



Grayson County
TEXAS



ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2025

GRAYSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2025**

GRAYSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION

GRAYSON COUNTY, TEXAS

PRINCIPAL OFFICIALS

SEPTEMBER 30, 2025

COMMISSIONERS' COURT

Bruce Dawsey	County Judge
Josh Marr	Commissioner, Precinct #1
Art Arthur	Commissioner, Precinct #2
Lindsay Wright	Commissioner, Precinct #3
Matthew Hardenburg	Commissioner, Precinct #4

JUDICIAL

Brian Gary	Judge, 397th District Court
James P. Fallon	Judge, 15th District Court
Larry Phillips	Judge, 59th District Court
James Henderson	Judge, County Court-at-Law #1
Rick Dunn	Judge, County Court-at-Law #2

LAW ENFORCEMENT

Tony Bennie	County Sheriff
J. Kermit Hill	District Attorney
Alan Brown*	Chief Adult Probation Officer
Greg Sumpter*	Chief Juvenile Probation Officer

FINANCIAL ADMINISTRATION

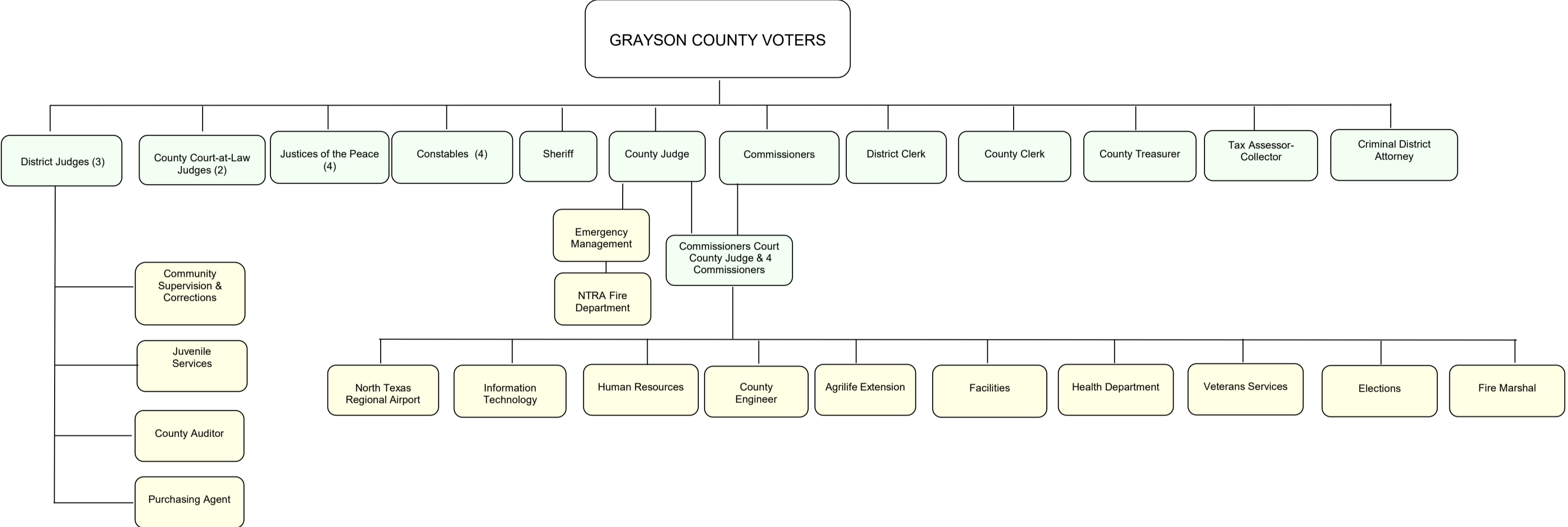
Suzette Smith*	County Auditor
Gayla Hawkins	County Treasurer
Bruce Stidham	Tax Assessor/Collector
Jodi Platt*	Purchasing Agent

RECORDING OFFICIALS

Kelly Ashmore	District Clerk
Deana Patterson	County Clerk

* Designates appointed officials. All others listed are elected officials.

GRAYSON COUNTY ORGANIZATION CHART



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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund financial information of Grayson County, Texas as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise Grayson County, Texas' basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Emphasis of Matter – Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for one year after the date that the financial statements are issued.

OFFICE LOCATIONS

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County’s basic financial statements. The combining and individual nonmajor fund financial statements and schedules and schedule of expenditures of federal and state awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State of Texas Grant Management Standards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Financial Report

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2026, on our consideration of the Grayson County, Texas’ 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 testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grayson County’s internal control over financial reporting and compliance.

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

Waco, Texas
March 27, 2026

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As Management of Grayson County, Texas, 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 Grayson County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$95.6 million (net position).
- The County's total net position increased by \$31.2 million in fiscal year 2025 due mostly to increases in property tax revenues resulting from increases in appraised values throughout the County.
- As of the close of the current fiscal year, Grayson County's governmental funds reported combined ending fund balances of \$76.7 million, an increase of \$12.4 million in comparison with the prior year. The increase is primarily attributed to the increase in property tax revenues mentioned above. Of the total fund balance, \$20.8 million is available for spending at the government's discretion as unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$21.9 million, or 38.8% of total General Fund expenditures. The total fund balance for the General Fund was \$24.9 million, or 44% of General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to private-sector business. The analysis of the County's overall financial condition and operations begins on page 12. Its primary purpose is to show whether the County is better or worse off as a result of the year's activities.

The *Statement of Net Position* presents information on all of the County's assets, deferred outflows/inflows of resources, and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is changing.

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, judicial and legal, highways and streets, and health and welfare. The business-type activity of the County is the operation of an airport.

The government-wide financial statements can be found on pages 12 – 14 of this report.

Fund Financial Statements

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

- **Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in 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 statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 40 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, Road and Bridge Fund, Local Provider Participation Fund, American Rescue Plan Fund, Jail Expansion Project Fund, and the State Highway 289 Bonds Fund, all of which are considered to be major funds. Data from the other 34 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its major debt service and special revenue funds. Budgetary comparison schedules have been provided for the General Fund and major Special Revenue Funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 15 – 20 of this report.

- **Proprietary funds** – Grayson County maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Grayson County uses an Enterprise Fund to account for its airport operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the airport operation. The basic proprietary fund financial statements can be found on pages 21 – 23 of this report.

- **Fiduciary Funds** - Fiduciary funds are used to account for custodial accounts held for various agencies, entities, and individuals. The fiduciary fund financial statements can be found on pages 24-25 of this report.

Notes to the 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. The notes to the financial statements can be found immediately following the basic financial statements on pages 26 – 49 of this report.

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. Required supplementary information can be found on pages 50 - 60 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the County’s financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$95.6 million as of September 30, 2025, an increase of \$31.2 million as compared with the previous fiscal year, as discussed earlier.

By far, the largest portion of Grayson County’s net position (\$53.7 million or 56.2% percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. Grayson County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Grayson 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.

GRAYSON COUNTY, TEXAS’ NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 92,157,928	\$ 96,463,827	\$ 16,585,531	\$ 14,951,346	\$ 108,743,459	\$ 111,415,173
Capital assets	<u>47,506,279</u>	<u>27,984,462</u>	<u>13,750,489</u>	<u>13,592,054</u>	<u>61,256,768</u>	<u>41,576,516</u>
Total assets	<u>139,664,207</u>	<u>124,448,289</u>	<u>30,336,020</u>	<u>28,543,400</u>	<u>170,000,227</u>	<u>152,991,689</u>
Deferred outflows of resources	<u>4,144,401</u>	<u>4,766,797</u>	<u>38,625</u>	<u>36,357</u>	<u>4,183,026</u>	<u>4,803,154</u>
Current liabilities	6,482,087	18,897,501	111,194	101,394	6,593,281	18,998,895
Long-term liabilities	<u>52,229,550</u>	<u>54,654,520</u>	<u>139,309</u>	<u>113,479</u>	<u>52,368,859</u>	<u>54,767,999</u>
Total liabilities	<u>58,711,637</u>	<u>73,552,021</u>	<u>250,503</u>	<u>214,873</u>	<u>58,962,140</u>	<u>73,766,894</u>
Deferred inflows of resources	<u>6,214,929</u>	<u>5,215,941</u>	<u>13,402,705</u>	<u>12,043,754</u>	<u>19,617,634</u>	<u>17,259,695</u>
Net position:						
Net investment in capital assets	39,987,074	24,378,947	13,750,489	13,592,054	53,737,563	37,971,001
Restricted	27,243,677	22,688,340	4,576	-	27,248,253	22,688,340
Unrestricted	<u>11,651,291</u>	<u>3,379,837</u>	<u>2,966,372</u>	<u>2,729,076</u>	<u>14,617,663</u>	<u>6,108,913</u>
Total net position	<u>\$ 78,882,042</u>	<u>\$ 50,447,124</u>	<u>\$ 16,721,437</u>	<u>\$ 16,321,130</u>	<u>\$ 95,603,479</u>	<u>\$ 66,768,254</u>

Changes in net position are summarized as follows:

GRAYSON COUNTY, TEXAS' CHANGES IN NET POSITION

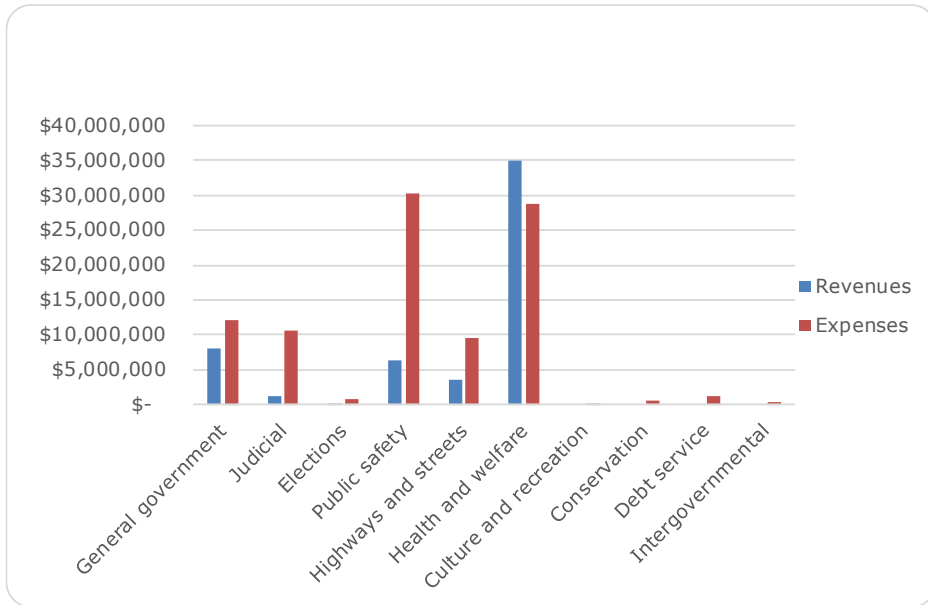
	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 17,335,754	\$ 16,484,309	\$ 2,023,486	\$ 1,794,283	\$ 19,359,240	\$ 18,278,592
Operating grants and contributions	37,107,688	18,694,355	100,000	104,625	37,207,688	18,798,980
General revenues:						
Property taxes	65,627,474	53,930,561	-	-	65,627,474	53,930,561
Other taxes	1,140,274	1,010,086	-	-	1,140,274	1,010,086
Miscellaneous	1,118,873	1,223,468	192,755	106,826	1,311,628	1,330,294
Investment earnings	3,320,332	3,352,111	350,810	322,732	3,671,142	3,674,843
Total revenues	<u>125,650,395</u>	<u>94,694,890</u>	<u>2,667,051</u>	<u>2,328,466</u>	<u>128,317,446</u>	<u>97,023,356</u>
Expenses:						
General government	12,226,349	12,660,158	-	-	12,226,349	12,660,158
Judicial	10,690,263	10,367,525	-	-	10,690,263	10,367,525
Elections	754,682	882,176	-	-	754,682	882,176
Public safety	30,360,849	26,279,631	-	-	30,360,849	26,279,631
Highways and streets	9,641,840	9,908,287	-	-	9,641,840	9,908,287
Health and welfare	28,863,539	23,344,845	-	-	28,863,539	23,344,845
Culture and recreation	219,345	181,820	-	-	219,345	181,820
Conservation and development	668,027	671,543	-	-	668,027	671,543
Interest on long-term debt	1,195,994	1,455,797	-	-	1,195,994	1,455,797
Intergovernmental	267,288	270,900	-	-	267,288	270,900
Airport	-	-	2,232,435	1,824,645	2,232,435	1,824,645
Total expenses	<u>94,888,176</u>	<u>86,022,682</u>	<u>2,232,435</u>	<u>1,824,645</u>	<u>97,120,611</u>	<u>87,847,327</u>
Change in net position	30,762,219	8,672,208	434,616	503,821	31,196,835	9,176,029
Net position, beginning	<u>50,447,124</u>	<u>41,774,916</u>	<u>16,321,130</u>	<u>15,817,309</u>	<u>66,768,254</u>	<u>57,592,225</u>
Restatements	<u>(2,327,301)</u>	<u>-</u>	<u>(34,309)</u>	<u>-</u>	<u>(2,361,610)</u>	<u>-</u>
Net position, beginning, as restated	<u>48,119,823</u>	<u>41,774,916</u>	<u>16,286,821</u>	<u>15,817,309</u>	<u>64,406,644</u>	<u>57,592,225</u>
Net position, ending	<u>\$ 78,882,042</u>	<u>\$ 50,447,124</u>	<u>\$ 16,721,437</u>	<u>\$ 16,321,130</u>	<u>\$ 95,603,479</u>	<u>\$ 66,768,254</u>

Property tax revenues accounted for approximately 52% percent of revenues for governmental activities. The next largest segment of revenues came from grants and contributions, which accounted for 30% percent of total governmental revenues, with charges for services accounting for approximately 14% percent of total governmental revenues.

