195
3,009,215	7,769,170	52,481,237
-	12,846	10,828,217
-	671,443	6,503,748
-	-	1,479,140
-	1,716,684	20,296,851
-	4,487,985	4,487,985
-	-	1,073,652
-	855,705	855,705
-	-	100,750
-	545,251	2,691,977
3,838,000	-	5,701,506
184,690	50,518	270,951
4,022,690	8,340,432	54,290,482
(1,013,475)	(571,262)	(1,809,245)
-	-	257,911
747,419	35,500	4,120,343
-	(69,300)	(4,120,343)
-	-	5,400,000
747,419	(33,800)	5,657,911
(266,056)	(605,062)	3,848,666
-	15,296,087	47,351,669
266,056	(2,084,573)	-
266,056	(2,084,573)	-
266,056	13,211,514	47,351,669
$ -	$ 12,606,452	$ 51,200,335

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HOOD COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Net change in fund balances - total governmental funds:	$ 3,848,666
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the governmental activities statement of activities, the cost and accumulated depreciation of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Expenditures for capital assets	3,064,903
Less: current year depreciation	(4,940,162)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	(9,060,434)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	(16,406)
Court fines	108,580
The issuance of long-term debt (e.g., certificates of obligation, leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt is an expenditure in the governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Issuance of bonds/SBITAs	(257,911)
Repayment of long-term liabilities	5,701,506
Amortization of:	
Deferred loss on bond refunding	(4,330)
Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	4,614
Net pension asset	1,419,394
Interest expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.	18,682
Change in net position of governmental activities	$ (112,898)

HOOD COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2025

	Custodial Funds
ASSETS	
Cash and cash equivalents	$ 9,742,372
Investments	222,382
Accounts receivable	18,673
Total assets	9,983,427
LIABILITIES	
Accounts payable	20,126
Accrued liabilities	20,968
Held for others	70,002
Due to other governments	1,148,954
Total liabilities	1,260,050
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	8,723,377
Total net position	$ 8,723,377

HOOD COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Custodial Funds
INCREASES	
Collections for adult probation	$ 2,033,358
Tax collections for other governments	1,083
Held for others	8,992,041
Investment income	24,392
Total increases	11,050,874
DECREASES	
Payments to adult probation	2,044,527
Payments to individuals	2,971,663
Payments to other governments	1,589
Total decreases	5,017,779
Net increase (decrease) in fiduciary net position	6,033,095
Net position - beginning, as previously reported	713,468
Restatement	1,976,814
Net position - beginning , as restated	2,690,282
Net position - ending	$ 8,723,377

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

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County is a state mandated governmental unit of the State of Texas. The Commissioners' Court, which is made up of four commissioners and the County Judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: general administration, judicial (courts, juries, etc.), legal (district attorney, county attorney, etc.), public safety (sheriff, jail, etc.), transportation, facilities, and public service (e.g. rural fire protection and emergency management).

A. Reporting Entity

The County's basic financial statements include the accounts of all its operations. The County evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the County's reporting entity, as set forth in GASB Statement No. 61, *The Financial Reporting Entity- an amendment of GASB Statement No. 14,* includes whether:

1. The organization is legally separate (can sue and be sued in its name).
2. The County holds the corporate powers of the organization.
3. The County appoints a voting majority of the organization's board.
4. The County is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit or burden on the County.
6. There is fiscal dependency by the organization on the County.
7. The exclusion of the organization would result in misleading or incomplete financial statements.

The County also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the County to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the County, its component units or its constituents; 2) the County or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) such economic resources are significant to the County.

Based on these criteria, the County has no component units. Additionally, the County is not a component unit of any other reporting entity as defined by the GASB Statement.

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

Major governmental funds reported by the County are:

General Fund **–** The General Fund is the primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid by the general fund.

Grants Fund – The Grants Fund accounts for financial resources received from external grantors, such as federal or state agencies, for specific purposes and used to track the expenditures related to each specific program/grant.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources that are restricted for the payment of principal and interest on long-term general governmental obligations.

Capital Equipment Fund is the County's fund to account for amounts committed for the acquisition and construction of major capital facilities.

Nonmajor funds include Special Revenue Funds and Capital Projects Funds.

The County reports the following fiduciary funds:

Custodial Funds - These funds are used to report funds of the County's fees offices and other resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Fees are generated and retained by the fee offices until notification is received to disburse funds to the proper individual or entity. Fees generated include fines, restitution, bail bond deposits, and inmate trust funds.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support County programs, these funds are not included in the government-wide statements.

D. Assets, Liabilities, and Net Position or Equity

Encumbrances

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

Cash and Investments

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

Inventories and Prepaid Items

The County utilizes the consumption method to account for inventory and prepaid items. Under this method, inventory and prepaid items are considered an expenditure/expense when used rather than when purchased. Significant inventories are reported on the balance sheet at cost, using the first-in, first-out method, with an offsetting reservation of fund balance in the governmental fund financial statements since they do not constitute "available spendable resources" even though they are a component of current assets. Inventories in the governmental funds are comprised of road materials, bulk fuel, parts, and chemicals. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in government-wide and prepaid expenditures in the fund financial statements.

Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. For infrastructure assets the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than $50,000 are reported as capital assets.

As the County constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right to use leased equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings and building improvements	5 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 20 years
Infrastructure	20 - 50 years
Right to use software	1 - 5 years

Compensated Absences

Employees are allowed paid absences due to sickness, vacation and compensatory time. Sick leave starts accruing three months from hire date. It accrues at a rate of 3.7 hours a pay period with a maximum of two hundred and forty (240). Employees are allowed to donate hours to a sick bank when the 240 hours is reached. The sick bank hours are then available to employees who max out their sick time in cases of serious illness. Sick leave benefits are recognized in the period in which time off is actually taken. Vacation benefits accrue monthly at rates depending upon an employee's length of service. Vacation benefits must be taken annually and are limited to a carryover period depending upon the employee's length of service.

Compensatory time represents time worked by employees in excess of 40 hours per week and is earned at one and one-half times such hours worked. This applies to all non-exempt employees. Exempt employees are all department heads, supervisory personnel, and certain other professional or administrative positions. The maximum compensatory time an employee may accumulate without Commissioners' Court approval is fifty (50) hours. All such paid absences are paid at the employee's regular pay rate.

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

Subscription-Based Information Technology Arrangements

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

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

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

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate.

- The agreement term includes the noncancellable period of the SBITA.

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

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

Long-term Obligations

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCDRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Property Taxes

Property taxes are levied as of October 1st of each year with statements prepared and mailed at that date or soon thereafter. The tax levy is based upon appraised property values as of January 1st for all taxable property within the County. Payments are due and payable when taxes are levied and may be timely paid by January 31st. On February 1st, taxes become delinquent and subject to penalty and interest charges. After June 30th, any uncollected taxes are subject to tax suit and additional charges to offset related legal costs. The lien date for property taxes is July 1st.

The appraisal of property within the County is the responsibility of the Hood County Appraisal District. The Texas Legislature established the Appraisal District and the related Appraisal Review Board in 1979 through the adoption of a comprehensive Property Tax Code. The Appraisal District is required under the Code to assess property at 100 percent of its appraised value. Real property is reappraised at least every four years. Under certain circumstances, taxpayers and taxing units, including the County, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

Under the Code, the Commissioners Court sets annual tax rates on property. The Code also provides that, if approved by the qualified voters in the Appraisal District, collection functions may be placed with the Appraisal District. The County bills and collects its property taxes and those of certain other taxing entities. Collections of those taxes pending distribution are accounted for in an agency fund.

The County is permitted by Article VIII, Section 9 of the Texas Constitution to levy taxes up to $0.80 per $100 assessed valuation for general governmental services, including payment of principal and interest on general long-term debt and maintenance of roads and bridges. State law also authorizes additional road and bridge and farm-to-market road and flood control taxes, subject to voter approval, not to exceed $0.15 and $0.30 per $100 of assessed valuation, respectively.

The County's combined tax rate for the year ended September 30, 2025, was $0.267258 per $100 of assessed valuation and was allocated as follows:

	Rate per $100
General Fund (M&O)	$ 0.230177
County Library Fund (M&O)	0.006481
General Road and Bridge Fund (M&O)	0.030600
Total maintenance and operations	0.241774
Debt Service Fund (interest and sinking)	0.025484
Total tax rate	0.267258

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has the following items that qualify for reporting in this category:

- Deferred losses on debt refunding in the government-wide Statement of Net Position results when the reacquisition price of the refunded debt exceeds the carrying value. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Pension contributions after the measurement date are deferred and recognized in the following fiscal year.

- Changes in actuarial assumptions are deferred and recognized over the average remaining service lives of all members determined as of the measurement date.

- In the statement of net position, the difference in expected and actual pension experience is deferred and recognized over the average remaining service lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has the following items that qualify for reporting in this category.

- Under the modified accrual basis of accounting, unavailable revenue is reported in the governmental funds balance sheet as a deferred inflow of resources.

- In the statement of net position, the difference in expected and actual pension experience is deferred and recognized over the average remaining service lives of all members determined as of the measurement date.

- In the statement of net position, the difference in projected and actual earnings on pension assets is deferred and amortized over a closed five-year period.