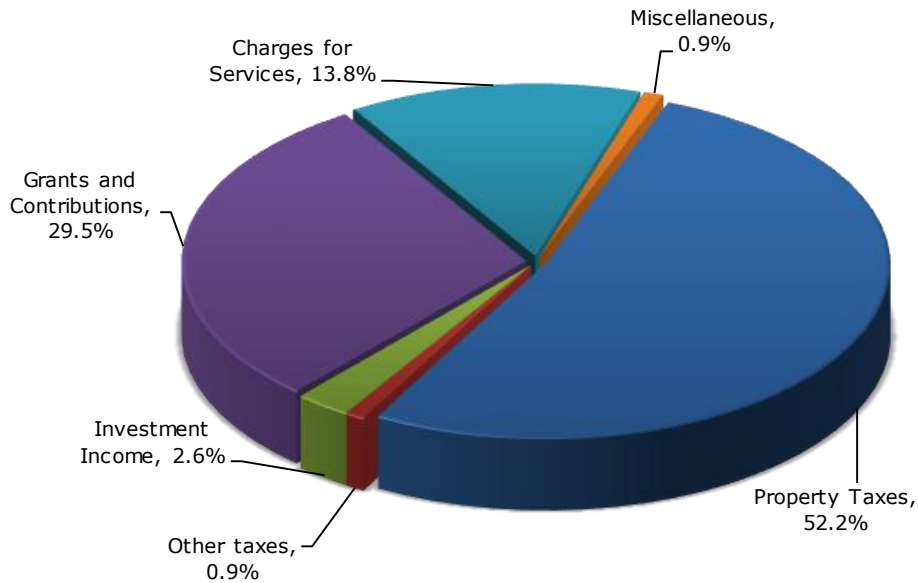
Governmental Activities

The County's total governmental net position increased by \$30.8 million in comparison with the prior fiscal year's increase of \$8.7 million. The total cost of all governmental activities this year was \$94.9 million, an increase of 10.3% over the prior fiscal year. The amount that our taxpayers paid for these activities through property taxes was \$65.6 million or 69.2% of total governmental expenses. Another large segment of revenues came from charges for services, which accounted for \$17.3 million or 18.3% of total governmental expenses.

Expenses and Program Revenues – Governmental Activities



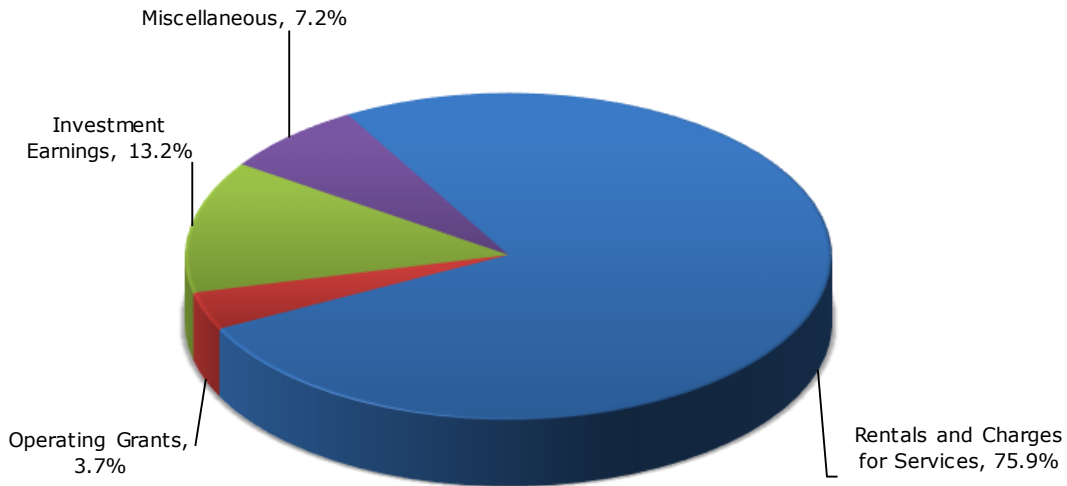
Revenues by Source – Governmental Activities



Business-type Activities

The business-type activity of the County is the operations of a regional airport. Approximately 75.9% of airport revenue is generated by tenant payments for rental of industrial and aircraft facilities. Operating grants comprise another 3.7%.

Revenues by Source – Business-type Activities



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, Grayson County's governmental funds reported combined ending fund balances of \$76.7 million, an increase of approximately \$12.4 million in comparison with the prior year. Approximately 27.1% percent of this total amount, \$20.8 million, constitutes unassigned fund balance, which is available for spending at the government's discretion. Approximately \$51.6 million is restricted for construction and other purposes. The remainder of fund balance is classified to indicate that it is not available for new spending because it is restricted to pay nonspendable items, which total \$1.8 million.

The General Fund is the chief operating fund of Grayson County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$21.9 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. At September 30, 2025, unassigned fund balance represents 38.8% of the total General Fund expenditures.

The fund balance of the County's General Fund increased by \$8.2 million during the current fiscal year resulting from an increase in property tax revenue.

Grayson County maintains four road and bridge budgetary funds that are combined for financial statement reporting purposes. Each of the four funds is segregated for each of the four road and bridge precincts. The combined fund balance at September 30, 2025, is \$7.1 million, which is fully restricted for road construction purposes. The road and bridge precinct fund balances increased \$1.5 million during the fiscal year.

The Local Provider Participation Fund had a decrease in fund balance during the current year of \$1.3 million. The decrease was due to a timing difference between mandatory collections received being less than payments made to the state.

The American Rescue Plan fund accounts for resources received from the federal government to respond to the COVID-19 pandemic. Fund balance ended at \$0.9 million at the end of the year.

The State Highway 289 Bonds fund balance ended at \$71,932, or an increase of \$25,423. The increase was caused by intergovernmental revenue and property tax revenue exceeding debt service expenditures.

The Jail Expansion Project Fund accounts for bonds issued to expand the County’s Jail and ended with fund balance of \$26.0 million. Fund balance decreased by -\$0.2 million as the County continued to spend bond funds on the jail project.

Proprietary Funds

Grayson County’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Airport at the end of the year amounted to \$3.0 million. The total increase in net position for the fund was \$435 thousand. Other factors concerning the finances of this fund have already been addressed in the discussion of Grayson County’s business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and (3) increases in appropriations that become necessary to maintain services.

Revenues were more than budgeted amounts mainly in the areas of intergovernmental revenue, grants, and other revenue. Expenditures were less than budgeted amounts in all areas, but the intergovernmental expenditure account. The County will continue their approach of conservative budgeting in subsequent years.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Grayson County’s investment in capital assets as of September 30, 2025, amounts to \$61.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, and bridges.

The following are the County’s major capital asset additions:

- Construction in Progress for Jail Expansion \$13,340,515
- First Responder Radio Upgrade \$953,924
- Construction in Progress for 2027 Texoma Parkway CSCD \$455,306
- 2025 Caterpillar 150 AWD Motorgrader \$391,619
- 2025 Atmax Mowermax Boom Mower \$344,680

GRAYSON COUNTY’S CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Land	\$ 3,481,636	\$ 3,460,349	\$ 2,829,106	\$ 2,829,106	\$ 6,310,742	\$ 6,289,455
Construction in progress	16,604,433	2,808,612	400,000	-	17,004,433	2,808,612
Infrastructure	6,078,435	5,395,336	8,143,391	8,650,262	14,221,826	14,045,598
Buildings	7,859,888	7,254,650	1,028,386	1,087,023	8,888,274	8,341,673
Improvements other than buildings	1,327,751	321,660	1,208,187	832,031	2,535,938	1,153,691
Software	1,132,515	437,838	-	-	1,132,515	437,838
Machinery and equipment	11,021,621	8,306,017	141,419	193,632	11,163,040	8,499,649
Total capital assets	<u>\$ 47,506,279</u>	<u>\$ 27,984,462</u>	<u>\$ 13,750,489</u>	<u>\$ 13,592,054</u>	<u>\$ 61,256,768</u>	<u>\$ 41,576,516</u>

Additional information regarding the County’s capital assets can be found in Note II C on pages 35-36 of this report.

Long-term Debt

At the end of the current fiscal year, Grayson County had total bonded debt of \$33.4 million. A small portion of the debt service payments on this amount are funded through property taxes assessed annually. The larger portion of the debt payable will be funded using pass-through toll payments to be received from the Texas Department of Transportation (TxDOT) in connection with an agreement between TxDOT and the County to reimburse the County for debt incurred for Highway 289 expansion and upgrade costs.

GRAYSON COUNTY'S OUTSTANDING DEBT AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Pass-through Toll Tax & Revenue Bonds payable	\$ 10,100,000	\$ 10,410,000	\$ -	\$ -	\$ 10,100,000	\$ 10,410,000
Premium on Pass-through Toll Bonds	2,546,406	2,749,284	-	-	2,546,406	2,749,284
Certificates of Obligation payable	23,270,000	25,620,000	-	-	23,270,000	25,620,000
Subscriptions	1,007,618	338,201	-	-	1,007,618	338,201
Financed purchase	871,641	990,932	-	-	871,641	990,932
Arbitrage	1,167,943	741,687	-	-	1,167,943	741,687
Compensated absences payable	4,497,209	1,360,161	56,302	17,737	4,553,511	1,377,898
Total	\$ 43,460,817	\$ 42,210,265	\$ 56,302	\$ 17,737	\$ 43,517,119	\$ 42,228,002

In 2007, Grayson County issued \$63,725,000 of Pass-through Toll Revenue and Limited Tax Bonds. Proceeds from this bond issue was used to finance expansion of and improvements to State Highway 289 within the County, as well as pay for part of the costs of issuance of the bonds. In 2012 and 2013, a portion of the debt was refunded to take advantage of favorable interest rates. At September 30, 2025, the total remaining debt was \$5,295,000. Tax Notes were issued for capital purchases in 2025 for \$4,805,000. Certificates of Obligation have been issued in 2018 and 2023 to finance various projects.

Additional information on Grayson County's long-term debt can be found in Note II G on pages 37 - 40 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for Grayson County on September 30, 2025, is 4.1 percent, which is slightly more than the rate of 3.8 percent a year ago. This rate equals the state's unemployment rate of 4.1 percent and is lower than the national average of 4.4 percent.
- The continued growth northward from the Dallas area will continue to put demands on all aspects of County government.
- Grayson County is anticipating an expansion of the tax base in 2025, with indications that the tax base will continue to grow.
- Grayson County is becoming known as the North Texas technology corridor because of a rapidly growing, multi-billion-dollar semiconductor and technology industry expansions, highlighted by Texas Instruments and Global Wafers America expansion projects.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Grayson County Auditor, 100 West Houston Street, Sherman, Texas 75090.

**BASIC
FINANCIAL STATEMENTS**

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GRAYSON COUNTY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 80,357,455	\$ 2,764,526	\$ 83,121,981
Receivables (net of allowance for uncollectibles)	4,871,093	13,712,164	18,583,257
Intergovernmental receivable	5,741,090	-	5,741,090
Prepaid items	692,521	104,265	796,786
Net pension asset	495,769	4,576	500,345
Capital assets not being depreciated	20,086,069	2,829,106	22,915,175
Capital assets, net of accumulated depreciation	<u>27,420,210</u>	<u>10,921,383</u>	<u>38,341,593</u>
Total assets	<u>139,664,207</u>	<u>30,336,020</u>	<u>170,000,227</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	2,560,639	23,633	2,584,272
OPEB related	<u>1,583,762</u>	<u>14,992</u>	<u>1,598,754</u>
Total deferred outflows of resources	<u>4,144,401</u>	<u>38,625</u>	<u>4,183,026</u>
LIABILITIES			
Accounts payable	3,461,499	19,072	3,480,571
Intergovernmental payable	521,933	-	521,933
Accrued interest payable	402,236	-	402,236
Escrow payable	67,280	-	67,280
Accrued wages payable	1,570,209	16,861	1,587,070
Security deposits payable	-	75,261	75,261
Due to other governments	4,789	-	4,789
Unearned revenue	454,141	-	454,141
Noncurrent liabilities:			
Due within one year:			
Long-term debt	10,282,845	14,185	10,297,030
Total OPEB liability	490,482	3,291	493,773
Due in more than one year:			
Long-term debt	33,177,972	42,117	33,220,089
Total OPEB liability	<u>8,278,251</u>	<u>79,716</u>	<u>8,357,967</u>
Total liabilities	<u>58,711,637</u>	<u>250,503</u>	<u>58,962,140</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	1,932,198	17,833	1,950,031
OPEB related	3,199,478	30,288	3,229,766
Lease related	<u>1,083,253</u>	<u>13,354,584</u>	<u>14,437,837</u>
Total deferred inflows of resources	<u>6,214,929</u>	<u>13,402,705</u>	<u>19,617,634</u>
NET POSITION			
Net investment in capital assets	39,987,074	13,750,489	53,737,563
Restricted for:			
Debt service	2,160,973	-	2,160,973
Capital projects	5,644,793	-	5,644,793
Road and bridge	7,727,217	-	7,727,217
Public health	2,489,426	-	2,489,426
Juvenile services	3,713,597	-	3,713,597
Election administration	423,620	-	423,620
Emergency management	196,552	-	196,552
Records management	2,002,093	-	2,002,093
Court security and technology	85,390	-	85,390
Tax assessor-collector operations	104,506	-	104,506
Law enforcement	235,969	-	235,969
Inmate welfare	558,991	-	558,991
Court management	1,186,569	-	1,186,569
Purpose of trust	84,041	-	84,041
Other	134,171	-	134,171
Pension asset	495,769	4,576	500,345
Unrestricted	<u>11,651,291</u>	<u>2,966,372</u>	<u>14,617,663</u>
Total net position	<u>\$ 78,882,042</u>	<u>\$ 16,721,437</u>	<u>\$ 95,603,479</u>