Fund Balance Classification

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

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the Commissioners’ Court, the County’s highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Commissioners’ Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- Assigned: This classification includes amounts that are constrained by the County’s intent to be used for a specific purpose but are neither restricted nor committed. This intent is determined by the County Judge, with the assistance of the County Auditor and County Attorney, as needed.

- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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

Net Position

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

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

Estimates

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

Change in Accounting Principle

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

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Accordingly, the cumulative effect of the accounting change has been recognized in a restatement of beginning net position for the year ended September 30, 2025.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Balances

The Juvenile Probation Program Funds had deficit fund balances of $1,881. The fund balance will be funded with transfers from other funds or increased revenue collections to eliminate the deficit balance.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

Cash

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

Investments

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

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the government or its agent in the government's name.

2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name.

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

During the year ended September 30, 2025, all of the County's investments were invested with the State of Texas Local Government Investment Pool (TexPool), which is a public funds investment pool created by the Treasurer of the State of Texas. TexPool acts as custodian of investments purchased with local investment funds. TexPool acts as custodian of investments purchased with local investment funds. TexPool investments are stated at amortized cost, which in most cases approximates the market value of the shares.

Texas Class and TexPool Prime have a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

Investment	Fair Value	Weighted Average Maturity (Days)	Credit Rating
Texas CLASS	$ 14,584,449	84	AAAm
TexSTAR	431,652	50	AAAm
Texas FIT	4,674,678	71	AAAmmf
LOGIC	27,350,927	54	AAAmmf
Portfolio weighted average maturity	$ 47,041,706	65	

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

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

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

Custodial Credit Risk – Custodial credit risk is the risk for deposits that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The County requires all bank deposits to be collateralized at a level not less than 100% of the total uninsured deposits. At September 30, 2025, the County is fully collateralized.

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

B. Receivables

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

	General	Grants	Capital Equipment	Debt Service	Nonmajor Governmental	Total
Receivables:						
Property taxes	$ 913,620	$ -	$ -	$ 121,987	$ 162,664	$ 1,198,271
Sales taxes	1,298,851	-	-	-	-	1,298,851
Fines and fees	8,577,590	-	-	-	-	8,577,590
Other accounts	284,598	4,643	-	7,682	180,593	477,516
Due from other governments	-	-	75,843	-	12,404	88,247
Gross receivables	11,074,659	4,643	75,843	129,669	355,661	11,640,475
Less: allowance for uncollectibles	(7,099,902)	-	-	(89,019)	(118,702)	(7,307,623)
Net total receivables	$ 3,974,757	$ 4,643	$ 75,843	$ 40,650	$ 236,959	$ 4,332,852

C. Prepaids

The composition of the prepaid balances as of September 30, 2025, is mostly comprised of prepaid expenditures made from the American Rescue Plan Act (ARPA) Fund. The balance, as of September 30, 2025, is $3,020,107. This balance represents the amount remaining for subrecipients of the ARPA program to spend of their initial award. Texas EMS has $2,667,670 remaining, the Pecan Plantation Volunteer Fire Department has $343,000 remaining, and the Indian Harbor Volunteer Fire Department has $9,437 remaining.

In the General Fund, a prepaid of $323,852 represents future expenditures liability contributions provided by the Texas Association of Counties. Within the same fund, $160,800 represents the first quarterly payment for fiscal year 2026 made to the Hood County Appraisal District. The remaining balance, $132,213, represents insurance payments made to various vendors for insurance coverage beyond fiscal year 2025.

D. Interfund Receivables and Payables

The composition of interfund balances as of September 30, 2025, is as follows:

Receivable Fund	Payable Fund	Amount
General	Grants	$ 225,350
General	Debt service	13,265
General	Non-major Governmental	14,642
Total		$ 253,257

E. Capital Assets

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

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 7,677,301	$ 150,183	$ (741,124)	$ 7,086,360
Construction in progress	4,044,124	467,805	(516,917)	3,995,012
Total assets not being depreciated	11,721,425	617,988	(1,258,041)	11,081,372
Capital assets, being depreciated:				
Buildings and improvements	48,471,421	394,439	(10,072,984)	38,792,876
Furniture, equipment and vehicles	30,524,695	1,794,564	(465,203)	31,854,056
Right to use - software	3,185,325	257,912	(351,729)	3,091,508
Infrastructure	44,696,558	-	-	44,696,558
Total capital assets being depreciated	126,877,999	2,446,915	(10,889,916)	118,434,998
Less accumulated depreciation:				
Buildings and improvements	(16,530,245)	(987,699)	1,808,546	(15,709,398)
Furniture, equipment and vehicles	(18,517,954)	(2,490,353)	927,248	(20,081,059)
Right to use - software	(1,605,506)	(868,221)	351,729	(2,121,998)
Infrastructure	(36,024,235)	(593,889)	-	(36,618,124)
Total accumulated depreciation	(72,677,940)	(4,940,162)	3,087,523	(74,530,579)
Total capital assets being depreciated, net	54,200,059	(2,493,247)	(7,802,393)	43,904,419
Governmental activities capital assets, net	$ 65,921,484	$ (1,875,259)	$ (9,060,434)	$ 54,985,791

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

General government	$ 1,936,081
Judicial and legal	193,883
Public safety	1,379,169
Public transportation	962,483
Health and welfare	257,042
Culture and recreation	211,504
Total depreciation expense	$ 4,940,162

F. Long-term Debt

During the year ended September 30, 2025, the following changes occurred in long-term debt:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Refunding bonds	$ 837,000	$ -	$ (837,000)	$ -	$ -
Tax notes	5,505,000	-	(3,001,000)	2,504,000	2,504,000
Obligation due to TxDOT	3,540,000	-	(1,180,000)	2,360,000	1,180,000
SBITA	1,094,661	257,911	(683,506)	669,066	583,115
Compensated absences	2,731,053	-	(4,614)	2,726,439	408,966
Total	$ 13,707,714	$ 257,911	$ (5,706,120)	$ 8,259,505	$ 4,676,081

The change in the compensated absences liability is presented as a net change. The refund bonds and tax notes held by the County were sold on the private market. They are collateralized by continuing tax revenues levied on all taxable property in the County. In the event of default, the bondholder may seek a writ of mandamus to compel County officials to carry out their legally imposed duties with respect to the bonds. There is no acceleration clause for the bonds in the event of default.

Tax Notes

On March 12, 2024, the County issued Tax Note Series 2024 in the amount of $ 7,556,000. These funds will be used for the purpose of acquiring and equipping emergency vehicles. The interest rate on the bonds is 4.40% and will mature in 2026.

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

Years Ending September 30,	Principal	Interest	Total Requirements
2026	$ 2,504,000	$ 55,088	$ 2,559,088
Total	$ 2,504,000	$ 55,088	$ 2,559,088

Obligation due to TxDOT

The Texas Department of Transportation (TxDOT) began the Cresson Highway Project during 2018. Once completed, TxDOT will retain possession of the highway and will perform maintenance activities. TxDOT required that the County contribute $11.8 million to the project. The County entered into an agreement with TxDOT to repay the obligation over a 10-year period. The agreement requires annual payments of $1,180,000. There will be no interest related to the payments. The County made a payment of $1,180,000 during fiscal year 2025. The payment is recorded in public transportation expenditures of the General Fund.

The annual requirements for the TxDOT reimbursement at September 30, 2025, are as follows:

Years Ending September 30,	Principal	Total Requirements
2026	$ 1,180,000	$ 1,180,000
2027	1,180,000	1,180,000
Total	$ 2,360,000	$ 2,360,000

SBITA

The annual requirements for all subscription liabilities outstanding at September 30, 2025, are as follows:

Years Ending September 30,	Principal	Interest	Total Requirements
2026	$ 583,115	$ 20,885	$ 604,000
2027	85,951	2,319	88,270
Total	$ 669,066	$ 23,204	$ 692,270

G. Contingent Liabilities

The County is contingently liable in respect to lawsuits and other claims in the ordinary course of its operations. Such lawsuits include various civil claims that are currently between the stages of discovery and pleadings. The outcome of these lawsuits and other claims are not presently determinable and the resolutions of these matters are not expected to have a material effect on the financial condition of the County.

H. Interfund Transfers

Interfund transfers for the fiscal year ending September 30, 2025, are summarized below:

Transfer out	Transfer in	Amounts
General Fund	Capital Equipment Fund	$ 2,795,000
General Fund	Grants Fund	473,124
General Fund	Debt Service Fund	747,419
Nonmajor governmental	General Fund	69,300
General Fund	Nonmajor governmental	35,500
Total		$ 4,120,343

IV. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan Description. The County participates in the statewide Texas County and District Retirement System ("TCDRS"), which is a statewide, agent multiple-employer, public employee retirement system. The system serves nearly 890 participating counties and districts throughout Texas. Each employer maintains its own customized plan of benefits. Plan provisions are adopted by the governing body of each employer, within the options available in the TCDRS Act. Employers have the flexibility and local control to adjust benefits annually and pay for those benefits based on their needs and budgets. Each employer has a defined benefit plan that functions similarly to a cash balance plan.

The assets of the plans are pooled for investment purposes, but each employer's plan assets may be used only for the payment of benefits to the members of that employer's plan. In accordance with Texas law, it is intended that the pension plan be construed and administered in a manner that the retirement system will be considered qualified under Section 401(a) of the Internal Revenue Code. All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in temporary positions are not eligible for membership.

Benefits Provided. TCDRS provides retirement, disability and survivor benefits. The benefit provisions are adopted by the Commissioners' Court within the options available in Texas State statutes governing TCDRS. Benefit terms are established under the TCDRS Act and may be amended as of January 1 each calendar year but must remain in conformity with the Act.

Members can retire at age 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdrew their personal contributions in a lump sum are not entitled to any amount contributed by the County.

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

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	235
Inactive employees entitled to but not yet receiving benefits	517
Active employees	390
Total	1,142

Contributions. The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employees' gross earnings, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participate over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees of the County were required to contribute 7.00% of their annual compensation during the fiscal year. The County's required contribution rates of 9.91% in calendar years 2024 and 2025. The County's contributions to TCDRS for the year ended September 30, 2025, were $2,333,706.

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

Actuarial Assumptions

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

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment rate of return	7.50%, net administrative and investment expenses, including inflation

The County has no automatic cost-of-living adjustments ("COLA") and one is not considered to be substantively automatic. Therefore, no assumption for future cost-of-living adjustments is included in the actuarial valuation. Each year, the Count may elect an ad-hoc COLA for its retirees.

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

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

All actuarial assumptions that determined the total pension liability as of December 31, 2023, were based on the results of an actuarial experience study for the period January 1, 2017 - December 31, 2020, except where required to be different by GASB 68.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2024 information for a 10-year time horizon.

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

Asset Class	Benchmark	Target Allocation [(1)]	Geometric Real Rate of Return [(2)]
US Equities	Dow Jones U.S. Total Stock Market	13.00%	3.35%
Global Equities	MSCI World (net) Index	4.00%	5.15%
International Equities - Developed	MSCI World Ex USA (net) Index	6.00%	4.75%
International Equities - Emerging	MSCI Emerging Markets (net) Index	0.00%	4.75%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.55%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.70%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.85%
Distressed Debt	Cambridge Associates Distressed Securities Index [(3)]	4.00%	6.80%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.95%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	4.95%
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) Fund of Funds Composite Index	6.00%	3.60%
Cash Equivalents	90-Day U.S. Treasury	2.00%	1.10%

(1) Target asset allocation adopted at the March 2025 TCDRS Board meeting.
(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.2%, per Cliffwater's 2024 capital market assumptions.
(3) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.
(4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.
(5) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.60%. The discount rate was determined using an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the funding policy and the legal requirements under the TCDRS Act. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods. The employee is legally required to make the contribution specified in the funding policy. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable. Based on the above assumptions, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses

Changes in the Net Pension Liability (asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (asset) (a) - (b)
Balance at 12/31/2023	$ 75,696,600	$ 80,861,035	$ (5,164,435)
Changes for the year:			
Service cost	2,979,546	-	2,979,546
Interest on total pension liability [1]	5,866,296	-	5,866,296
Effect of economic/demographic gains or losses	736,166	-	736,166
Refund of contributions	(241,225)	(241,225)	-
Benefit payments	(2,790,356)	(2,790,356)	-
Administrative expenses	-	(48,900)	48,900
Member contributions	-	1,545,177	(1,545,177)
Net investment income	-	8,257,206	(8,257,206)
Employer contributions	-	2,187,530	(2,187,530)
Other [2]	-	60,794	(60,794)
Balance at 12/31/2024	$ 82,247,027	$ 89,831,261	$ (7,584,234)

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

[2] *Relates to allocation of system-wide items.*

Sensitivity Analysis

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

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	$ 94,082,800	$ 82,247,027	$ 72,468,423
Fiduciary net position	89,831,261	89,831,261	89,831,261
Net pension liability/(asset)	$ 4,251,539	$ (7,584,234)	$ (17,362,838)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2025, the County recognized pension expense of $914,312. On September 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 814,801	$ -
Net difference between projected and actual investment earnings	-	738,626
Contributions made subsequent to the measurement date	1,794,158	-
Total	$ 2,608,959	$ 738,626

The amount $1,794,158 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended September 30,		
2026	$	(856)
2027		1,377,800
2028		(883,734)
2029		(417,035)

B. <u>Risk Management</u>

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

C. <u>Accounting Changes and Error Corrections</u>

In accordance with GASB 100, accounting changes and error corrections for the year are reported as follows.

Change in Accounting Principle GASB 101, Compensated Absences

During the current year, the County implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the County now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences.

The beginning compensated absences liability was previously $1,494,431 and restated to $2,731,053 in the governmental activities. The difference of $1,236,622 was recorded as an adjustment to beginning net position from $111,126,624 down to $109,890,002 for the implementation of the new standard.

Changes within the Financial Reporting Entity

The Capital Equipment Fund and Debt Service Fund were previously reported as non-major governmental funds and are now reported as major funds.

The change in classification is required based on quantitative factors.

Error Correction

In accordance with GASB Statement, No. 84, Fiduciary Activities, County Clerk and District Clerk Custodial Funds should have reported equity balances of $317,122 and $1,659,692, respectively. The correction required a restatement of beginning net position in fiscal year 2025.

D. <u>New Accounting Guidance</u>

Significant new accounting standards issued by the GASB not yet implemented by the County include the following:

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

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

GASB Statement No. 105, *Subsequent Events* – The objective of this Statement is to provide improved guidance on evaluating, recognizing, and disclosing events that occur after the financial statement date but before the statements are available to be issued. It defines recognized and non-recognized subsequent events and requires disclosure of the evaluation date. The requirements of this statement are effective for fiscal years beginning after June 15, 2026, and the impact has not yet been determined.

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REQUIRED
SUPPLEMENTARY INFORMATION

HOOD COUNTY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Measurement Date, December 31	2024	2023	2022	2021
Total Pension Liability				
Service Cost	$ 2,979,546	$ 2,575,315	$ 2,424,346	$ 2,361,946
Interest total pension liability	5,866,296	5,375,853	4,991,630	4,617,153
Effect of plan changes			-	-
Effect of assumption changes or inputs	-	-	-	11,780
Effect of economic/demographic (gains) or losses	736,166	972,073	55,019	265,508
Benefit payments/refunds of contributions	(3,031,581)	(2,722,625)	(2,415,778)	(2,368,007)
Net change in total pension liability	6,550,427	6,200,616	5,055,217	4,888,380
Total pension liability - beginning	75,696,600	69,495,984	64,440,767	59,552,387
Total pension liability - ending (a)	82,247,027	75,696,600	69,495,984	64,440,767
Plan Fiduciary Net Position				
Employer contributions	2,187,530	3,522,494	2,578,815	3,716,134
Member contributions	1,545,177	1,426,726	1,281,379	1,196,575
Investment income net of investment expenses	8,257,206	7,796,472	(4,432,125)	13,010,667
Benefit payments refunds of contributions	(3,031,581)	(2,722,625)	(2,415,778)	(2,368,007)
Administrative expenses	(48,900)	(42,223)	(41,455)	(39,767)
Other	60,794	139,841	264,070	88,039
Net change in plan fiduciary net position	8,970,226	10,120,685	(2,765,094)	15,603,641
Plan fiduciary net position - beginning	80,861,035	70,740,350	73,505,444	57,901,803
Plan fiduciary net position - ending (b)	89,831,261	80,861,035	70,740,350	73,505,444
Net pension liability (asset) - ending (a) - (b)	$ (7,584,234)	$ (5,164,435)	$ (1,244,366)	$ (9,064,677)
Fiduciary net position as a percentage of total pension liability	109.22%	106.82%	101.79%	114.07%
Pensionable covered payroll	$ 22,073,937	$ 19,886,882	$ 18,305,412	$ 16,918,632
Net pension liability (asset) as a percentage of covered payroll	-34.36%	-25.97%	-6.80%	-53.58%

2020	2019	2018	2017	2016	2015
$ 2,009,993	$ 1,808,569	$ 1,794,216	$ 1,671,683	$ 1,620,970	$ 1,509,213
4,205,556	3,774,530	3,481,123	3,069,164	2,762,978	2,595,847
-	1,748,094	-	1,632,098	104,967	(252,137)
3,595,041	-	-	236,763	-	364,147
909,477	(201,481)	108,662	(37,804)	(49,394)	(832,345)
(2,115,098)	(1,908,557)	(1,648,592)	(1,569,999)	(1,403,171)	(1,343,425)
8,604,969	5,221,155	3,735,409	5,001,905	3,036,350	2,041,300
50,947,418	45,726,263	41,990,854	36,988,949	33,952,599	31,911,299
59,552,387	50,947,418	45,726,263	41,990,854	36,988,949	33,952,599
2,126,745	1,889,965	1,888,019	1,751,276	909,226	869,224
1,218,076	1,083,188	1,042,856	877,378	855,072	792,606
5,308,829	7,093,561	(781,042)	5,319,803	2,473,410	(278,203)
(2,115,098)	(1,908,557)	(1,648,592)	(1,569,999)	(1,403,171)	(1,343,425)
(42,368)	(39,142)	(34,700)	(28,392)	(26,868)	(24,107)
40,920	43,605	42,491	13,919	154,033	(202,468)
6,537,104	8,162,620	509,032	6,363,985	2,961,702	(186,373)
51,364,699	43,202,079	42,693,047	36,329,062	33,367,360	33,553,733
57,901,803	51,364,699	43,202,079	42,693,047	36,329,062	33,367,360
$ 1,650,584	$ (417,281)	$ 2,524,184	$ (702,193)	$ 659,887	$ 585,239
97.23%	100.82%	94.48%	101.67%	98.22%	98.28%
$ 16,552,274	$ 15,474,108	$ 14,897,941	$ 14,622,962	$ 14,251,195	$ 13,210,095
9.97%	-2.70%	16.94%	-4.80%	4.63%	4.43%