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

GRAYSON COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Functions/Programs	Expenses	Program Revenue	
		Charges for Services	Operating Grants and Contributions
Primary government			
Governmental activities:			
General government	\$ 12,226,349	\$ 6,076,079	\$ 1,994,928
Judicial	10,690,263	563,472	557,521
Elections	754,682	-	193,997
Public safety	30,360,849	5,392,919	1,030,766
Highways and streets	9,641,840	3,637,017	15,500
Health and welfare	28,863,539	1,666,267	33,314,976
Culture and recreation	219,345	-	-
Conservation and development	668,027	-	-
Bond interest	1,195,994	-	-
Intergovernmental	267,288	-	-
Total governmental activities	<u>94,888,176</u>	<u>17,335,754</u>	<u>37,107,688</u>
Business-type activities:			
Grayson County Airport	<u>2,232,435</u>	<u>2,023,486</u>	<u>100,000</u>
Total business-type activities	<u>2,232,435</u>	<u>2,023,486</u>	<u>100,000</u>
Total primary government	<u>\$ 97,120,611</u>	<u>\$ 19,359,240</u>	<u>\$ 37,207,688</u>

General revenues:

- Taxes:
 - Property taxes, levied for general purposes
 - Property taxes, levied for debt service
 - Other taxes
 - Penalty and interest
- Miscellaneous revenue
- Investment earnings
- Total general revenues

Change in net position

Net position - beginning

Restatement

Net position - beginning, as restated

Net position - ending

Net (Expense) Revenue and Changes in Position

Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (4,155,342)	\$ -	\$ (4,155,342)
(9,569,270)	-	(9,569,270)
(560,685)	-	(560,685)
(23,937,164)	-	(23,937,164)
(5,989,323)	-	(5,989,323)
6,117,704	-	6,117,704
(219,345)	-	(219,345)
(668,027)	-	(668,027)
(1,195,994)	-	(1,195,994)
(267,288)	-	(267,288)
<u>(40,444,734)</u>	<u>-</u>	<u>(40,444,734)</u>
-	(108,949)	(108,949)
-	(108,949)	(108,949)
(40,444,734)	(108,949)	(40,553,683)
65,315,390	-	65,315,390
312,084	-	312,084
387,125	-	387,125
753,149	-	753,149
1,118,873	192,755	1,311,628
<u>3,320,332</u>	<u>350,810</u>	<u>3,671,142</u>
<u>71,206,953</u>	<u>543,565</u>	<u>71,750,518</u>
30,762,219	434,616	31,196,835
50,447,124	16,321,130	66,768,254
<u>(2,327,301)</u>	<u>(34,309)</u>	<u>(2,361,610)</u>
<u>48,119,823</u>	<u>16,286,821</u>	<u>64,406,644</u>
<u>\$ 78,882,042</u>	<u>\$ 16,721,437</u>	<u>\$ 95,603,479</u>

GRAYSON COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	Special Revenue Funds			
	General	Road and Bridge	Local Provider Participation	American Rescue Plan
ASSETS				
Cash and investments	\$ 25,257,710	\$ 7,371,756	\$ 637,786	\$ 3,202,651
Taxes receivable	1,838,451	260,900	-	-
Receivables (net of allowances)	250,523	582,289	-	-
Intergovernmental receivables	35,179	104,544	-	-
Due from other funds	22,421	-	-	-
Advance to other funds	1,093,929	-	-	-
Prepaid items	554,656	-	-	-
Total assets	<u>29,052,869</u>	<u>8,319,489</u>	<u>637,786</u>	<u>3,202,651</u>
LIABILITIES				
Accounts payable	758,332	343,471	67,163	1,846,161
Accrued wages payable	1,193,586	155,351	-	-
Due to other funds	-	-	-	-
Intergovernmental payable	521,933	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	5,000	-	-	443,516
Escrow payable	-	67,280	-	-
Advance from other funds	-	-	-	-
Total liabilities	<u>2,478,851</u>	<u>566,102</u>	<u>67,163</u>	<u>2,289,677</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	1,611,094	223,808	-	-
Unavailable revenue-court fines	112,614	445,280	-	-
Unavailable revenue-TXDOT revenue	-	-	-	-
Deferred inflows - leases	-	-	-	-
Total deferred inflows of resources	<u>1,723,708</u>	<u>669,088</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Advance to other funds	1,093,929	-	-	-
Prepaid items	554,656	-	-	-
Restricted for:				
Public health	-	-	570,623	912,974
Juvenile services	-	-	-	-
Election administration	-	-	-	-
Emergency management	-	-	-	-
Records management	-	-	-	-
Holiday lights	-	-	-	-
Court security and technology	-	-	-	-
Tax assessor-collector operations	-	-	-	-
Historical commission	-	-	-	-
District attorney operations	-	-	-	-
Law enforcement	-	-	-	-
Inmate welfare	-	-	-	-
Court management	-	-	-	-
Road and bridge	-	7,084,299	-	-
Debt service	-	-	-	-
Arbitrage	-	-	-	-
Capital projects	-	-	-	-
Purpose of trust	-	-	-	-
Assigned for next year's budget	1,312,491	-	-	-
Unassigned	21,889,234	-	-	-
Total fund balances	<u>24,850,310</u>	<u>7,084,299</u>	<u>570,623</u>	<u>912,974</u>
Total liabilities, fund balances, and deferred inflows of resources	<u>\$ 29,052,869</u>	<u>\$ 8,319,489</u>	<u>\$ 637,786</u>	<u>\$ 3,202,651</u>

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

Debt Service Fund	Capital Projects Fund	Other	Total
State Highway 289 Bonds	Jail Expansion Project	Governmental Funds	Governmental
\$ 71,932	\$ 26,211,174	\$ 17,604,446	\$ 80,357,455
-	-	119,734	2,219,085
-	-	1,819,196	2,652,008
5,281,625	-	319,742	5,741,090
-	-	-	22,421
-	-	-	1,093,929
-	-	137,865	692,521
<u>5,353,557</u>	<u>26,211,174</u>	<u>20,000,983</u>	<u>92,778,509</u>
-	173,148	273,224	3,461,499
-	-	221,272	1,570,209
-	-	22,421	22,421
-	-	-	521,933
-	-	4,789	4,789
-	-	5,625	454,141
-	-	-	67,280
-	-	1,093,929	1,093,929
<u>-</u>	<u>173,148</u>	<u>1,621,260</u>	<u>7,196,201</u>
-	-	102,234	1,937,136
-	-	49,832	607,726
5,281,625	-	-	5,281,625
-	-	1,083,253	1,083,253
<u>5,281,625</u>	<u>-</u>	<u>1,235,319</u>	<u>8,909,740</u>
-	-	-	1,093,929
-	-	135,825	690,481
-	-	1,005,829	2,489,426
-	-	3,713,597	3,713,597
-	-	423,620	423,620
-	-	196,552	196,552
-	-	2,002,093	2,002,093
-	-	313,519	313,519
-	-	85,390	85,390
-	-	104,506	104,506
-	-	6,951	6,951
-	-	134,171	134,171
-	-	235,969	235,969
-	-	558,991	558,991
-	-	1,186,569	1,186,569
-	-	419,110	7,503,409
71,932	-	1,992,197	2,064,129
-	1,167,943	-	1,167,943
-	24,870,083	5,639,403	30,509,486
-	-	84,041	84,041
-	-	-	1,312,491
-	-	(1,093,929)	20,795,305
<u>71,932</u>	<u>26,038,026</u>	<u>17,144,404</u>	<u>76,672,568</u>
<u>\$ 5,353,557</u>	<u>\$ 26,211,174</u>	<u>\$ 20,000,983</u>	<u>\$ 92,778,509</u>

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GRAYSON COUNTY, TEXAS

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

SEPTEMBER 30, 2025

Total fund balances, governmental funds	\$ 76,672,568
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	47,709,768
Long-term assets are not current financial resources and therefore are not reported in the funds.	
Net pension asset	495,769
Deferred outflows of resources for pension-related activities are not included in the fund financial statements, but are included in the Statement of Net Position.	2,560,639
Deferred outflows of resources for OPEB-related activities are not included in the fund financial statements, but are included in the Statement of Net Position.	1,583,762
Some liabilities, such as long-term bonds payable, leases, and compensated absences, are not due and payable in the current period and are not included in the fund financial statements, but are reported in the Statement of Net Position.	
Bonds payable	(35,916,406)
Financed purchases	(1,075,130)
Subscriptions	(1,007,618)
Compensated absences	(4,497,209)
Total OPEB liability	(8,768,733)
Arbitrage	(1,167,943)
Interest on long-term debt	(402,236)
The portion of certain receivable not collected soon enough to pay for the current period's expenditures are deferred in the funds.	
Intergovernmental	5,281,625
Property taxes	1,937,136
Court fines	607,726
Deferred inflows of resources for pension-related activities are not included in the fund financial statements, but are included in the Statement of Net Position.	(1,932,198)
Deferred inflows of resources for OPEB-related activities are not included in the fund financial statements, but are included in the Statement of Net Position.	<u>(3,199,478)</u>
Net position of governmental activities	<u>\$ 78,882,042</u>

GRAYSON COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue Funds			
	General	Road and Bridge	Local Provider Participation	American Rescue Plan
REVENUES				
Taxes:				
Property	\$ 52,829,589	\$ 7,931,228	\$ -	\$ -
Other	387,125	-	-	-
Penalty and interest on taxes	616,681	91,248	-	-
Licenses and permits	918,510	-	-	-
Intergovernmental	2,120,200	253,572	-	12,525,599
Charges for services	2,853,938	669,849	-	-
Fines	-	715,460	-	-
Forfeits	63,800	-	-	-
Vehicle registration fees	1,939,666	1,928,692	-	-
Investment earnings	1,446,580	301,528	-	334,740
Contributions and donations	238,800	15,500	20,214,613	-
Other revenue	105,079	812	-	-
Total revenues	<u>63,519,968</u>	<u>11,907,889</u>	<u>20,214,613</u>	<u>12,860,339</u>
EXPENDITURES				
Current:				
General government	12,186,063	-	-	-
Judicial	10,218,399	-	-	-
Elections	765,799	-	-	-
Public safety	24,460,399	-	-	-
Highways and streets	-	9,240,203	-	-
Health and welfare	5,367,275	-	21,468,926	-
Culture and recreation	177,000	-	-	-
Conservation and development	693,498	-	-	-
Debt service:				
Principal	270,745	495,018	-	-
Interest	17,189	38,017	-	-
Bond issuance cost	-	-	-	-
Capital outlay	2,036,430	990,402	-	12,525,600
Intergovernmental	253,748	-	-	-
Total expenditures	<u>56,446,545</u>	<u>10,763,640</u>	<u>21,468,926</u>	<u>12,525,600</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>7,073,423</u>	<u>1,144,249</u>	<u>(1,254,313)</u>	<u>334,739</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	-	-	-	-
Premium on bonds	-	-	-	-
Sale of capital assets	45,037	106,687	-	-
Issuance of subscriptions	940,162	-	-	-
Issuance of financed purchase	-	225,701	-	-
Insurance recoveries	422,210	-	-	-
Transfers in	285,266	-	-	-
Transfers out	(600,264)	-	-	(260,266)
Total other financing sources and uses	<u>1,092,411</u>	<u>332,388</u>	<u>-</u>	<u>(260,266)</u>
NET CHANGE IN FUND BALANCES	8,165,834	1,476,637	(1,254,313)	74,473
FUND BALANCES, BEGINNING	<u>16,684,476</u>	<u>5,607,662</u>	<u>1,824,936</u>	<u>838,501</u>
FUND BALANCES, ENDING	<u>\$ 24,850,310</u>	<u>\$ 7,084,299</u>	<u>\$ 570,623</u>	<u>\$ 912,974</u>

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

Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental
State Highway 289 Bonds	Jail Expansion Project		
\$ 75,766	\$ -	\$ 4,240,770	\$ 65,077,353
-	-	-	387,125
43,073	-	2,147	753,149
-	-	338,864	1,257,374
5,281,625	-	3,001,749	23,182,745
-	-	6,524,133	10,047,920
-	-	39,984	755,444
-	-	86,012	149,812
-	-	-	3,868,358
1,685	1,953,494	468,712	4,506,739
-	-	373,156	20,842,069
-	-	175	106,066
<u>5,402,149</u>	<u>1,953,494</u>	<u>15,075,702</u>	<u>130,934,154</u>
576	-	611,290	12,797,929
-	-	868,596	11,086,995
-	-	2,700	768,499
-	-	5,222,883	29,683,282
-	-	377,283	9,617,486
-	-	2,121,003	28,957,204
-	-	44,674	221,674
-	-	-	693,498
5,115,000	-	2,350,000	8,230,763
261,150	-	1,286,332	1,602,688
-	-	89,192	89,192
-	1,768,839	4,378,308	21,699,579
-	-	13,540	267,288
<u>5,376,726</u>	<u>1,768,839</u>	<u>17,365,801</u>	<u>125,716,077</u>
<u>25,423</u>	<u>184,655</u>	<u>(2,290,099)</u>	<u>5,218,077</u>
-	-	4,805,000	4,805,000
-	-	289,879	289,879
-	-	60	151,784
-	-	-	940,162
-	-	353,514	579,215
-	-	3,332	425,542
-	-	799,584	1,084,850
-	-	(224,320)	(1,084,850)
-	-	6,027,049	7,191,582
25,423	184,655	3,736,950	12,409,659
<u>46,509</u>	<u>25,853,371</u>	<u>13,407,454</u>	<u>64,262,909</u>
\$ 71,932	\$ 26,038,026	\$ 17,144,404	\$ 76,672,568

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GRAYSON 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 - governmental funds balance sheet \$ 12,409,659

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlay	24,176,427
Depreciation	(4,023,312)
Disposal of capital assets	(427,809)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

Property taxes	550,121
Court fines	10,771
Intergovernmental	(5,281,625)

Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of debt principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.

Issuance of bonds, leases and subscriptions, financed purchases, arbitrage	(7,713,779)
Principal repayment	8,162,342
Amortization of premiums	492,757

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in the governmental funds:

Interest	3,129
Pension cost	3,148,345
Other postemployment benefits cost	64,940
Compensated absences	<u>(809,747)</u>

Change in net position of governmental activities \$ 30,762,219

GRAYSON COUNTY, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2025

	Grayson County Airport
ASSETS	
Current assets:	
Cash and investments	\$ 2,764,526
Accounts receivable	13,712,164
Prepaid expenses	<u>104,265</u>
Total current assets	<u>16,580,955</u>
Noncurrent assets:	
Net pension asset	4,576
Capital assets:	
Land	2,829,106
Infrastructure	29,827,976
Buildings	6,284,964
Improvements other than buildings	1,482,450
Machinery and equipment	559,349
Construction in progress	400,000
Accumulated depreciation	<u>(27,633,356)</u>
Total noncurrent assets	<u>13,750,489</u>
Total assets	<u>30,336,020</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	23,633
OPEB related	<u>14,992</u>
Total deferred outflows of resources	<u>38,625</u>
LIABILITIES	
Current liabilities:	
Accounts payable	19,072
Accrued wages payable	16,861
Security deposits payable	75,261
Compensated absences	14,185
Total OPEB liability	<u>3,291</u>
Total current liabilities	<u>128,670</u>
Noncurrent liabilities:	
Compensated absences	42,117
Total OPEB liability	<u>79,716</u>
Total noncurrent liabilities	<u>121,833</u>
Total liabilities	<u>250,503</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	17,833
OPEB related	30,288
Lease related	<u>13,354,584</u>
Total deferred inflows of resources	<u>13,402,705</u>
NET POSITION	
Net investment in capital assets	13,750,489
Pension asset	4,576
Unrestricted	<u>2,966,372</u>
Total net position	<u>\$ 16,721,437</u>

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

GRAYSON COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Grayson County Airport
OPERATING REVENUES	
Rents and royalties	\$ 1,757,262
Charges for services	266,224
Other revenue	<u>192,755</u>
Total operating revenues	<u>2,216,241</u>
OPERATING EXPENSES	
Salaries and benefits	494,176
Purchased professional services	353,610
Purchased property services	595,890
Other operating expenses	51,611
Depreciation	<u>737,148</u>
Total operating expenses	<u>2,232,435</u>
OPERATING INCOME (LOSS)	<u>(16,194)</u>
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental revenue	100,000
Investment earnings	<u>350,810</u>
Total nonoperating revenues (expenses)	<u>450,810</u>
CHANGE IN NET POSITION	434,616
TOTAL NET POSITION, BEGINNING	<u>16,321,130</u>
RESTATEMENT	(34,309)
TOTAL NET POSITION, BEGINNING, AS RESTATED	<u>16,286,821</u>
TOTAL NET POSITION, ENDING	<u>\$ 16,721,437</u>

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

GRAYSON COUNTY, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Grayson County Airport
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	\$ 2,216,241
Cash payments to employees for services	(707,031)
Cash payments for other operating expenses	<u>(1,129,491)</u>
Net cash provided (used) by operating activities	<u>379,719</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	<u>(895,583)</u>
Net cash provided (used) by capital and related financing activities	<u>(895,583)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from other governments	<u>100,000</u>
Net cash provided (used) by noncapital financing activities	<u>100,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	<u>350,810</u>
Net cash provided (used) by investing activities	<u>350,810</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(65,054)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>2,577,085</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>2,512,031</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating gain (loss)	(16,194)
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	737,148
Changes in assets and liabilities:	
Decrease (increase) in due from other receivables	(1,427,284)
Decrease (increase) in prepaid expenses	(14,884)
Decrease (increase) in deferred outflows	(2,268)
Increase (decrease) in accounts payable	(24,828)
Increase (decrease) in accrued wages payable	5
Increase (decrease) in security deposits payable	34,623
Increase (decrease) in compensated absences	(248,239)
Increase (decrease) in net pension liability (asset)	(42,640)
Increase (decrease) in total OPEB liability	25,329
Increase (decrease) in deferred inflows related to pensions	20,335
Increase (decrease) in deferred inflows	<u>1,338,616</u>
Net cash provided (used) by operating activities	<u>\$ 379,719</u>

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

GRAYSON COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

SEPTEMBER 30, 2025

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 14,530,003
Total assets	<u>14,530,003</u>
LIABILITIES	
Due to other governments	4,043,661
Due to individuals and organizations	<u>28,542</u>
Total liabilities	<u>4,072,203</u>
NET POSITION	
Restricted for:	
Trust beneficiaries	9,134,089
Individuals and organizations	<u>1,323,711</u>
Total net position	<u>\$ 10,457,800</u>

GRAYSON COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Custodial Funds</u>
ADDITIONS	
Registry deposits	\$ 8,223,773
Receipts from inmates	945,694
State fee collections	941,252
Appellate justice system collections	13,935
Seizures	316,939
Restitution collections	365,626
Hot check collections	185,754
Tax collections	366,803,434
Vehicle registration collections	44,264,654
Cash bond receipts	370,706
Investment earnings	<u>176,750</u>
Total additions	<u>422,608,517</u>
DEDUCTIONS	
Registry withdrawals	11,149,957
Inmate disbursements	307,313
Disbursements to others	640,847
State fee disbursements	941,252
Appellate justice system disbursements	13,935
Seizure disbursements	20,685
Restitution paid	365,626
Hot check disbursements	185,754
Tax disbursements	366,803,434
Vehicle registration disbursements	44,264,654
Refunds	<u>402,706</u>
Total deductions	<u>425,096,163</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(2,487,646)
NET POSITION, BEGINNING	<u>12,945,446</u>
NET POSITION, ENDING	<u>\$ 10,457,800</u>

GRAYSON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of Grayson County, Texas (the "County"), have been prepared in conformity with generally accepted accounting principles (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. These notes to the financial statements are an integral part of the basic financial statements of the County. The following is a discussion of the more significant accounting policies utilized by the County.

A. Reporting Entity

Accounting standards establish criteria that should be considered and evaluated along with other judgmental factors before a decision is made to include one governmental unit with another governmental unit for the purpose of issuing basic financial statements. The five criteria considered were 1) financial accountability, 2) appointment of a voting majority, 3) imposition of will, 4) financial benefit to or a burden on a primary government, and 5) financial accountability as a result of fiscal dependency.

In evaluating how to define the County for financial reporting purposes, management has considered all potential component units. The decision on whether or not to include a potential component unit in the reporting entity was made by applying the criteria set forth in the preceding paragraph.

The County is a partner in a joint venture with various local governmental units. These governments have formed the Juvenile Detention Center of Grayson, Cooke, and Fannin Counties, which provides residential services for juveniles of any County. This joint venture does not meet the criteria stated above for inclusion in the County's financial statements and has no equity interest to require its inclusion as an investment in the County's financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of changes in net position) report information on all of the activities of the primary government and its component units. 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 service charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements because they cannot be used for the County's operations. Major individual governmental funds and the major individual Enterprise Fund 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 are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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 both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers 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 and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

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

The **Road and Bridge Fund** is used to account for the operation, construction and maintenance of roads and bridges. Financing is provided by a special annual property tax levy to the extent miscellaneous revenue (principally fines and fees of office) are not sufficient to provide such financing. The County is divided into four precincts; each precinct is provided with a separate budget administered by the County Commissioner elected from such precinct.

The **Local Provider Participation Fund** is used to account for the revenues from mandatory payments that may be required by the County from an institutional healthcare provider to fund certain intergovernmental transfers and indigent care programs.

The **American Rescue Plan Fund** is used to account for monies received from the Coronavirus State and Local Fiscal Recovery Fund as part of the American Rescue Plan Act that was passed by the Federal Government in response to the COVID-19 pandemic.

The **State Highway 289 Bonds Fund** is used to accumulate monies for payment of obligations related to the issuance of debt for the costs of upgrading Highway 289. Monies received through the Toll Revenue Agreement with Texas Department of Transportation are legally restricted to servicing this debt until the bond issue is retired.

The **Jail Expansion Project Fund** is used to accumulate monies from Certificates of Obligation Series 2023, which will be used to fund the expansion of the County jail in downtown Sherman, Texas.

Additionally, the County reports the following proprietary fund:

Enterprise Funds account for the operation of the North Texas Regional Airport. All activities necessary to provide for the Airport's services are accounted for in this fund, including, but not limited to, administration, operations, and maintenance.

Additionally, the County reports the following fiduciary fund types:

Custodial funds account for monies held for various agencies and entities but not held in a trust.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

1. *Cash and Investments*

Cash includes amounts in demand deposit and savings accounts, as well as short-term investments with a maturity date within three months of the date acquired by the County.

The County is legally permitted to purchase as investments or collateralize deposits with the following types of instruments: (1) obligations of the United States or its agencies; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities and other political subdivisions of any state having an investment quality rating of A; (5) certificates of deposit issued by state or national banks domiciled in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation or secured by obligations described in (1) through (4) above; and (6) fully collateralized direct repurchase agreements.

2. *Inventories and Prepaid Items*

Inventories of supplies are no longer maintained on hand. Supplies are expensed when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

3. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectible. Trade accounts receivable in excess of sixty days comprise the trade accounts receivable allowance for uncollectible. The property tax receivable allowance is based on historical collection experience.

Property taxes are levied prior to October 1 of each year and become delinquent on the subsequent February 1. Delinquent real property taxes are expected to be collected, as these delinquent amounts are a lien against the related property until paid. These amounts are classified as noncurrent and are reflected on the balance sheets of the related funds. A corresponding balance is reflected as deferred revenue as these amounts are not available spendable resources.

Collections of the current year's levy are reported as current revenue if received by September 30 (within 8 months of the January 31 due date). Collections received thereafter are reported as delinquent tax revenue.

4. Leases and Subscription-based Information Technology Arrangements

The County is a participant in noncancellable leases of equipment and subscription-based IT arrangements (SBITAs). The County recognizes liabilities and intangible right-to-use assets (assets) in the government-wide financial statements.

At the commencement of a lease or SBITA, the County initially measures a liability at the present value of payments expected to be made during the term of the agreement. 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 agreement's commencement date, plus certain initial direct costs. Subsequently, the asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases and 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 vendor as the discount rate. When the interest rate charged by the vendor 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 lease or SBITA.
- The 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 leases and SBITAs and will remeasure the assets and liabilities if certain changes occur that are expected to significantly affect the amount of the liabilities.

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

The County as a Lessor

The County is a lessor in several lease arrangements. Accounting standards require the lessor to recognize a lease receivable at the present value of lease payments anticipated to be received during the lease term, reduced by any provisions for estimated uncollectible amounts. A deferred inflow is recorded at the initial value of the lease receivable, plus the amount of any payments received at or before the commencement of the least term that relate to future periods. The County continues to report the underlying lease asset in its financial statements.

The County reports lease revenue systematically over the term of the lease. Interest revenue is calculated using the discount rate on each lease receivable in subsequent financial reporting periods.

5. Capital Assets

Capital assets, which include property, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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

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

Assets	Years
Buildings	20 - 50
Improvements	5 - 50
Equipment	5 - 20
Infrastructure	35 - 125
Right-to-use subscriptions	3 - 5

6. 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 charge on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions – The changes are deferred and recognized over the estimated average remaining 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.

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension liability – The difference is deferred and amortized over a closed five-year period.

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

7. *Compensated Absences*

It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. The maximum amount of vacation leave that can be carried over at the end of the calendar year is 160 hours; time in excess of this limit is not advanced to the next year. Payments in lieu of accrued vacation may be made from the elected official's budget for time in excess of the 160-hour limit if approved by Commissioners' Court. Employees may accumulate up to 960 hours of sick leave, which is not paid upon termination. In accordance with GASB Statement No. 101, *Compensated Absences*, the County recognizes a liability for vacation leave and for the portion of sick leave that is more likely than not to be used, based on historical usage and expected future behavior of employees. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements.

8. *Long-term Obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. In the fund financial statements, the face amount of debt issued is reported as other financing sources for the governmental fund types. For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as another financing source. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are charged to current operations rather than being deferred and amortized due to the relatively immaterial effect on the basic financial statements taken as a whole.

9. *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 TCDCR's Fiduciary Net Position have been determined on the same basis as they are reported by TCDCR. For the 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.

10. *Other Post-Employment Benefits*

For purposes of measuring the total OPEB liability, related deferred outflows and inflows of resources, and total OPEB expense under the retiree health plan, information about the plan is obtained from a report prepared for the County by the consulting actuary, GRS.

11. *Net Position Flow Assumption*

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are to be applied. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

12. Fund Balance Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

13. 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 court resolution 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 can be expressed by the County Auditor.
- **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.

14. Net Position

Net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. (Net investment in capital assets, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.) Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

15. Change in Accounting Principle

During fiscal year 2025, the County adopted 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 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. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Legal and Contractual Provisions Governing Deposits and Investments

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

At September 30, 2025, the total reported value of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was:

	<u>Reported Value</u>	<u>Weighted Average Maturity (Days)</u>
Cash Deposits	\$ 37,732,423	n/a
Simmons Bank - CDARS	1,190,925	247
BOK Financial - CDARS	12,025,521	254
Texas Connect	5,151,414	41
Logic	<u>27,021,698</u>	52
Total	<u>\$ 83,121,981</u>	
Portfolio weighted average maturity		109

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

Investments for the County are reported at fair value, except for the position in investment pools. The County's investment in pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

Texas Connect and Logic 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.

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy. That policy addresses the following risks:

Custodial Credit Risk – Cash Deposits: This is the risk that in the event of bank failure, the County’s deposits may not be returned to it. The County’s investment policy requires that all County funds be collateralized or insured consistent with federal and state law and the current bank depository contract through either FDIC insurance coverage or with obligations of the United States or its agencies and instrumentalities. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2025, were covered by depository insurance or by pledged collateral held by the County’s agent bank in the County’s name.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of September 30, 2025, Texas Connect’s investment credit quality rating was AAAM and LOGIC’s investment credit quality rating was AAAM as rated by Standard & Poor’s.