HOOD COUNTY, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2016	$ 869,224	$ 869,224	$ -	$ 13,210,095	6.6%
2017	909,226	909,226	-	14,251,195	6.4%
2018	913,935	1,751,276	(837,341)	14,622,962	12.0%
2019	1,271,553	1,471,553	(200,000)	15,301,486	9.6%
2020	1,587,373	2,448,300	(860,927)	16,904,933	14.5%
2021	1,478,996	1,604,177	(125,181)	16,098,715	10.0%
2022	1,912,128	1,950,185	(38,057)	18,441,627	10.6%
2023	2,019,622	2,019,622	-	19,564,046	10.3%
2024	2,156,874	3,656,874	(1,500,000)	21,633,342	16.9%
2025	2,333,706	2,333,706	-	23,548,998	9.9%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	13.7 years (based on contribution rate calculated in 12/31/2024 valuation)
Asset Valuation Method	5-year smoothed fair value
Inflation	2.50%
Salary Increases	Varies by age and service, 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2017: Employer contributions reflect that a 1% flat COLA was adopted. Also, new Annuity Purchase Rates were reflected for benefits earned after 2019. 2018: Employer contributions reflect that the member contribution rate was increased to 7% and the current service matching rate was increased to 200% for future benefits. 2020: Employer contributions reflect that the current service matching rate was increased to 250% for future benefits and a 1% flat COLA was adopted.

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

HOOD COUNTY, TEXAS

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

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	$ 31,675,490	$ 31,675,490	$ 32,805,471	$ 1,129,981
Intergovernmental	825,645	852,323	927,836	75,513
Charges for services	4,009,540	4,017,040	3,780,442	(236,598)
Fines	532,000	532,000	690,325	158,325
Investment income	1,250,000	2,066,321	2,243,939	177,618
Miscellaneous	229,725	229,725	269,534	39,809
Total revenues	38,522,400	39,372,899	40,717,547	1,344,648
EXPENDITURES				
Current:				
General government:				
Commissioners Court:				
Salaries and wages, and employee benefits	392,725	394,912	394,331	581
Operating expenditures	12,400	12,114	8,209	3,905
Total Commissioners Court	405,125	407,026	402,540	4,486
County Judge:				
Salaries and wages, and employee benefits	221,678	222,013	219,849	2,164
Operating expenditures	10,000	9,665	8,776	889
Total County Judge	231,678	231,678	228,625	3,053
County Clerk:				
Salaries and wages, and employee benefits	467,100	467,101	465,533	1,568
Operating expenditures	22,100	22,100	15,311	6,789
Total County Clerk	489,200	489,201	480,844	8,357
Veteran's Services:				
Salaries and wages, and employee benefits	89,563	89,996	89,930	66
Operating expenditures	2,000	1,567	-	1,567
Total Veteran's Services	91,563	91,563	89,930	1,633
DARE Program:				
Operating expenditures	12,500	12,500	-	12,500
Total DARE Program	12,500	12,500	-	12,500
Non-Departmental:				
Salaries and wages, and employee benefits	87,000	87,000	68,186	18,814
Operating expenditures	2,049,180	1,484,885	1,047,833	437,052
Total Non-Departmental	2,136,180	1,571,885	1,116,019	455,866
Risk Management:				
Salaries and wages, and employee benefits	165,000	174,334	165,303	9,031
Operating expenditures	778,400	769,066	560,525	208,541
Total Risk Management	943,400	943,400	725,828	217,572
Mailroom:				
Salaries and wages, and employee benefits	46,922	46,922	45,746	1,176
Operating expenditures	91,400	91,400	78,227	13,173
Total Mailroom	138,322	138,322	123,973	14,349
Purchasing:				
Salaries and wages, and employee benefits	216,504	216,504	207,103	9,401
Operating expenditures	338,380	338,380	278,422	59,958
Total Purchasing	554,884	554,884	485,525	69,359

Personnel:				
Salaries and wages, and employee benefits	3,401,380	3,401,380	2,734,169	667,211
Operating expenditures	2,000	2,000	1,601	399
Total Personnel	3,403,380	3,403,380	2,735,770	667,610
Citizen's Collection Station:				
Salaries and wages, and employee benefits	73,210	80,710	79,542	1,168
Operating expenditures	202,950	232,950	217,102	15,848
Total Citizen's Collection Station	276,160	313,660	296,644	17,016
Elections:				
Salaries and wages, and employee benefits	165,414	169,971	168,226	1,745
Operating expenditures	210,600	206,043	181,656	24,387
Total Elections	376,014	376,014	349,882	26,132
County Auditor:				
Salaries and wages, and employee benefits	345,670	345,670	335,986	9,684
Operating expenditures	71,510	71,510	9,096	62,414
Total County Auditor	417,180	417,180	345,082	72,098
County Treasurer:				
Salaries and wages, and employee benefits	202,913	202,813	202,603	210
Operating expenditures	13,500	13,600	12,501	1,099
Total County Treasurer	216,413	216,413	215,104	1,309
County Tax Assessor/Collector:				
Salaries and wages, and employee benefits	743,953	743,953	707,225	36,728
Operating expenditures	21,300	21,300	14,229	7,071
Total County Tax Assessor/Collector	765,253	765,253	721,454	43,799
Voter Registration:				
Operating expenditures	4,650	4,650	349	4,301
Total Voter Registration	4,650	4,650	349	4,301
Information Systems:				
Salaries and wages, and employee benefits	754,033	754,033	629,529	124,504
Operating expenditures	2,571,300	2,571,300	1,851,949	719,351
Total Information Systems	3,325,333	3,325,333	2,481,478	843,855
Total general government	13,787,235	13,262,342	10,799,047	2,463,295
Judicial:				
County Court:				
Salaries and wages, and employee benefits	85,244	85,244	84,038	1,206
Operating expenditures	41,600	41,600	25,397	16,203
Total County Court	126,844	126,844	109,435	17,409
County Court at Law Judge:				
Salaries and wages, and employee benefits	330,099	401,018	399,624	1,394
Operating expenditures	6,250	4,148	3,199	949
Total County Court at Law Judge	336,349	405,166	402,823	2,343
County Court at Law:				
Salaries and wages, and employee benefits	229,630	229,630	226,545	3,085
Operating expenditures	45,200	45,200	16,323	28,877
Total County Court at Law	274,830	274,830	242,868	31,962
District Judge:				
Salaries and wages, and employee benefits	177,158	177,158	174,554	2,604
Operating expenditures	14,800	14,800	9,614	5,186
Total District Judge	191,958	191,958	184,168	7,790
Jury:				
Operating expenditures	84,719	111,397	98,006	13,391
Total District Judge	84,719	111,397	98,006	13,391
District Court:				
Salaries and wages, and employee benefits	229,512	230,766	229,893	873
Operating expenditures	76,600	75,346	42,823	32,523
Total District Court	306,112	306,112	272,716	33,396
Indigent Defense Attorney Fees:				
Operating expenditures	706,000	797,265	765,360	31,905
Total District Judge	706,000	797,265	765,360	31,905

HOOD COUNTY, TEXAS

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

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

EXPENDITURES (cont'd)				
Salaries and wages, and employee benefits	$ 411,018	$ 421,258	$ 418,586	$ 2,672
Operating expenditures	19,600	19,706	19,645	61
Total District Clerk	430,618	440,964	438,231	2,733
Development:				
Salaries and wages, and employee benefits	96,387	96,387	95,747	640
Operating expenditures	45,700	45,700	33,835	11,865
Total Development	142,087	142,087	129,582	12,505
Justice of the Peace Precinct #1:				
Salaries and wages, and employee benefits	215,260	215,260	208,962	6,298
Operating expenditures	8,100	8,100	6,807	1,293
Total Justice of the Peace Precinct #1	223,360	223,360	215,769	7,591
Justice of the Peace Precinct #2:				
Salaries and wages, and employee benefits	242,903	242,903	241,678	1,225
Operating expenditures	8,100	8,100	6,640	1,460
Total Justice of the Peace Precinct #2	251,003	251,003	248,318	2,685
Justice of the Peace Precinct #3:				
Salaries and wages, and employee benefits	228,322	227,124	222,578	4,546
Operating expenditures	8,000	9,198	8,757	441
Total Justice of the Peace Precinct #3	236,322	236,322	231,335	4,987
Justice of the Peace Precinct #4:				
Salaries and wages, and employee benefits	227,026	227,026	224,209	2,817
Operating expenditures	7,500	7,501	5,107	2,394
Total Justice of the Peace Precinct #4	234,526	234,527	229,316	5,211
County Attorney:				
Salaries and wages, and employee benefits	586,890	592,620	587,264	5,356
Operating expenditures	20,750	20,797	16,922	3,875
Total County Attorney	607,640	613,417	604,186	9,231
District Attorney:				
Salaries and wages, and employee benefits	1,203,728	1,203,728	1,176,933	26,795
Operating expenditures	117,000	117,000	90,183	26,817
Total District Attorney	1,320,728	1,320,728	1,267,116	53,612
Total judicial	5,473,096	5,675,980	5,439,229	236,751
Public facilities:				
Buildings and Grounds:				
Salaries and wages, and employee benefits	605,779	601,729	586,373	15,356
Operating expenditures	1,004,662	1,008,712	892,767	115,945
Total Buildings and Grounds	1,610,441	1,610,441	1,479,140	131,301
Total public facilities	1,610,441	1,610,441	1,479,140	131,301
Public safety:				
Animal Control:				
Salaries and wages, and employee benefits	470,594	489,508	489,004	504
Operating expenditures	65,600	53,886	40,356	13,530
Total Animal Control	536,194	543,394	529,360	14,034
Fire Protection:				
Operating expenditures	1,520,000	1,520,000	1,345,408	174,592
Total Fire Protection	1,520,000	1,520,000	1,345,408	174,592
Fire Marshall:				
Salaries and wages, and employee benefits	285,604	310,048	306,511	3,537
Operating expenditures	25,100	23,200	19,486	3,714
Total Fire Marshall	310,704	333,248	325,997	7,251

Emergency Management:				
Salaries and wages, and employee benefits	215,214	214,814	207,253	7,561
Operating expenditures	315,750	316,150	297,677	18,473
Total Emergency Management	530,964	530,964	504,930	26,034
Civil Process Services:				
Salaries and wages, and employee benefits	88,279	88,737	87,331	1,406
Operating expenditures	6,050	5,592	1,079	4,513
Total Civil Services	94,329	94,329	88,410	5,919
Constable Precinct #1:				
Salaries and wages, and employee benefits	144,837	145,641	144,924	717
Operating expenditures	10,500	9,696	6,126	3,570
Total Constable Precinct #1	155,337	155,337	151,050	4,287
Constable Precinct #2:				
Salaries and wages, and employee benefits	142,093	141,768	137,871	3,897
Operating expenditures	9,650	9,976	9,550	426
Total Constable Precinct #2	151,743	151,744	147,421	4,323
Constable Precinct #3:				
Salaries and wages, and employee benefits	142,780	143,739	143,523	216
Operating expenditures	9,200	8,241	4,593	3,648
Total Constable Precinct #3	151,980	151,980	148,116	3,864
Constable Precinct #4:				
Salaries and wages, and employee benefits	148,360	150,193	147,872	2,321
Operating expenditures	14,250	19,617	16,735	2,882
Total Constable Precinct #4	162,610	169,810	164,607	5,203
Sheriff Administration:				
Salaries and wages, and employee benefits	5,873,337	6,081,251	5,969,392	111,859
Operating expenditures	429,300	601,771	573,475	28,296
Total Sheriff Administration	6,302,637	6,683,022	6,542,867	140,155
Justice Center Security:				
Salaries and wages, and employee benefits	246,665	246,665	245,873	792
Operating expenditures	5,250	5,250	3,261	1,989
Total Justice Center Security	251,915	251,915	249,134	2,781
Sheriff Dispatch:				
Salaries and wages, and employee benefits	1,637,412	1,637,374	1,562,069	75,305
Operating expenditures	43,154	43,192	22,631	20,561
Total Sheriff Dispatch	1,680,566	1,680,566	1,584,700	95,866
Sheriff Jail:				
Salaries and wages, and employee benefits	3,783,935	3,745,627	3,603,178	142,449
Operating expenditures	2,234,397	2,357,705	2,327,004	30,701
Total Sheriff Jail	6,018,332	6,103,332	5,930,182	173,150
Juvenile Probation:				
Salaries and wages, and employee benefits	3,300	3,531	3,530	1
Operating expenditures	505,300	506,569	287,949	218,620
Total Juvenile Probation	508,600	510,100	291,479	218,621
Adult Probation:				
Salaries and wages, and employee benefits	17,025	15,000	6,920	8,080
Operating expenditures	500	2,525	2,488	37
Total Juvenile Probation	17,525	17,525	9,408	8,117
Highway Patrol:				
Salaries and wages, and employee benefits	44,895	45,156	45,155	1
Operating expenditures	2,000	1,739	1,679	60
Total Highway Patrol	46,895	46,895	46,834	61
911 Coordinator:				
Salaries and wages, and employee benefits	112,659	113,967	113,685	282
Operating expenditures	4,200	2,892	2,525	367
Total 911 Coordinator	116,859	116,859	116,210	649
Total public safety	18,557,190	19,043,495	18,176,113	876,790

HOOD COUNTY, TEXAS

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

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

EXPENDITURES (cont'd)				
Health and welfare:				
County Health:				
Salaries and wages, and employee benefits	370,245	370,245	419,536	(49,291)
Operating expenditures	100,000	100,000	91,481	8,519
Total County Health	470,245	470,245	511,017	(40,772)
Salaries and wages, and employee benefits	$ 383,984	$ 383,984	$ 369,572	$ 14,412
Operating expenditures	29,600	29,600	22,968	6,632
Total Environmental Protection	413,584	413,584	392,540	21,044
Public Assistance:				
Operating expenditures	175,500	175,500	170,095	5,405
Total Public Assistance	175,500	175,500	170,095	5,405
Total health and welfare	1,059,329	1,059,329	1,073,652	(14,323)
Conservation:				
County Extension:				
Salaries and wages, and employee benefits	94,120	94,120	90,444	3,676
Operating expenditures	14,600	14,600	10,306	4,294
Total County Extension	108,720	108,720	100,750	7,970
Total conservation	108,720	108,720	100,750	7,970
Capital outlay	462,871	462,871	28,438	434,433
Debt service:				
Principal	1,180,000	1,180,000	1,857,722	(677,722)
Interest	-	-	35,743	(35,743)
Total debt service	1,180,000	1,180,000	1,893,465	(713,465)
Total expenditures	42,238,882	42,403,178	38,989,834	3,422,752
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,716,482)	(3,030,279)	1,727,713	4,757,992
OTHER FINANCING SOURCES (USES)				
Issuance of SBITA	-	-	257,911	257,911
Transfers in	8,198,606	8,267,906	69,300	(8,198,606)
Transfers out	(4,483,124)	(5,372,603)	(4,051,043)	1,321,560
Sale of capital assets	1,000	1,000	-	(1,000)
Total other financing sources (uses)	3,716,482	2,896,303	(3,723,832)	(6,620,135)
NET CHANGE IN FUND BALANCES	-	(133,976)	(1,996,119)	(1,862,143)
FUND BALANCES, BEGINNING	32,283,587	32,283,587	32,283,587	-
FUND BALANCES, ENDING	$ 32,283,587	$ 32,149,611	$ 30,287,468	$ (1,862,143)

Budgetary Information

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

1. The County Judge has departmental meetings with management to determine the departmental budget requests.

2. The County Judge submits to the County Commissioners a proposed operating budget for the fiscal year commencing the following October. The operational budget includes proposed expenditures and the means of financing them.

3. Public hearings are conducted to obtain taxpayer comments.

4. After the public hearings, the Commissioners' Court reviews the budget and makes any adjustments they feel necessary.

5. The budget is then legally enacted by the Commissioners' Court on or before October 1.

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

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COMBINING
STATEMENTS AND SCHEDULES

HOOD COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	Special Revenue				
	TJJD Juvenile Probation Programs	Road and Bridge	American Rescue Plan Act (ARPA) Fund	Law Library	County Library
ASSETS					
Cash and cash equivalents	$ -	$ 1,215,037	$ 25,125	$ 22,277	$ 551,743
Receivables:					
Taxes	-	35,910	-	-	8,052
Accounts	462	54,277	325	3,688	2,049
Due from other governments	12,404	-	-	-	-
Inventories	-	165,818	-	-	-
Prepaid items	-	30,720	3,020,107	14,870	24,025
Total assets	12,866	1,501,762	3,045,557	40,835	585,869
LIABILITIES					
Liabilities:					
Accounts and accrued libilities payable	-	175,462	-	7,772	21,308
Due to other governments	-	-	-	-	-
Due to other funds	14,642	-	-	-	-
Unearned revenue	105	-	48,450	-	-
Total liabilities	14,747	175,462	48,450	7,772	21,308
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	29,709	-	-	6,691
Total deferred inflows of resources	-	29,709	-	-	6,691
FUND BALANCES					
Nonspendable:					
Inventories	-	165,818	-	-	-
Prepaid items	-	30,720	3,020,107	14,870	24,025
Restricted:					
Judicial	-	-	-	18,193	-
Public safety	-	-	-	-	-
Public transportation		1,100,053	-		
Culture and recreation	-	-	-	-	533,845
Capital projects	-	-	-	-	-
Unassigned	(1,881)	-	(23,000)	-	-
Total fund balances	(1,881)	1,296,591	2,997,107	33,063	557,870
Total liabilities, deferred inflows of resources, and fund balances	$ 12,866	$ 1,501,762	$ 3,045,557	$ 40,835	$ 585,869

Special Revenue						
Abandoned Vehicle	Opioid Settlement	Constable Resource Officer	Judges Education	Records Management	Courthouse Security	Records Preservation
$ 189,679	$ 134,633	$ 12,442	$ 16,858	$ 1,889,981	$ 460,365	$ 353,624
-	-	-	-	-	-	-
6,330	-	-	105	18,016	4,898	3,861
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
196,009	134,633	12,442	16,963	1,907,997	465,263	357,485
4,590	-	-	-	-	280	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,590	-	-	-	-	280	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	16,963	1,907,997	464,983	357,485
191,419	134,633	12,442	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
191,419	134,633	12,442	16,963	1,907,997	464,983	357,485
$ 196,009	$ 134,633	$ 12,442	$ 16,963	$ 1,907,997	$ 465,263	$ 357,485