Custodial Credit Risk – Investments: This is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form; thus, positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

B. Property Taxes

Property subject to taxation consists of real property and certain personal property situated in the County. Certain properties of religious, educational and charitable organizations, including the federal government and the State of Texas, are exempt from taxation. Additionally, there are other exemptions, in arriving at the total assessed valuation of property subject to County taxation. The valuations are subject to countywide revaluation every year. The effective tax rate is computed based upon the previous year’s total assessed valuation. Portions of the adopted tax rate are assessed and designated for specific purposes. These designated tax revenues are deposited into funds created for the accumulation and disbursement of these revenues. The following schedule details the components of the 2024 tax rate allocated to each fund:

	Rate Per \$100
Road and bridge fund (special revenue)	\$ 0.036456
Permanent improvement fund (capital projects)	0.001015
Debt Service	0.018866
General fund	<u>0.248763</u>
Total	<u>\$ 0.305100</u>

Ad valorem taxes are levied prior to October 1 and are due and payable from October 1 of the year in which levied until January 31 of the following year without interest or penalty. Taxes become delinquent February 1 of each year and are subject to simple interest of 12% per annum, plus a 6% penalty for the first calendar month such taxes are delinquent, plus an additional 2 percent each month thereafter not to exceed 12%.

Taxes on real property attach as an enforceable lien as of January 1 and are a lien against such property until paid. The County may foreclose on real property upon which it has a lien for unpaid taxes. Delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title to the property. Any liens and subsequent suits against the taxpayer for payment of delinquent personal property taxes are barred unless instituted within four years from the time such taxes become delinquent. Unlike real property, the sale or transfer of most personal property does not require any evidence that taxes thereon are paid.

C. Capital Assets

Capital assets activity for the year ended September 30, 2025, are as follows:

	Beginning Balance	Additions	Reclassifications/ Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,460,349	\$ 21,287	\$ -	\$ 3,481,636
Construction in progress	2,808,612	13,795,821	-	16,604,433
Total assets not being depreciated	<u>6,268,961</u>	<u>13,817,108</u>	-	<u>20,086,069</u>
Capital assets, being depreciated:				
Infrastructure	104,667,850	1,529,519	(320,006)	105,877,363
Buildings	29,728,931	1,295,481	-	31,024,412
Improvements other than buildings	1,075,335	1,145,316	(10,000)	2,210,651
Right-to-use subscriptions	634,627	940,162	-	1,574,789
Machinery and equipment	29,422,339	5,448,841	(1,480,880)	33,390,300
Total capital assets being depreciated	<u>165,529,082</u>	<u>10,359,319</u>	<u>(1,810,886)</u>	<u>174,077,515</u>
Less accumulated depreciation:				
Infrastructure	(99,272,514)	(846,420)	320,006	(99,798,928)
Buildings	(22,474,281)	(690,243)	-	(23,164,524)
Improvements other than buildings	(753,675)	(139,225)	10,000	(882,900)
Right-to-use subscriptions	(196,789)	(245,485)	-	(442,274)
Machinery and equipment	(21,116,322)	(2,101,939)	849,582	(22,368,679)
Total accumulated depreciation	<u>(143,813,581)</u>	<u>(4,023,312)</u>	<u>1,179,588</u>	<u>(146,657,305)</u>
Total capital assets being depreciated, net	<u>21,715,501</u>	<u>6,336,007</u>	<u>(631,298)</u>	<u>27,420,210</u>
Governmental activities capital assets, net	<u>\$ 27,984,462</u>	<u>\$ 20,153,115</u>	<u>\$ (631,298)</u>	<u>\$ 47,506,279</u>
	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,829,106	\$ -	\$ -	\$ 2,829,106
Construction in progress	-	400,000	-	400,000
Total assets not being depreciated	<u>2,829,106</u>	<u>400,000</u>	-	<u>3,229,106</u>
Capital assets, being depreciated:				
Infrastructure	29,827,976	-	-	29,827,976
Buildings	6,284,964	-	-	6,284,964
Improvements other than buildings	986,867	495,583	-	1,482,450
Machinery and equipment	559,349	-	-	559,349
Total capital assets being depreciated	<u>37,659,156</u>	<u>495,583</u>	-	<u>38,154,739</u>
Less accumulated depreciation:				
Infrastructure	(21,177,714)	(506,871)	-	(21,684,585)
Buildings	(5,197,941)	(58,637)	-	(5,256,578)
Improvements other than buildings	(154,836)	(119,427)	-	(274,263)
Machinery and equipment	(365,717)	(52,213)	-	(417,930)
Total accumulated depreciation	<u>(26,896,208)</u>	<u>(737,148)</u>	-	<u>(27,633,356)</u>
Total capital assets being depreciated, net	<u>10,762,948</u>	<u>(241,565)</u>	-	<u>10,521,383</u>
Business-type activities capital assets, net	<u>\$ 13,592,054</u>	<u>\$ 158,435</u>	<u>\$ -</u>	<u>\$ 13,750,489</u>

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

Governmental activities:	
General government	\$ 708,319
Judicial	30,260
Public safety	1,460,912
Health and welfare	41,439
Highways and streets	<u>1,782,382</u>
Total	<u>\$ 4,023,312</u>
Business-type activities:	
Airport	\$ 737,148
Total	<u>\$ 737,148</u>

D. Interfund Receivables, Payables, Advances and Transfers

Interfund balances during the year ended September 30, 2025, consisted of the following amounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	<u>\$ 22,421</u>

These balances resulted from the time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures occur, 2) transactions are recorded in the account system, and 3) payments between funds are made.

Interfund advances during the year ended September 30, 2025, consisted of the following amounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	<u>\$ 1,093,929</u>

The amounts payable to the General Fund relate to working capital loans made to the Detention Center Renovation Fund.

Interfund transfers during the year ended September 30, 2025, consisted of the following amounts:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Explanation</u>
General fund	Nonmajor governmental	\$ 600,264	Supplement fund resources
American Rescue Plan	General fund	260,266	Reimburse grant expenditures
Nonmajor governmental	Nonmajor governmental	199,320	Supplement fund resources
Nonmajor governmental	General fund	<u>25,000</u>	Supplement fund resources
Total		<u>\$ 1,084,850</u>	

E. Leases Receivable

The County has entered into various leases for buildings, land, and hangar space as a lessor. The leases carry interest rates ranging from 0.25% to 4.26% and monthly payment amounts range from \$97 to \$19,386.

Principal and interest receipts to maturity are as follows:

Year Ending September 30,	Business-type Activities		Governmental Activities		Total
	Principal	Interest	Principal	Interest	
2026	\$ 1,315,945	\$ 293,597	\$ 72,598	\$ 17,402	\$ 1,699,542
2027	1,286,782	268,996	73,774	16,226	1,645,778
2028	1,101,657	244,872	74,969	15,031	1,436,529
2029	999,451	222,231	76,183	13,817	1,311,682
2030	926,669	201,465	77,417	12,583	1,218,134
2031 - 2035	3,148,964	740,254	406,302	43,698	4,339,218
2036 - 2040	986,626	534,114	334,367	10,633	1,865,740
2041 - 2045	687,102	450,313	-	-	1,137,415
2046 - 2050	631,845	374,773	-	-	1,006,618
2051 - 2055	514,071	310,569	-	-	824,640
2056 - 2060	551,043	247,834	-	-	798,877
2061 - 2065	602,364	177,059	-	-	779,423
2066 - 2070	681,320	96,094	-	-	777,414
2071 - 2075	257,729	22,289	-	-	280,018
Total	<u>\$ 13,691,568</u>	<u>\$ 4,184,460</u>	<u>\$ 1,115,610</u>	<u>\$ 129,390</u>	<u>\$ 19,121,028</u>

F. Investments in Joint Venture

The Cooke, Fannin, and Grayson County Juvenile Detention Center (Detention Center) was established under an interlocal agreement between the three participating counties (Participants) dated July 13, 1983. The Center provides probation, detention and diagnostic services for juveniles under the jurisdiction of the Participants and is available to other entities on a fee basis. The Detention Center is managed by a board of directors, which is composed of seven members, three appointed by the Commissioners of Grayson County, and two members each appointed by the Commissioners of Cooke and Fannin Counties, respectively. The Detention Center was constructed with grant funds and amounts contributed by the three Participants. Grayson County has been recognized as the administrative entity for financial activities and personnel support and benefits by contract dated October 31, 1983. All costs associated with the Detention Center after applicable charges and grants are shared by the Participants and are allocated as follows: Cooke, 20%; Fannin, 20%; and Grayson, 60%. The County has an ongoing financial responsibility because the Detention Center's continued existence depends upon the continual funding by its members. The Detention Center does not have stock and the members do not have an explicit, measurable right to the net resources of the Detention Center; therefore, no equity interest exists.

Complete financial statements of the individual joint venture can be obtained from its administrative office as follows: Cooke, Fannin and Grayson County, Juvenile Detention Center, 86 Dyess Street, Denison, Texas 75020.

G. Long-term Debt

Pass-through Toll Revenue and Limited Tax Bonds

On February 1, 2007, Grayson County issued \$63,725,000 of Pass-through Toll Revenue and Limited Tax Bonds, Series 2007 (the "Bonds"). The Bonds were issued pursuant to the authority granted to the County by Chapter 1479, Texas Government Code, as amended; and the "Order Authorizing the Issuance of Grayson County, Texas Pass-through Toll Revenue and Limited Tax Bonds, Series 2007" adopted by the Commissioners' Court on January 22, 2007, (the "Order"). The Order authorizes the issuance of the Bonds payable in whole or in part from payments (the "Payments") received by the County pursuant to a Pass-through Toll Agreement effective as of November 17, 2006, (the "Agreement") between the County and the Texas Department of Transportation (the "Department"), an agency of the State of Texas charged with administering state and federal funds for highway construction and maintenance.

Proceeds from the sale of the Bonds were used for (i) designing, developing, financing, constructing, extending, expanding or improving a non-toll project or facility for State Highway 289, a part of the state highway system located in the County, (ii) capitalizing a portion of the interest on the Bonds, and (iii) paying the costs of issuing the Bonds.

In June 2012 and March 2013, the County issued Pass-through Toll Revenue and Limited Tax Refunding Bonds, Series 2012 and Series 2013, respectively. The bonds were issued to refund the Series 2007 bonds mentioned above and carry interest rates ranging from 3.0% to 5.0% and 1.62% and 4.5%, respectively. The Bonds were issued pursuant to the authority granted to the County by Chapter 1479, Texas Government Code, as amended; Chapter 1207, Texas Government Code, as amended; and an Order adopted by the Commissioners Court of the County. The Bonds are obligations of the County which are payable in whole or in part from a first lien on the Payments, including the pledged revenues and the payments, and are further secured by the County's pledge of an ad valorem tax upon all taxable property within the County to the extent the Security is not sufficient. It should be noted that the Series 2012 bond matured during fiscal year 2022, therefore any maturity schedules will only reflect the Series 2013 bond.

Tax Note, Series 2025

On May 13, 2025, the County issued \$4,805,000 of Tax Notes, Series 2025. The note carries an interest rate of 5%. The note was issued to pay contractual obligations that were incurred for the acquisition and improvement of real property and to finance the acquisition of equipment and vehicles to be used for County purposes. The note was issued pursuant to the general laws of the State of Texas, particularly Chapter 1431, Texas Government Code, as amended, and an order adopted by the County Commissioners Court.

Combination Tax and Revenue Certificates of Obligation

Certificate of Obligation, Series 2018

In October 2018, Grayson County issued \$9,415,000 of Combination Tax and Revenue Certificates of Obligation, Series 2018. The Bonds were issued pursuant to the general laws of the State of Texas, including Subchapter C of Chapter 271, Texas Local Government Code, as amended, Chapter 502, Texas Transportation Code, and an order adopted by the Commissioners Court of the County. The certificates constitute direct obligations of the County, payable from a combination of the (i) levy and collection of a direct and continuing ad valorem tax on all taxable property within the County and (ii) limited pledge (not to exceed \$1,000) of the revenues the County receives from vehicle registration fees authorized pursuant to Chapter 502, Texas Transportation Code.

The Certificates are being issued for the purpose of paying contractual obligations for constructing or improving any road in the County and paying costs of issuance.

Certificate of Obligation, Series 2023

In June 2023, Grayson County issued \$22,715,000 of Combination Tax and Revenue Certificates of Obligation, Series 2023. The Bonds were issued pursuant to the general laws of the State of Texas, including Subchapter C of Chapter 271, Texas Local Government Code, as amended and an order adopted by the Commissioners Court of the County. The certificates constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax on all property within the County.

The Certificates are being issued for the purpose of paying contractual obligations for expanding, renovating, repairing, improving, and equipping the existing county jail.

Remedy in the Event of Default

Should the County default on the Certificates noted above, the registered owners of the Certificates only practical remedy is a mandamus or mandatory injunction proceeding to compel the County to levy, assess, and collect an annual ad valorem tax sufficient to pay principal of and interest on the Certificates as they become due.