HOOD COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	Special Revenue				
	Justice Court Technology	Alternative Dispute Resolution Fees	Texas Veteran's Commission Direct Aid	Truance Court Fees Precinct 3	Sheriff Resource Officer
ASSETS					
Cash and cash equivalents	$ 68,045	$ 62,813	$ 830	$ 68,134	$ 197,189
Receivables:					
Taxes	-	-	-	-	-
Accounts	83,057	1,581	-	-	-
Due from other governments	-	-	-	-	-
Inventories	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	151,102	64,394	830	68,134	197,189
LIABILITIES					
Liabilities:					
Accounts and accrued libilities payable	83,057	-	-	-	-
Due to other governments	-	-	-	-	137,986
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	83,057	-	-	-	137,986
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
FUND BALANCES					
Nonspendable:					
Inventories	-	-	-	-	-
Prepaid items	-	-	-	-	-
Restricted:					
Judicial	68,045	64,394	830	68,134	-
Public safety	-	-	-	-	59,203
Public transportation					
Culture and recreation	-	-	-	-	-
Capital projects	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	68,045	64,394	830	68,134	59,203
Total liabilities, deferred inflows of resources, and fund balances	$ 151,102	$ 64,394	$ 830	$ 68,134	$ 197,189

Special Revenue						
Time Payment Collection Fee	District Attorney Forfeiture	Medicaid 1115 Waiver	Sheriff Forfeiture	Library Special	Sheriff Commisary	District Attorney
$ 65,226	$ 122,522	$ 310,329	$ 47,984	$ 2,930	$ 170,719	$ 31,603
-	-	-	-	-	-	-
9	1,935	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
65,235	124,457	310,329	47,984	2,930	170,719	31,603
7	-	-	2,100	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
7	-	-	2,100	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	124,457	310,329	-	-	-	31,603
65,228	-	-	45,884	-	170,719	-
-	-	-	-	2,930	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
65,228	124,457	310,329	45,884	2,930	170,719	31,603
$ 65,235	$ 124,457	$ 310,329	$ 47,984	$ 2,930	$ 170,719	$ 31,603

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HOOD COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	Capital Projects	
	Tax Note 2024	Total Other Governmental Funds
ASSETS		
Cash and cash equivalents	$ 3,676,542	$ 9,696,630
Receivables:		
Taxes	-	43,962
Accounts	-	180,593
Due from other governments	-	12,404
Inventories	-	165,818
Prepaid items	-	3,089,722
Total assets	3,676,542	13,189,129
LIABILITIES		
Liabilities:		
Accounts and accrued libilities payable	50,518	345,094
Due to other governments	-	137,986
Due to other funds	-	14,642
Unearned revenue	-	48,555
Total liabilities	50,518	546,277
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	-	36,400
Total deferred inflows of resources	-	36,400
FUND BALANCES		
Nonspendable:		
Inventories	-	165,818
Prepaid items	-	3,089,722
Restricted:		
Judicial	-	3,433,413
Public safety	-	679,528
Public transportation		1,100,053
Culture and recreation	-	536,775
Capital projects	3,626,024	3,626,024
Unassigned	-	(24,881)
Total fund balances	3,626,024	12,606,452
Total liabilities, deferred inflows of resources, and fund balances	$ 3,676,542	$ 13,189,129

HOOD COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue		
	TJJD Juvenile Probation Programs	Road and Bridge	American Rescue Plan Act (ARPA) Fund
REVENUES			
Taxes	$ -	$ 3,831,020	$ -
Intergovernmental	488,439	93,163	156,937
Charges for services	-	-	-
Licenses and permits	-	834,661	-
Fines	-	-	-
Investment income	181	4,281	-
Miscellaneous	-	63,280	-
Total revenues	488,620	4,826,405	156,937
EXPENDITURES			
General government	-	-	-
Judicial	491,178	-	-
Public safety	-	-	985,858
Public transportation	-	4,487,985	-
Culture and recreation	-	-	-
Debt service:			
Interest	-	-	-
Capital outlay	-	-	152,786
Total expenditures	491,178	4,487,985	1,138,644
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,558)	338,420	(981,707)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
NET CHANGE IN FUND BALANCES	(2,558)	338,420	(981,707)
FUND BALANCES - BEGINNING, AS PREVIOUSLY PRESENTED	677	958,171	3,978,814
ADJUSTMENTS			
Formerly a nonmajor fund	-	-	-
Total adjustments	-	-	-
FUND BALANCES - BEGINNING, AS RESTATED	677	958,171	3,978,814
FUND BALANCES, ENDING	$ (1,881)	$ 1,296,591	$ 2,997,107

Law Library	County Library	Abandoned Vehicle	Opioid Settlement	Constable Resource Officer	Judges Education
Special Revenue					
$ -	$ 824,107	$ -	$ -	$ -	$ -
-	-	-	87,029	-	-
48,917	-	215,130	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
35	1,647	418	-	-	36
-	12,889	-	-	-	1,580
48,952	838,643	215,548	87,029	-	1,616
-	-	-	-	-	-
69,846	-	-	-	-	-
-	-	118,565	16,000	-	-
-	-	-	-	-	-
-	846,580	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
69,846	846,580	118,565	16,000	-	-
(20,894)	(7,937)	96,983	71,029	-	1,616
35,500	-	-	-	-	-
-	-	(69,300)	-	-	-
35,500	-	(69,300)	-	-	-
14,606	(7,937)	27,683	71,029	-	1,616
18,457	565,807	163,736	63,604	12,442	15,347
-	-	-	-	-	-
-	-	-	-	-	-
18,457	565,807	163,736	63,604	12,442	15,347
$ 33,063	$ 557,870	$ 191,419	$ 134,633	$ 12,442	$ 16,963

HOOD COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue		
	Records Management	Courthouse Security	Records Preservation
REVENUES			
Taxes	$ -	$ -	$ -
Intergovernmental	-	-	-
Charges for services	194,654	77,649	52,294
Licenses and permits	-	-	-
Fines	-	-	-
Investment income	4,059	1,037	733
Miscellaneous	-	-	-
Total revenues	198,713	78,686	53,027
EXPENDITURES			
General government	12,846	-	-
Judicial	-	57,464	-
Public safety	-	-	-
Public transportation	-	-	-
Culture and recreation	-	-	-
Debt service:			
Interest	-	-	-
Capital outlay	-	-	-
Total expenditures	12,846	57,464	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	185,867	21,222	53,027
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
NET CHANGE IN FUND BALANCES	185,867	21,222	53,027
FUND BALANCES - BEGINNING, AS PREVIOUSLY PRESENTED	1,722,130	443,761	304,458
ADJUSTMENTS			
Formerly a nonmajor fund	-	-	-
Total adjustments	-	-	-
FUND BALANCES - BEGINNING, AS RESTATED	1,722,130	443,761	304,458
FUND BALANCES, ENDING	$ 1,907,997	$ 464,983	$ 357,485

Special Revenue					
Justice Court Technology	Alternative Dispute Resolution Fees	Texas Veteran's Commission Direct Aid	Truancy Court Fees Precinct 3	Sheriff Resource Officer	Time Payment Collection Fee
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	362,014	-
9,569	29,949		11,726	13,000	42
-	-	-	-	-	-
-	-	-	400	-	-
-	-	-	-	-	-
-	-	830	-	-	-
9,569	29,949	830	12,126	375,014	42
-	-	-	-	-	-
11,724	14,250	-	-	-	-
-	-	-	-	364,198	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
11,724	14,250	-	-	364,198	-
(2,155)	15,699	830	12,126	10,816	42
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(2,155)	15,699	830	12,126	10,816	42
70,200	48,695	-	56,008	48,387	65,186
-	-	-	-	-	-
-	-	-	-	-	-
70,200	48,695	-	56,008	48,387	65,186
$ 68,045	$ 64,394	$ 830	$ 68,134	$ 59,203	$ 65,228

HOOD COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue		
	District Attorney Forfeiture	Medicaid 1115 Waiver	Sheriff Forfeiture
REVENUES			
Taxes	$ -	$ -	$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Licenses and permits	-	-	-
Fines	-	-	-
Investment income	2,816	-	2,082
Miscellaneous	77,263	-	58,422
Total revenues	80,079	-	60,504
EXPENDITURES			
General government	-	-	-
Judicial	-	-	-
Public safety	13,581	-	69,979
Public transportation	-	-	-
Culture and recreation	-	-	-
Debt service:			
Interest	-	-	-
Capital outlay	-	-	-
Total expenditures	13,581	-	69,979
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	66,498	-	(9,475)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
NET CHANGE IN FUND BALANCES	66,498	-	(9,475)
FUND BALANCES - BEGINNING, AS PREVIOUSLY PRESENTED	57,959	310,329	55,359
ADJUSTMENTS			
Formerly a nonmajor fund	-	-	-
Total adjustments	-	-	-
FUND BALANCES - BEGINNING, AS RESTATED	57,959	310,329	55,359
FUND BALANCES, ENDING	$ 124,457	$ 310,329	$ 45,884

Special Revenue			Debt Service	Capital Projects		
Library Special	Sheriff Commissary	District Attorney	Debt Service	Capital Equipment	Tax Note 2024	Total Other Governmental Funds
$ -	$ -	$ -			$ -	$ 4,655,127
-	-	22,500			-	1,210,082
-	178,852	3,393			-	835,175
-	-	-			-	834,661
-	-	-			-	400
20	-	150			-	17,495
293	-	1,673			-	216,230
313	178,852	27,716			-	7,769,170
-	-	-			-	12,846
-	-	26,981			-	671,443
-	148,503	-			-	1,716,684
-	-	-			-	4,487,985
9,125	-	-			-	855,705
-	-	-			50,518	50,518
-	-	-			392,465	545,251
9,125	148,503	26,981			442,983	8,340,432
(8,812)	30,349	735			(442,983)	(571,262)
-	-	-			-	35,500
-	-	-			-	(69,300)
-	-	-			-	(33,800)
(8,812)	30,349	735			(442,983)	(605,062)
11,742	140,370	30,868	266,056	1,818,517	4,069,007	15,296,087
-	-	-	(266,056)	(1,818,517)	-	(2,084,573)
-	-	-	(266,056)	(1,818,517)	-	(2,084,573)
11,742	140,370	30,868	-	-	4,069,007	13,211,514
$ 2,930	$ 170,719	$ 31,603	$ -	$ -	$ 3,626,024	$ 12,606,452

HOOD COUNTY, TEXAS

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

DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes	$ 3,045,000	$ 3,045,000	$ 3,007,997	$ (37,003)
Investment income	8,000	8,000	1,218	(6,782)
Total revenues	3,053,000	3,053,000	3,009,215	(43,785)
EXPENDITURES				
Debt service:				
Principal	3,838,000	3,838,000	3,838,000	-
Interest and fiscal charges	191,611	191,611	184,690	6,921
Total expenditures	4,029,611	4,029,611	4,022,690	6,921
OTHER FINANCING SOURCES (USES)				
Transfers in	976,611	976,611	747,419	(229,192)
Total other financing sources (uses)	976,611	976,611	747,419	(229,192)
NET CHANGE IN FUND BALANCES	-	-	(266,056)	(266,056)
FUND BALANCES, BEGINNING	266,056	266,056	266,056	-
FUND BALANCES, ENDING	$ 266,056	$ 266,056	$ -	$ (266,056)

HOOD COUNTY, TEXAS

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

ROAD AND BRIDGE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Taxes	$ 4,036,979	$ 4,036,979	$ 3,831,020	$ (205,959)
Intergovernmental	26,000	26,000	93,163	67,163
Licenses and permits	877,159	877,159	834,661	(42,498)
Investment income	4,802	4,802	4,281	(521)
Miscellaneous	60,000	60,000	63,280	3,280
Total revenues	5,004,940	5,004,940	4,826,405	(178,535)
EXPENDITURES				
Public transportation:				
Salaries and wages, and employee benefits	2,947,740	2,947,740	2,869,354	78,386
Operating expenditures	2,057,200	2,057,200	1,618,631	438,569
Total public transportation	5,004,940	5,004,940	4,487,985	516,955
Total expenditures	5,004,940	5,004,940	4,487,985	516,955
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	338,420	338,420
NET CHANGE IN FUND BALANCES	-	-	338,420	338,420
FUND BALANCES, BEGINNING	958,171	958,171	958,171	-
FUND BALANCES, ENDING	$ 958,171	$ 958,171	$ 1,296,591	$ 338,420

HOOD COUNTY, TEXAS

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

LAW LIBRARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Charges for services	$ 36,000	$ 36,000	$ 48,917	$ 12,917
Investment income	40	40	35	(5)
Total revenues	36,040	36,040	48,952	12,912
EXPENDITURES				
Judicial:				
Operating expenditures	56,040	71,540	69,846	1,694
Total expenditures	56,040	71,540	69,846	1,694
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(20,000)	(35,500)	(20,894)	14,606
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	35,500	35,500	-
Total other financing sources (uses)	20,000	35,500	35,500	-
NET CHANGE IN FUND BALANCES	-	-	14,606	14,606
FUND BALANCES, BEGINNING	18,457	18,457	18,457	-
FUND BALANCES, ENDING	$ 18,457	$ 18,457	$ 33,063	$ 14,606

HOOD COUNTY, TEXAS

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

COUNTY LIBRARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Taxes	$ 835,829	$ 835,829	$ 824,107	$ (11,722)
Investment income	5,002	5,002	1,647	(3,355)
Miscellaneous	12,007	12,007	12,889	882
Total revenues	852,838	852,838	838,643	(14,195)
EXPENDITURES				
Culture and recreation:				
Salaries and wages, and employee benefits	635,228	635,228	602,897	32,331
Operating expenditures	282,700	282,700	243,683	39,017
Total expenditures	917,928	917,928	846,580	71,348
NET CHANGE IN FUND BALANCES	(65,090)	(65,090)	(7,937)	57,153
FUND BALANCES, BEGINNING	565,807	565,807	565,807	-
FUND BALANCES, ENDING	$ 500,717	$ 500,717	$ 557,870	$ 57,153

HOOD COUNTY, TEXAS

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

ABANDONED VEHICLE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Charges for services	$ 104,000	$ 104,000	$ 215,130	$ 111,130
Investment income	1,000	1,000	418	(582)
Total revenues	105,000	105,000	215,548	110,548
EXPENDITURES				
Public safety:				
Operating expenditures	140,750	185,750	118,565	67,185
Total expenditures	140,750	185,750	118,565	67,185
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(35,750)	(80,750)	96,983	177,733
OTHER FINANCING SOURCES (USES)				
Transfers out	(34,250)	10,750	(69,300)	(80,050)
Total other financing sources (uses)	(34,250)	10,750	(69,300)	(80,050)
NET CHANGE IN FUND BALANCES	(70,000)	(70,000)	27,683	97,683
FUND BALANCES, BEGINNING	163,736	163,736	163,736	-
FUND BALANCES, ENDING	$ 93,736	$ 93,736	$ 191,419	$ 97,683

HOOD COUNTY, TEXAS

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

JUDGES EDUCATION FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
REVENUES				
Investment income	$ 80	$ 80	$ 36	$ (44)
Miscellaneous	1,000	1,000	1,580	580
Total revenues	1,080	1,080	1,616	536
EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES NET CHANGE IN FUND BALANCES	1,080	1,080	1,616	536
FUND BALANCES, BEGINNING	15,347	15,347	15,347	-
FUND BALANCES, ENDING	$ 16,427	$ 16,427	$ 16,963	$ 536

HOOD COUNTY, TEXAS

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

RECORDS MANAGEMENT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
REVENUES				
Charges for services	$ 41,000	$ 41,000	$ 194,654	$ 153,654
Investment income	10,000	10,000	4,059	(5,941)
Total revenues	51,000	51,000	198,713	147,713
EXPENDITURES				
General government:				
Operating expenditures	903,370	903,370	12,846	890,524
Total expenditures	903,370	903,370	12,846	890,524
EXCESS (DEFICIENCY) OF REVENUES NET CHANGE IN FUND BALANCES	(852,370)	(852,370)	185,867	1,038,237
FUND BALANCES, BEGINNING	1,722,130	1,722,130	1,722,130	-
FUND BALANCES, ENDING	$ 869,760	$ 869,760	$ 1,907,997	$ 1,038,237

HOOD COUNTY, TEXAS

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

COURTHOUSE SECURITY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
REVENUES				
Charges for services	$ 70,100	$ 70,100	$ 77,649	$ 7,549
Investment income	2,000	2,000	1,037	(963)
Total revenues	72,100	72,100	78,686	6,586
EXPENDITURES				
Judicial:				
Operating expenditures	172,100	172,100	57,464	114,636
Total expenditures	172,100	172,100	57,464	114,636
EXCESS (DEFICIENCY) OF REVENUES NET CHANGE IN FUND BALANCES	(100,000)	(100,000)	21,222	121,222
FUND BALANCES, BEGINNING	443,761	443,761	443,761	-
FUND BALANCES, ENDING	$ 343,761	$ 343,761	$ 464,983	$ 121,222

HOOD COUNTY, TEXAS

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

RECORDS PRESERVATION FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
REVENUES				
Charges for services	$ 38,400	$ 38,400	$ 52,294	$ 13,894
Investment income	1,600	1,600	733	(867)
Total revenues	40,000	40,000	53,027	13,027
EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES NET CHANGE IN FUND BALANCES	40,000	40,000	53,027	13,027
FUND BALANCES, BEGINNING	304,458	304,458	304,458	-
FUND BALANCES, ENDING	$ 344,458	$ 344,458	$ 357,485	$ 13,027

HOOD COUNTY, TEXAS

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

JUSTICE COURT TECHNOLOGY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Charges for services	$ 12,000	$ 12,000	$ 9,569	$ (2,431)
Total revenues	12,000	12,000	9,569	(2,431)
EXPENDITURES				
Judicial:				
Operating expenditures	44,000	44,000	11,724	32,276
Total expenditures	44,000	44,000	11,724	32,276
EXCESS (DEFICIENCY) OF REVENUES NET CHANGE IN FUND BALANCES	(32,000)	(32,000)	(2,155)	29,845
FUND BALANCES, BEGINNING	70,200	70,200	70,200	-
FUND BALANCES, ENDING	$ 38,200	$ 38,200	$ 68,045	$ 29,845