Debt Service Requirements

Annual debt service requirements to maturity for the Pass-through Revenue and Limited Tax Bonds, Series 2013 are as follows:

Year Ending September 30,	Governmental Activities		Total Requirements
	Principal	Interest	
2026	\$ 5,295,000	\$ 79,425	\$ 5,374,425
Total	<u>\$ 5,295,000</u>	<u>\$ 79,425</u>	<u>\$ 5,374,425</u>

Annual debt service requirements to maturity for the Combination Tax and Revenue Certificates of Obligations, Series 2018 are as follows:

Year Ending September 30,	Governmental Activities		Total Requirements
	Principal	Interest	
2026	\$ 1,015,000	\$ 127,000	\$ 1,142,000
2027	1,060,000	86,400	1,146,400
2028	1,100,000	44,000	1,144,000
Total	<u>\$ 3,175,000</u>	<u>\$ 257,400</u>	<u>\$ 3,432,400</u>

Annual debt service requirements to maturity for the Combination Tax and Revenue Certificates of Obligations, Series 2023 are as follows:

Year Ending September 30,	Governmental Activities		Total Requirements
	Principal	Interest	
2026	\$ 1,445,000	\$ 1,004,750	\$ 2,449,750
2027	1,515,000	932,500	2,447,500
2028	1,590,000	856,750	2,446,750
2029	2,815,000	777,250	3,592,250
2030-2033	12,730,000	1,630,000	14,360,000
Total	<u>\$ 20,095,000</u>	<u>\$ 5,201,250</u>	<u>\$ 25,296,250</u>

Annual debt service requirements to maturity for the Tax Notes, Series 2025 are as follows:

Year Ending September 30,	Governmental Activities		Total Requirements
	Principal	Interest	
2026	\$ 670,000	\$ 282,961	\$ 952,961
2027	750,000	206,750	956,750
2028	785,000	169,250	954,250
2029	825,000	130,000	955,000
2030	865,000	88,750	953,750
2031	910,000	45,500	955,500
Total	<u>\$ 4,805,000</u>	<u>\$ 923,211</u>	<u>\$ 5,728,211</u>

Subscriptions Payable

In 2025, the County had 6 active subscriptions. The subscriptions have payments that range from \$14,926 to \$124,728 and interest rates that range from 2.43% to 3.74%. As of September 30, 2025, the total combined value of the subscription liability is \$1,007,616, and the total combined value of the short-term subscription liability is \$230,550. The combined value of the right to use asset, as of September 30, 2025 of \$1,574,789 with accumulated amortization of \$442,274 is included within the subscription class activities table found below. The subscriptions had \$0 of variable payments and \$0 of Other Payments, not included in the subscription liability, within the fiscal year.

Annual debt service requirements to maturity for the subscriptions are as follows:

Year Ending September 30,	Governmental Activities		Total Requirements
	Principal	Interest	
2026	\$ 230,550	\$ 24,882	\$ 255,432
2027	207,197	23,537	230,734
2028	107,159	17,569	124,728
2029	110,463	14,265	124,728
2030	113,868	10,860	124,728
2031 - 2033	238,381	11,080	249,461
Total	<u>\$ 1,007,618</u>	<u>\$ 102,193</u>	<u>\$ 1,109,811</u>

Financed Purchases

The County has financed the purchase of equipment for each of its Road & Bridge precincts and Elections Administration. The financing arrangements mature from fiscal years 2026 to 2030 and carry interest rates ranging from 2.34% - 6.21%. Annual payments range from \$29,620 to \$141,033

Annual debt service requirements to maturity for the financed purchases are as follows:

Year Ending September 30,	Governmental Activities		Total Requirements
	Principal	Interest	
2026	\$ 283,380	\$ 30,397	\$ 313,777
2027	305,083	31,376	336,459
2028	186,060	14,323	200,383
2029	47,345	5,000	52,345
2030	49,773	2,563	52,336
Total	<u>\$ 871,641</u>	<u>\$ 83,659</u>	<u>\$ 955,300</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2025, is as follows:

Description	Beginning Balance	Additions	Retirements	Ending Balance	Due within One year
Governmental activities:					
Pass-through toll revenue and limited tax refunding bonds, Series 2013	\$ 10,410,000	\$ -	\$ 5,115,000	\$ 5,295,000	\$ 5,295,000
Combination Tax and Revenue Certificates of Obligation, Series 2018	4,155,000	-	980,000	3,175,000	1,015,000
Combination Tax and Revenue Certificates of Obligation, Series 2023	21,465,000	-	1,370,000	20,095,000	1,445,000
Tax Notes, Series 2025	-	4,805,000	-	4,805,000	670,000
Premium on pass-through toll revenue and limited tax bonds	2,749,284	289,879	492,757	2,546,406	-
Financed purchases	990,932	579,215	698,506	871,641	283,380
Subscriptions	338,201	940,162	270,745	1,007,618	230,550
Compensated absences	3,687,462	809,747	-	4,497,209	1,343,915
Arbitrage	741,687	426,256	-	1,167,943	-
Governmental activities long-term liabilities	<u>\$ 44,537,566</u>	<u>\$ 7,850,259</u>	<u>\$ 8,927,008</u>	<u>\$ 43,460,817</u>	<u>\$ 10,282,845</u>
Business-type activities:					
Compensated absences	\$ 17,337	\$ 38,965	\$ -	\$ 56,302	\$ 14,185
Business-type activities long-term liabilities	<u>\$ 17,337</u>	<u>\$ 38,965</u>	<u>\$ -</u>	<u>\$ 56,302</u>	<u>\$ 14,185</u>

Increases and decreases to compensated absences are presented as a net change in the schedule above. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

H. Disaggregation of Receivables

Receivables on the fund financial statements at September 30, 2025, are as follows:

	General	Road and Bridge	State Highway 289 Bonds	Other Governmental	Total Governmental Activities
Governmental activities:					
Property taxes	\$ 2,831,674	\$ 401,852	\$ -	\$ 184,421	\$ 3,417,947
Accounts	621,109	1,921,373	-	834,530	3,377,012
Accrued interest	-	-	-	1,495	1,495
Leases	-	-	-	1,115,610	1,115,610
Intergovernmental	<u>35,179</u>	<u>104,544</u>	<u>5,281,625</u>	<u>319,742</u>	<u>5,741,090</u>
Gross receivable	3,487,962	2,427,769	5,281,625	2,455,798	13,653,154
Less: allowance for uncollectibles	<u>(1,363,809)</u>	<u>(1,480,036)</u>	<u>-</u>	<u>(197,126)</u>	<u>(3,040,971)</u>
Total	<u>\$ 2,124,153</u>	<u>\$ 947,733</u>	<u>\$ 5,281,625</u>	<u>\$ 2,258,672</u>	<u>\$ 10,612,183</u>

	Airport
Business-type Activities:	
Accrued interest	\$ 20,596
Leases	<u>13,691,568</u>
Total	<u>\$ 13,712,164</u>

I. Federal Arbitrage

The Tax Reform act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or not performed correctly, it could result in a substantial liability to the County. The County has engaged an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations and the County has reported an arbitrage liability at year end in the amount of \$1,167,943.

J. Commitments and Contingencies

Contingent Liabilities

The County is in compliance with all terms of bond indenture agreements, all contracts, and federal, state and local laws and regulations. The various federal and state financial awards and contracts in which the County participates are subject to program compliance audits. The audits of these programs have not yet been accepted by the granting agencies. The amount, if any, which may be disallowed, cannot be determined at this time, although the County expects such amounts, if any, to not be material. Accordingly, no liabilities have been accrued as a contingency related to compliance matters.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County’s counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

Economic Development Agreement

The County negotiates property tax abatement agreements on an individual basis. The County has tax abatements with five entities as of September 30, 2025:

<u>Purpose</u>	<u>Percent abated during fiscal year</u>	<u>Dollar amount abated during fiscal year</u>
Taxpayer will invest up to \$30 million in real and personal property improvements.	50%	\$ 24,837
Taxpayer will invest a minimum of \$16 million in personal property.	34%	21,581
Taxpayer will invest up to \$6 million for facilities, equipment and personal property.	40%	8,947
Taxpayer will invest a minimum of \$6 million.	40%	4,890
Taxpayer will invest \$20 - \$30 million in real property in the County and \$120 million in equipment.	55%	<u>162,528</u>
Total		<u>\$ 222,783</u>

K. Defined Benefit Pension Plan

Plan Description

The County participates in a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent, multiple-employer, public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS issues a publicly available annual comprehensive financial report that can be obtained at www.tcdrs.org.

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 a temporary position are not eligible for membership.

Benefits Provided

TCDRS provides retirement, disability and survivor benefits for all of eligible employees. Benefit terms are established by the TCDRS Act. The benefit terms may be amended as of January 1, each 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 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

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

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	403
Inactive employees entitled to but not yet receiving benefits	618
Active employees	<u>581</u>
Total	<u><u>1,602</u></u>

Contributions

The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee 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 participant 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 for the County were required to contribute 4% of their annual gross earnings during the fiscal year. The contribution rates for the County were 9.24% and 8.86% in calendar years 2024 and 2025, respectively. The County’s contributions to TCDRS for the year ended September 30, 2025, were \$3,523,920 and were equal to the required contributions.

Net Pension Liability (Asset)

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

Actuarial Assumptions

The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment rate of return	7.50% (Gross of administrative expenses)

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.

The actuarial assumptions that determined the total pension liability as of December 31, 2024, were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2020, except for mortality assumptions. The economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting and revised assumptions were adopted.

The long-term expected rate of return on pension plan investments is 7.50%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate of return on TCDRS 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 based on January 2025 information for a 10-year time horizon. 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 target allocation and best estimates of geometric real rates return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	13.00%	5.35%
Global Equities	MSCI World (net) Index	4.00%	5.15%
International Equities - Developed	MSCI World Ex USA (net) Index	6.00%	4.75%
International Equities - Emerging	MSCI Emerging Markets Standard (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 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%
Commodities	Bloomberg Commodities Index	2.00%	1.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.75%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	8.15%
Hedge Funds	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 for the asset class minus the assumed inflation rate of 2.35%, per Cliffwater's 2025 capital market assumptions.

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

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

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

Discount Rate

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (asset) (a) - (b)
Balance at 12/31/2023	\$ 150,869,554	\$ 146,182,848	\$ 4,686,706
Changes for the year:			
Service cost	3,256,073	-	3,256,073
Interest on total pension liability ⁽¹⁾	11,432,434	-	11,432,434
Effect of economic/demographic gains or losses	(469,122)	-	(469,122)
Refund of contributions	(235,339)	(235,339)	-
Benefit payments	(7,458,345)	(7,458,345)	-
Administrative expenses	-	(85,992)	85,992
Member contributions	-	1,439,277	(1,439,277)
Net investment income	-	14,846,404	(14,846,404)
Employer contributions	-	3,324,743	(3,324,743)
Other ⁽²⁾	-	(117,996)	117,996
Balance at 12/31/2024	<u>\$ 157,395,255</u>	<u>\$ 157,895,600</u>	<u>\$ (500,345)</u>

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

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

In governmental activities, the net pension liability (asset) is typically liquidated by the General Fund.

Sensitivity Analysis

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

	1% Decrease 6.6%	Current Discount Rate 7.6%	1% Increase 8.6%
	Total pension liability	\$ 177,406,700	\$ 157,470,399
Fiduciary net position	<u>157,970,744</u>	<u>157,970,744</u>	<u>157,970,744</u>
Net pension liability/(asset)	<u>\$ 19,435,956</u>	<u>\$ (500,345)</u>	<u>\$ (17,229,373)</u>

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 \$260,110.

At 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	\$ 82,815	\$ 334,687
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	-	1,615,344
Contributions subsequent to the measurement date	2,501,457	-
Total	<u>\$ 2,584,272</u>	<u>\$ 1,950,031</u>

Amounts 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 (asset) 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	\$ (1,444,442)
2027	2,047,488
2028	(1,700,723)
2029	(769,539)

L. Postemployment Benefits Other Than Pensions (OPEB) – Retiree Health Plan

Plan Description. The County provides certain health care benefits through a single-employer defined benefit Other Postemployment Benefit (OPEB) plan as defined by GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other Than Pensions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Regular, fulltime employees are eligible to participate in the health care plan as a retiree at a rate that is subsidized by the County. The retiree pays from 35% to 70% of the premium, depending on the plan in which they participate. Members are eligible at any age with 30 years of service or at age 60 with 8 years of service, or if the retiree’s age plus service equals 75. Spouses and dependents of eligible retirees are also eligible for whatever coverage they had at the time of retirement, but spouses and dependents pay 100% of the premium.

Benefits and Contributions. When a regular, fulltime employee retires they are eligible to continue to participate in the County’s group health insurance plan up until age 65. Members who terminate employment prior to retirement are not eligible for retiree health care benefits. Retirees are eligible for health care until they become Medicare eligible. The retiree pays full Medicare premiums. Retirees who decide to opt-out for the health care plan are not eligible to opt back in when coverage from another entity ceases. As of January 1, 2020, the County ended the Medicare Supplement Plan for Post 65 Retirees.

Retirees are responsible for payment of premiums for any dependent coverage, and the County pays a portion of the retirees premiums. The County’s contributions to the OPEB for the year ended September 30, 2025, were \$665,104, which equal benefit payments for retirees.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	38
Active members	<u>480</u>
Total	<u>518</u>

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial Valuation Date	December 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Inflation Rate	2.50%
Salary Increases	0.40% to 5.25%, not including wage inflation of 3.00%
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2020 as conducted for the Texas County and District Retirement System (TCDRS).
Mortality	For healthy retirees, the Pub-2010 General Retirees Tables for males and females are used with male rates multiplied by 135% and female rates multiplied by 120%. Those rates are projected on a fully generational basis based on 100% of the ultimate rates of mortality improvement scale MP-2021.
Health care cost trend rates	Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years.
Participation rates	65% for eligible retirees
Discount rate	4.08% as of December 31, 2024

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

A Single Discount Rate of 4.08% was used to measure the total OPEB liability. This Single Discount Rate was based on the municipal bond rates as of the measurement date. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2024.

Changes in the Total OPEB Liability

The County’s total OPEB liability of \$8,851,740 was measured as of December 31, 2024 and was determined by an actuarial valuation as of December 31, 2024.

	<u>Total OPEB Liability</u>
Balance at 12/31/2023	\$ 8,594,978
Changes for the year:	
Service cost	701,617
Interest on the total liability	302,391
Difference between expected and actual experience	131,692
Changes in assumptions and other inputs	(231,132)
Benefit payments	<u>(647,806)</u>
	<u>256,762</u>
Balance at 12/31/2024	<u>\$ 8,851,740</u>

In the governmental activities, the total OPEB liability is primarily liquidated by the General Fund.

Changes in assumptions and other inputs reflect a change in the discount rate from 3.77% to 4.08%.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.08%) in measuring the total OPEB liability.