HOOD COUNTY, TEXAS

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

ALTERNATIVE DISPUTE RESOLUTION FEES FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
REVENUES				
Charges for services	$ 20,000	$ 20,000	$ 29,949	$ 9,949
Total revenues	20,000	20,000	29,949	9,949
EXPENDITURES				
Judicial:				
Operating expenditures	35,000	35,000	14,250	20,750
Total expenditures	35,000	35,000	14,250	20,750
EXCESS (DEFICIENCY) OF REVENUES NET CHANGE IN FUND BALANCES	(15,000)	(15,000)	15,699	30,699
FUND BALANCES, BEGINNING	48,695	48,695	48,695	-
FUND BALANCES, ENDING	$ 33,695	$ 33,695	$ 64,394	$ 30,699

HOOD COUNTY, TEXAS

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

TEXAS VETERANS' COMMISSION DIRECT AID FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Miscellaneous	$ -	$ -	$ 830	$ 830
Total revenues	-	-	830	830
EXPENDITURES				
General government:				
Operating expenditures	500	500	-	500
Total expenditures	500	500	-	500
EXCESS (DEFICIENCY) OF REVENUES NET CHANGE IN FUND BALANCES	(500)	(500)	830	1,330
FUND BALANCES, BEGINNING	-	-	-	-
FUND BALANCES, ENDING	$ (500)	$ (500)	$ 830	$ 1,330

HOOD COUNTY, TEXAS

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

TRUANCY COURT FEES PRECINCT 3 FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
REVENUES				
Charges for services	$ 13,000	$ 13,000	$ 11,726	$ (1,274)
Fines	-	-	400	400
Total revenues	13,000	13,000	12,126	(874)
EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES NET CHANGE IN FUND BALANCES	13,000	13,000	12,126	(874)
FUND BALANCES, BEGINNING	56,008	56,008	56,008	-
FUND BALANCES, ENDING	$ 69,008	$ 69,008	$ 68,134	$ (874)

HOOD COUNTY, TEXAS

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

TIME PAYMENT COLLECTION FEE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
REVENUES				
Charges for services	$ 80	$ 80	$ 42	$ (38)
Total revenues	80	80	42	(38)
EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES NET CHANGE IN FUND BALANCES	80	80	42	(38)
FUND BALANCES, BEGINNING	65,186	65,186	65,186	-
FUND BALANCES, ENDING	$ 65,266	$ 65,266	$ 65,228	$ (38)

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HOOD COUNTY, TEXAS

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

LIBRARY SPECIAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Investment income	$ -	$ -	$ 20	$ 20
Miscellaneous	-	-	293	293
Total revenues	-	-	313	313
EXPENDITURES				
Culture and recreation:				
Operating expenditures	19,475	19,475	9,125	10,350
Total expenditures	19,475	19,475	9,125	10,350
NET CHANGE IN FUND BALANCES	(19,475)	(19,475)	(8,812)	10,663
FUND BALANCES, BEGINNING	11,742	11,742	11,742	-
FUND BALANCES, ENDING	$ (7,733)	$ (7,733)	$ 2,930	$ 10,663

HOOD COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2025

	Custodial funds				
	Adult Probation	Unclaimed Property	County Clerk	District Clerk	District Attorney
ASSETS					
Cash and cash equivalents	$ 396,408	$ 43,642	$ 5,967,428	$ 2,018,821	$ 84,940
Investments	-	-	-	222,382	-
Accounts receivable	18,673	-	-	-	-
Total assets	415,081	43,642	5,967,428	2,241,203	84,940
LIABILITIES					
Accounts payable	20,126	-	-	-	-
Accrued liabilities	20,968	-	-	-	-
Held for others	-	-	-	-	-
Due to other governments	4,725	-	50,795	6,227	-
Total liabilities	45,819	-	50,795	6,227	-
NET POSITION					
Individuals, organizations, and other governments	369,262	43,642	5,916,633	2,234,976	84,940
Total net position	$ 369,262	$ 43,642	$ 5,916,633	$ 2,234,976	$ 84,940

Custodial funds							
Sheriff	Tax Collector	Juvenile Probation Restitution	Justice of the Peace	Bail Bond Board	Constable Civil Account	County Attorney	Total Custodial Funds
$ 33,422	$ 1,126,882	$ 500	$ 31	$ 37,758	$ 796	$ 31,744	$ 9,742,372
-	-	-	-	-	-	-	222,382
-	-	-	-	-	-	-	18,673
33,422	1,126,882	500	31	37,758	796	31,744	9,983,427
-	-	-	-	-	-	-	20,126
-	-	-	-	-	-	-	20,968
-	-	500	-	37,758	-	31,744	70,002
-	1,086,380	-	31	-	796	-	1,148,954
-	1,086,380	500	31	37,758	796	31,744	1,260,050
33,422	40,502	-	-	-	-	-	8,723,377
$ 33,422	$ 40,502	$ -	$ -	$ -	$ -	$ -	$ 8,723,377

HOOD COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Custodial Funds				
	Adult Probation	Unclaimed Property	County Clerk	District Clerk	District Attorney
INCREASES					
Collections for adult probation	$ 2,033,358	$ -	$ -	$ -	$ -
Tax collections for other governments	-	-	-	-	-
Held for others	-	5,654	7,109,337	1,568,315	45,742
Investment income	3,745	-	-	-	6,342
Total increases	2,037,103	5,654	7,109,337	1,568,315	52,084
DECREASES					
Payments to adult probation	2,044,527	-	-	-	-
Payments to individuals	-	3,093	1,509,826	993,031	208,152
Payment to other governments	-	-	-	-	-
Total decreases	2,044,527	3,093	1,509,826	993,031	208,152
Net increase (decrease) in fiduciary net position	(7,424)	2,561	5,599,511	575,284	(156,068)
Net position - beginning , as previously reported	376,686	41,081	-	-	241,008
Restatement	-	-	317,122	1,659,692	-
Net position - beginning , as restated	376,686	41,081	317,122	1,659,692	241,008
Net position - ending	$ 369,262	$ 43,642	$ 5,916,633	$ 2,234,976	$ 84,940

Custodial Funds							
Sheriff	Tax Collector	Juvenile Probation Restitution	Justice of the Peace	Bail Bond Board	Constable Civil Account	County Attorney	Total Custodial Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,033,358
-	1,083	-	-	-	-	-	1,083
236,671	-	6,601	300	2,022	-	17,399	8,992,041
-	14,305	-	-	-	-	-	24,392
236,671	15,388	6,601	300	2,022	-	17,399	11,050,874
-	-	-	-	-	-	-	2,044,527
231,239	-	6,601	300	2,022	-	17,399	2,971,663
-	1,589	-	-	-	-	-	1,589
231,239	1,589	6,601	300	2,022	-	17,399	5,017,779
5,432	13,799	-	-	-	-	-	6,033,095
27,990	26,703	-	-	-	-	-	713,468
-	-	-	-	-	-	-	1,976,814
27,990	26,703	-	-	-	-	-	2,690,282
$ 33,422	$ 40,502	$ -	$ -	$ -	$ -	$ -	$ 8,723,377

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COMPLIANCE SECTION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable County Judge and
Commissioners' Court
Hood County, Texas

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hood County, Texas (the "County") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 22, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Waco, Texas
July 22, 2026

APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS

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

$28,960,000
HOOD COUNTY, TEXAS
UNLIMITED TAX ROAD BONDS
SERIES 2026

AS BOND COUNSEL for HOOD COUNTY, TEXAS, the Issuer (the "Issuer") of the Bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds, until maturity or prior redemption, at the rates and payable on the dates as stated in the text of the Bonds, and maturing on the dates and subject to redemption as specified in the text of the Bonds, all in accordance with the terms and conditions stated in the text of the Bonds.

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

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Bonds have been authorized, issued and duly delivered in accordance with law, and that said Bonds, except as may be limited by laws applicable to the Issuer relating to governmental immunity, bankruptcy, reorganization and other similar matters affecting creditors' rights or by general principles of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the Issuer, and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Bonds have been levied and pledged for such purpose, without legal limit as to rate or amount, on all taxable property within the Issuer.

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

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

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

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

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective.

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

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of, and assessed valuation of taxable property within the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,

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

$23,445,000
HOOD COUNTY, TEXAS
LIMITED TAX BONDS
SERIES 2026

AS BOND COUNSEL for HOOD COUNTY, TEXAS, the Issuer (the "Issuer") of the Bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds, until maturity or prior redemption, at the rates and payable on the dates as stated in the text of the Bonds, and maturing on the dates and subject to redemption as specified in the text of the Bonds, all in accordance with the terms and conditions stated in the text of the Bonds.

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

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Bonds have been authorized, issued and duly delivered in accordance with law, and that said Bonds, except as may be limited by laws applicable to the Issuer relating to governmental immunity, bankruptcy, reorganization and other similar matters affecting creditors' rights or by general principles of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the Issuer, and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Bonds have been levied and pledged for such purpose, within the limits prescribed by law, on all taxable property within the Issuer.

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

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

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

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

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective.

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OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of, and assessed valuation of taxable property within the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,

Municipal Advisory Services
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