	<u>1% Decrease in Discount Rate (3.08%)</u>	<u>Discount Rate (4.08%)</u>	<u>1% Increase in Discount Rate (5.08%)</u>
County's total OPEB liability	\$ 9,622,073	\$ 8,851,740	\$ 8,153,186

Healthcare Cost Trend Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the total OPEB liability.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
County's total OPEB liability	\$ 7,835,170	\$ 8,851,740	\$ 10,061,213

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

For the year ended September 30, 2025, the County recognized OPEB expense \$654,221. At September 30, 2025, the County reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 358,301	\$ 590,290
Changes in actuarial assumptions	856,789	2,639,476
Contributions subsequent to the measurement date	<u>383,664</u>	<u>-</u>
Total	<u>\$ 1,598,754</u>	<u>\$ 3,229,766</u>

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the County paid with own assets and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2026. Other amounts of the reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year Ended September 30,</u>	
2026	\$ (431,068)
2027	(351,998)
2028	(433,194)
2029	(433,194)
2030	(433,194)
Thereafter	67,972

M. Stewardship, Compliance, and Accountability

As of year-end, the Detention Center Renovation had a deficit fund balance of \$1,093,929. The deficit in this fund will be eliminated as resources are obtained (e.g. from future revenues and transfers in).

N. Accounting Changes – Change in Accounting Principle

During fiscal year 2025, the County implemented GASB Statement 101, *Compensated Absences*. In addition to the value of unused leave time owed to employees upon separation of employment, the County now recognizes an estimated amount of leave time 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 effects of the change in accounting principle are summarized below.

	Net position as previously reported	Restatement GASB 101 Implementation	Net position as restated
<u>Government-wide</u>			
Governmental activities	\$ 50,447,124	\$ (2,327,301)	\$ 48,119,823
Business-type activities	<u>16,321,130</u>	<u>(34,309)</u>	<u>16,286,821</u>
Total	<u>\$ 66,768,254</u>	<u>\$ (2,361,610)</u>	<u>\$ 64,406,644</u>

O. Risk Management

The County provides medical insurance for its employees through Texas Association of Counties. The County pays an average of \$1,205 per month per participating employee for this coverage. The total cost to the County for providing medical insurance benefits for its employees for the year ended September 30, 2025, was \$6,938,200.

P. Significant Forthcoming Pronouncements

Significant new accounting guidance issued by the Governmental Accounting Standards Board (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 improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement will become effective for fiscal years beginning after June 15, 2026, and the impact has not yet been determined.

**REQUIRED
SUPPLEMENTARY INFORMATION**

GRAYSON COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes:				
Property	\$ 53,671,897	\$ 53,671,897	\$ 52,829,589	\$ (842,308)
Other	360,000	360,000	387,125	27,125
Penalty and interest on taxes	475,000	475,000	616,681	141,681
Licenses and permits	706,100	706,100	918,510	212,410
Intergovernmental revenue and grants	1,765,539	1,778,058	2,120,200	342,142
Charges for services	3,115,050	3,115,050	2,853,938	(261,112)
Forfeits	20,000	20,000	63,800	43,800
Vehicle registration fees	2,000,000	2,000,000	1,939,666	(60,334)
Investment earnings	802,000	802,000	1,446,580	644,580
Contributions and donations	205,000	205,000	238,800	33,800
Other revenue	73,100	88,100	105,079	16,979
Total revenues	<u>63,193,686</u>	<u>63,221,205</u>	<u>63,519,968</u>	<u>298,763</u>
EXPENDITURES				
Current:				
General government	13,669,706	13,796,284	12,186,063	1,610,221
Judicial	10,950,017	10,964,217	10,218,399	745,818
Elections	810,856	819,612	765,799	53,813
Public safety	25,684,842	25,819,673	24,460,399	1,359,274
Health and welfare	5,636,399	5,636,399	5,367,275	269,124
Culture and recreation	183,043	183,043	177,000	6,043
Conservation and development	820,909	820,909	693,498	127,411
Capital outlay	196,905	1,448,229	2,036,430	(588,201)
Debt service:				
Principal	91,080	91,080	270,745	(179,665)
Interest	-	-	17,189	(17,189)
Intergovernmental	254,420	254,420	253,748	672
Total expenditures	<u>58,298,177</u>	<u>59,833,866</u>	<u>56,446,545</u>	<u>3,387,321</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>4,895,509</u>	<u>3,387,339</u>	<u>7,073,423</u>	<u>3,686,084</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	45,037	45,037
Insurance recoveries	-	105,597	422,210	316,613
Issuance of subscriptions	-	-	940,162	940,162
Transfers in	-	285,266	285,266	-
Transfers out	(696,916)	(696,916)	(600,264)	96,652
Total other financing sources (uses)	<u>(696,916)</u>	<u>(306,053)</u>	<u>1,092,411</u>	<u>1,398,464</u>
NET CHANGE IN FUND BALANCES	4,198,593	3,081,286	8,165,834	5,084,548
FUND BALANCES, BEGINNING	<u>16,684,476</u>	<u>16,684,476</u>	<u>16,684,476</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 20,883,069</u>	<u>\$ 19,765,762</u>	<u>\$ 24,850,310</u>	<u>\$ 5,084,548</u>

GRAYSON COUNTY, TEXAS

ROAD AND BRIDGE FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes:				
Property	\$ 7,244,000	\$ 7,244,000	\$ 7,931,228	\$ 687,228
Penalty and interest on taxes	72,000	72,000	91,248	19,248
Intergovernmental revenue and grants	180,000	180,000	253,572	73,572
Charges for services	341,000	448,136	669,849	221,713
Fines and fees	608,000	608,000	715,460	107,460
Vehicle registration fees	1,880,000	1,880,000	1,928,692	48,692
Investment earnings	40,000	40,000	301,528	261,528
Contributions and donations from private sources	-	15,000	15,500	500
Other revenue	-	-	812	812
Total revenues	<u>10,365,000</u>	<u>10,487,136</u>	<u>11,907,889</u>	<u>1,420,753</u>
EXPENDITURES				
Current:				
Highways and streets	10,122,148	10,241,950	9,239,203	1,002,747
Debt service:				
Principal	698,507	698,507	495,018	203,489
Interest	57,528	57,528	39,017	18,511
Capital outlay	<u>862,500</u>	<u>1,222,022</u>	<u>990,402</u>	<u>231,620</u>
Total expenditures	<u>11,740,683</u>	<u>12,220,007</u>	<u>10,763,640</u>	<u>1,456,367</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,375,683)</u>	<u>(1,732,871)</u>	<u>1,144,249</u>	<u>2,877,120</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	106,685	106,687	2
Issuance of financed purchase	<u>271,909</u>	<u>497,610</u>	<u>225,701</u>	<u>(271,909)</u>
Total other financing sources (uses)	<u>271,909</u>	<u>604,295</u>	<u>332,388</u>	<u>(271,907)</u>
NET CHANGE IN FUND BALANCES	(1,103,774)	(1,128,576)	1,476,637	2,605,213
FUND BALANCES, BEGINNING	<u>5,607,662</u>	<u>5,607,662</u>	<u>5,607,662</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 4,503,888</u>	<u>\$ 4,479,086</u>	<u>\$ 7,084,299</u>	<u>\$ 2,605,213</u>

GRAYSON COUNTY, TEXAS

AMERICAN RESCUE PLAN FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental revenue and grants	\$ 14,010,084	\$ 13,010,084	\$ 12,525,599	\$ (484,485)
Investment earnings	<u>100,000</u>	<u>399,626</u>	<u>334,740</u>	<u>(64,886)</u>
Total revenues	<u>14,110,084</u>	<u>13,409,710</u>	<u>12,860,339</u>	<u>(549,371)</u>
EXPENDITURES				
Capital outlay	<u>14,110,084</u>	<u>13,110,084</u>	<u>12,525,600</u>	<u>584,484</u>
Total expenditures	<u>14,110,084</u>	<u>13,110,084</u>	<u>12,525,600</u>	<u>584,484</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>299,626</u>	<u>334,739</u>	<u>(1,133,855)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>(299,626)</u>	<u>(260,266)</u>	<u>39,360</u>
Total other financing sources (uses)	<u>-</u>	<u>(299,626)</u>	<u>(260,266)</u>	<u>39,360</u>
NET CHANGE IN FUND BALANCES	-	-	74,473	74,473
FUND BALANCES, BEGINNING	<u>838,501</u>	<u>838,501</u>	<u>838,501</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 838,501</u>	<u>\$ 838,501</u>	<u>\$ 912,974</u>	<u>\$ 74,473</u>

GRAYSON COUNTY, TEXAS

STATE HIGHWAY 289 BONDS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes:				
Property	\$ 37,000	\$ 37,000	\$ 75,766	\$ 38,766
Penalty and interest on taxes	30,000	30,000	43,073	13,073
Intergovernmental revenue	5,281,625	5,281,625	5,281,625	-
Investment earnings	<u>1,000</u>	<u>1,000</u>	<u>1,685</u>	<u>685</u>
Total revenues	<u>5,349,625</u>	<u>5,349,625</u>	<u>5,402,149</u>	<u>52,524</u>
EXPENDITURES				
Current:				
General government	750	750	576	174
Debt service:				
Principal	5,115,000	5,115,000	5,115,000	-
Interest	<u>261,150</u>	<u>261,150</u>	<u>261,150</u>	<u>-</u>
Total expenditures	<u>5,376,900</u>	<u>5,376,900</u>	<u>5,376,726</u>	<u>174</u>
NET CHANGE IN FUND BALANCES	(27,275)	(27,275)	25,423	52,698
FUND BALANCES, BEGINNING	<u>46,509</u>	<u>46,509</u>	<u>46,509</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 19,234</u>	<u>\$ 19,234</u>	<u>\$ 71,932</u>	<u>\$ 52,698</u>

GRAYSON 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,	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>
Total Pension Liability				
Service Cost	\$ 2,812,706	\$ 2,920,162	\$ 2,769,019	\$ 2,813,009
Interest total pension liability	7,444,413	7,877,970	8,452,415	8,958,765
Effect of plan changes	(331,368)	-	-	-
Effect of assumption changes or inputs	1,058,384	-	343,041	-
Effect of economic/demographic (gains) or losses	(350,420)	218,285	235,453	(122,516)
Benefit payments/refunds of contributions	<u>(4,874,600)</u>	<u>(5,084,308)</u>	<u>(5,446,489)</u>	<u>(5,744,669)</u>
Net change in total pension liability	5,759,115	5,932,109	6,353,439	5,904,589
Total pension liability - beginning	<u>92,560,784</u>	<u>98,319,898</u>	<u>104,252,007</u>	<u>110,605,446</u>
Total pension liability - ending (a)	<u>\$ 98,319,899</u>	<u>\$ 104,252,007</u>	<u>\$ 110,605,446</u>	<u>\$ 116,510,035</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 2,349,245	\$ 3,354,334	\$ 2,520,674	\$ 2,770,458
Member contributions	999,880	1,028,098	1,094,756	1,160,403
Investment income net of investment expenses	(555,507)	6,519,998	13,644,646	(1,984,875)
Benefit payments refunds of contributions	(4,874,600)	(5,084,308)	(5,446,489)	(5,744,669)
Administrative expenses	(64,158)	(70,878)	(70,094)	(81,427)
Other	<u>96,242</u>	<u>(240,182)</u>	<u>(25,199)</u>	<u>(140,782)</u>
Net change in plan fiduciary net position	(2,048,898)	5,507,062	11,718,294	(4,020,892)
Plan fiduciary net position - beginning	<u>90,222,433</u>	<u>88,173,535</u>	<u>93,680,597</u>	<u>105,398,891</u>
Plan fiduciary net position - ending (b)	<u>\$ 88,173,535</u>	<u>\$ 93,680,597</u>	<u>\$ 105,398,891</u>	<u>\$ 101,377,999</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 10,146,364</u>	<u>\$ 10,571,410</u>	<u>\$ 5,206,555</u>	<u>\$ 15,132,036</u>
Fiduciary net position as a percentage of total pension liability	89.68%	89.86%	95.29%	87.01%
Pensionable covered payroll	\$ 24,859,799	\$ 25,702,459	\$ 27,368,906	\$ 29,010,078
Net pension liability as a percentage of covered payroll	40.81%	41.13%	19.02%	52.16%

* 2.68% of the amounts listed represent the proportionate share of the Cooke, Fannin and Grayson County Juvenile Detention Center that is separately reported.

	2019*	2020*	2021*	2022*	2023*	2024*
\$	2,835,669	\$ 2,860,164	\$ 3,286,514	\$ 3,085,673	\$ 3,080,655	\$ 3,345,739
	9,420,625	9,878,888	10,320,485	10,735,172	11,218,338	11,747,261
	-	-	-	-	-	-
	-	7,536,710	(342,186)	-	-	-
	(205,384)	(122,069)	(630,728)	(83,577)	170,192	(484,515)
	<u>(6,204,175)</u>	<u>(6,639,973)</u>	<u>(6,847,691)</u>	<u>(7,110,800)</u>	<u>(7,648,645)</u>	<u>(7,905,553)</u>
	5,846,735	13,513,720	5,786,394	6,626,468	6,820,540	6,702,932
	<u>116,510,034</u>	<u>122,356,769</u>	<u>135,870,489</u>	<u>141,656,883</u>	<u>148,283,351</u>	<u>155,103,891</u>
\$	<u>122,356,769</u>	<u>135,870,489</u>	<u>141,656,883</u>	<u>148,283,351</u>	<u>155,103,891</u>	<u>161,806,823</u>
\$	2,889,323	\$ 3,185,109	\$ 3,026,432	\$ 3,053,424	\$ 3,144,173	\$ 3,416,300
	1,215,280	1,277,875	1,235,277	1,278,921	1,386,624	1,478,912
	16,650,324	11,967,068	27,275,205	(8,561,397)	15,179,761	15,255,245
	(6,204,175)	(6,639,973)	(6,847,691)	(7,110,800)	(7,648,644)	(7,905,552)
	(88,307)	(91,851)	(81,204)	(81,107)	(78,474)	(88,361)
	<u>42,820</u>	<u>(53,062)</u>	<u>(38,608)</u>	<u>(274,105)</u>	<u>(100,570)</u>	<u>(121,245)</u>
	14,505,265	9,645,166	24,569,411	(11,695,064)	11,882,870	12,035,299
	<u>101,377,999</u>	<u>115,883,264</u>	<u>125,528,430</u>	<u>150,097,841</u>	<u>138,402,777</u>	<u>150,285,647</u>
\$	<u>115,883,264</u>	<u>125,528,430</u>	<u>150,097,841</u>	<u>138,402,777</u>	<u>150,285,647</u>	<u>162,320,946</u>
\$	<u>6,473,505</u>	<u>10,342,059</u>	<u>(8,440,958)</u>	<u>9,880,574</u>	<u>4,818,244</u>	<u>(514,123)</u>
	94.71%	92.39%	105.96%	93.34%	96.89%	100.32%
\$	30,382,004	\$ 31,946,872	\$ 30,881,924	\$ 31,973,028	\$ 34,665,607	\$ 36,972,791
	21.31%	32.37%	-27.33%	30.90%	13.90%	-1.39%

GRAYSON 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 (1)	Actual Contribution as a % of Covered Payroll
2016	\$ 2,354,334	\$ 3,354,334	\$ (1,000,000)	\$ 25,702,459	13.1%
2017	3,489,157	3,489,157	-	27,368,906	12.7%
2018	2,703,028	2,703,028	-	29,010,078	9.3%
2019	2,860,986	2,860,986	-	30,055,152	9.5%
2020	3,037,653	3,037,653	-	30,799,138	9.9%
2021	3,023,847	3,023,847	-	31,946,872	9.5%
2022	3,028,212	3,028,212	-	31,486,586	9.6%
2023	3,121,862	3,121,862	-	33,944,227	9.20%
2024	3,342,952	3,342,952	-	36,357,689	9.19%
2025	3,523,920	3,523,920	-	39,330,738	8.96%

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

2.68% of the amounts listed represent the proportionate share of the Cooke, Fannin and Grayson County Juvenile Detention Center that is separately reported.

GRAYSON COUNTY, TEXAS

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Valuation Timing	Actuarially determined contribution rates are calculated each December 31st, two years prior to the end of the fiscal year in which the contributions are reported.
<u>Methods and assumptions used to determine contributions rates:</u>	
Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	17.2 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	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018-2024: No changes in plan provisions were reflected in the Schedule.

GRAYSON COUNTY, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY - RETIREE HEALTH INSURANCE PLAN
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Measurement Date December 31,	2017*	2018*	2019*
Total OPEB Liability (asset)			
Service cost	\$ 1,104,072	\$ 1,270,188	\$ 1,246,694
Interest on total OPEB liability	690,651	687,213	780,079
Changes of benefit terms	-	-	(11,946,495)
Changes of assumptions	1,330,471	(1,141,228)	(430,258)
Difference between expected and actual experience of the total OPEB liability	-	13,634	432,741
Benefit payments	<u>(585,170)</u>	<u>(562,525)</u>	<u>(544,312)</u>
Net change in total OPEB liability	2,540,024	267,282	(10,461,551)
Total OPEB liability - beginning	<u>17,867,881</u>	<u>20,407,905</u>	<u>20,675,187</u>
Total OPEB liability - ending	<u>\$ 20,407,905</u>	<u>\$ 20,675,187</u>	<u>\$ 10,213,636</u>
Covered-employee payroll	\$ 24,708,243	\$ 27,363,942	\$ 28,292,954
Total OPEB liability (asset) as a percentage of covered-employee payroll	82.60%	75.56%	36.10%

* 3.39% of the amounts listed represent the proportionate share of the Cooke, Fannin and Grayson County Juvenile Detention Center that is separately reported.

Note: This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

	2020*	2021*	2022*	2023*	2024*
\$	675,314	\$ 792,288	\$ 770,463	\$ 594,603	\$ 726,236
	283,652	229,724	156,188	298,039	335,585
	-	-	-	-	-
	626,606	(2,582,742)	(1,444,784)	951,952	(239,242)
	(15,707)	(1,006,716)	(71,009)	220,511	136,313
	<u>(473,329)</u>	<u>(440,209)</u>	<u>(398,488)</u>	<u>(506,383)</u>	<u>(670,537)</u>
	1,096,536	(3,007,655)	(987,630)	1,558,722	288,355
	<u>10,213,636</u>	<u>11,310,172</u>	<u>8,302,517</u>	<u>7,314,887</u>	<u>8,873,609</u>
\$	<u>11,310,172</u>	<u>8,302,517</u>	<u>7,314,887</u>	<u>8,873,609</u>	<u>9,161,964</u>
\$	27,780,623	\$ 27,062,517	\$ 28,244,805	\$ 30,293,135	\$ 32,096,383
	40.71%	30.68%	25.90%	29.29%	28.55%

GRAYSON COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2025

A. BUDGETARY INFORMATION

The County adopts annual appropriated budgets for the General Fund, some Special Revenue Funds and the Debt Service Fund on the modified accrual basis of accounting. Project length budgets are adopted for Capital Projects Funds and amended on an annual basis to reflect the uncompleted portion of the projects.

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

- During July, the County Judge submits to the Commissioners' Court a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. Each fund is budgeted on an annual basis with no carryovers into the next year. If a fund has a balance at the end of the year, the balance is included in the computation of available cash for next year's budget.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to October 1, the budget is legally enacted.
- The County Auditor is required to monitor the expenditures of the various funds. The budget is controlled on a departmental object class basis. Expenditures can be reallocated within a departmental object class at any time by Commissioners' Court order, but the budget must be formally amended to allow the original level of budgeted expenditures within a fund to be exceeded. All amendments to the budget must be approved by the Commissioners' Court.

The Commissioners' Court approves budget amendments proposed by the County Judge throughout and subsequent to the fiscal year. These amendments are routinely approved, and the current year budgetary data presented includes all approved budget amendments. Budgetary amendments are integrated after the fiscal year-end due to the normal year-end closing procedures and adjustments which are discovered during that period. Budget amendments are necessary at that time to comply with Chapter 111, Local Government Code of the State of Texas, which states that funds may be spent only for items or categories of items that are included in the adopted budget. The County has chosen to adopt the budget at the department object class level, since this allows budgetary control, but is still meaningful to the Commissioners' Court and the citizens of the County. All annual appropriations lapse at the end of each fiscal year, in accordance with state law.

COMBINING STATEMENTS

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Public Health Fund – This fund is used to account for programs operated by the Grayson County Health Department, including grant-funded programs through the Texas Department of State Health Services. Programs include: Family Planning, Wellness, Preventive Health Block Grant, Women, Infants and Children (WIC), Environmental Health, Tuberculosis Control, Public Health Preparedness, Immunizations, Communicable Diseases, and COVID Vaccination Capacity Grant.

Juvenile Boot Camp Fund – This fund accounts for the revenues and expenditures incurred in the operation of the Juvenile Boot Camp (Post-Adjudication facility).

Juvenile Drug Court Fund – This fund accounts for the revenues and expenses of the Grayson County Juvenile Drug Court Program. Grant funding is provided by the Office of Justice Programs and cash match is provided by the County.

Juvenile Case Manager Fee Fund – This fund accounts for fees collected to finance services in management involving juvenile offenders.

Holiday Lights Fund – The startup funding for this program was provided by local granting agencies to establish a holiday lights display at Loy Park. Annually, the event is held from Thanksgiving until Christmas, with donations being accepted to continue and improve the displays, and to provide security at the park during display.

Tax Assessor-Collector Special Inventory Tax Fund – These funds account for interest and penalties earned in the operation of the special inventory tax function of the Tax Assessor-Collector's office. Tax code specifies that the collector shall retain interest and penalties generated by the special inventory function. Interest should defray the cost of the administration of the payment process, and the \$500 penalty forfeited for taxpayers' failure to file or file timely are appropriated only to the collector for operations as needed.

Court Security Fund – This fund accounts for fees collected by district, county, and justice courts for the purpose of providing security to county buildings which house the respective courts.

Court Technology Fund – This fund is to account for fees collected by district, county, and justice courts for enhancement of technology and computer services in the respective courts.

County Clerk Records Fund – This fund was created by the Texas legislature to collect funds to provide for the means to preserve and archive official documents and records in a more effective and efficient manner. The revenue for these funds is derived from fees charged by the County for records management and preservation.

County Clerk Vital Statistics Fund – This fund was created by the Texas legislature to collect funds to provide for the means to preserve and archive vital statistics and other records in a more effective and efficient manner. The revenue for these funds is derived from fees charged by the County for vital statistics.

District Clerk Records Fund – This fund was created by the Texas legislature to collect funds to provide for the means to preserve and archive official District court documents and records in a more effective and efficient manner. The revenue for these funds is derived from fees charged by the District Courts for records management and preservation.

County Records Management Fund – This fund was created by the Texas legislature to collect funds to provide for the means to preserve and archive official County documents and other records in a more effective and efficient manner. The revenue for these funds is derived from fees charged by the County and District Clerks for records management.

Historical Commission Fund – This fund accounts for receipts received from Grayson County and other donations. Expenditures are for historical activities in Grayson County. Historical markers are the prime activities.

Court Fees Fund – This fund accounts for revenues collected on civil and criminal cases that must be used by the county for designated purposes. Purposes include court reporting, language accessibility, facilities, law library, dispute resolution services, and specialty court programs. Grayson County specialty court programs include Drug Court, Juvenile Drug Court, and Veterans Court.

CSCD Drug Court Fund – This fund accounts for fees and donations received to support the Drug Court program. Fees received are to be used for expenses and incentive awards to participants in the program.

CSCD Bond Supervision Fund – This fund is used to account for revenues paid by defendants in cases prior to court hearings. The fees will be used to operate a program of monitoring defendants who have been charged, but whose cases are not yet adjudicated.

Veterans Court Fund – This fund accounts for receipts for the Veterans Treatment Court Program established under Government Code 124. Receipts consist of program participant fees and donations.

District Attorney Special Revenue Fund – This fund accounts for revenues collected by the County under the various statutes. Expenditures from this fund shall be at the discretion of the District Attorney and may be used only to defray the salaries and expenses of the prosecutor's office, and related programs. Fund includes Pretrial Intervention, Bad Check, Forfeitures, and State Supplemental Salary Programs.

District Attorney Grants Fund – This fund accounts for grant funds received by the District Attorney under the various statutes. Expenditures from this fund shall be at the discretion of the District Attorney and may be used only in accordance with the grant award as each program designates.

Sheriff Grants Fund – This fund accounts for grant funds received by the Sheriff's office from various sources. Expenditures from this fund shall be in accordance with the grant award for law enforcement purposes as designated.

Sheriff Forfeiture Fund – This fund is used to account for receipts of forfeited funds and properties, as enabled by Chapter 59 in the Code of Criminal Procedure, and the Federal Equitable Sharing forfeiture program. Resources may be used for law enforcement purposes as each program designates.

Jail Commissary Fund – This fund accounts for cash receipts received for jail commissary proceeds. Expenditures are restricted to benefits for the County jail at the discretion of the County Sheriff.

Interlocal Emergency Management Fund – This fund is to support inter-jurisdictional emergency management and disaster relief services between the County of Grayson and the Cities of Denison and Sherman, Texas, including without limitation, planning, recovery, public education and information, citizen preparedness, training, organizational development and operational support.

Law Enforcement Education Fund – This fund is used to account for funds provided by the state to peace officers to be used for continuing education purposes.

Time Payment Fee Fund – This fund is used to account for revenue generated by local fees that are used to promote efficiencies in those County departments that accept payments of fines.

Election Services Fund – The Texas Election Code requires that fees earned for the purposes of administering elections for political parties or other public entities be accounted for separately. The funds can be used to reimburse the County for costs incurred in administering these elections and to defray expenses of the county election officer's office in connection with election-related duties.

Metropolitan Planning Organization Fund – In 2012, the County became the fiscal agent for the Metropolitan Planning Organization, serving Grayson County. The funding received is federal, originating with the U.S. Department of Transportation, Federal Transit Administration. The County's responsibility is to process payroll, provide accounts payable support, and submit quarterly reimbursement requests.

Juvenile Justice Alternative Education Program (JJAEP) Fund – In August 2023, the County opened this alternative school required by Texas Statutes.

DEBT SERVICE FUND

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, principal, interest, and costs related to the County's outstanding certificates of obligation and tax notes.

CAPITAL PROJECTS FUNDS

The **Capital Projects Fund** accounts for all resources used for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Permanent Improvements Fund – This fund is used to account for the cost of improvements to buildings and sidewalks, etc. Financing is provided by tax assessments.

Lateral Road Fund – This fund is used to account for capital expenditures for road and bridge precincts from resources provided by the State of Texas for that purpose.

Right-of-Way Acquisition Fund – This fund is used to account for the proceeds and costs of acquiring state right-of-way and purposes determined by commissioners court.

Detention Center Renovation – This fund is used to finance the Post Adjudication Construction fund for the detention center renovation.

Tax Notes Capital Projects – This fund is used to account for the acquisition and improvement of real property and purchase of equipment and vehicles using tax notes.

PERMANENT FUND

Texoma Succeeding Generations Trust Fund – This fund is used to account for the assets of this trust held by the County as trustee for the benefit of the citizens of the County. The principal and accumulated earnings are to be retained by the trustee for 150 years (until 2112), at which time the accumulated monies are to be used to purchase or construct a facility within the County to be used for the cultural benefit of the citizens.

GRAYSON COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	Special Revenue				
	Public Health	Juvenile Boot Camp	Juvenile Drug Court	Juvenile Case Manager Fees	Holiday Lights
ASSETS					
Cash and investments	\$ 849,072	\$ 3,163,531	\$ 25,284	\$ 81,690	\$ 313,579
Taxes receivable	-	-	-	-	-
Receivables (net of allowance for uncollectibles)	49,700	1,672,129	-	-	-
Intergovernmental receivables	200,627	23,714	26,282	-	-
Prepaid expenses	-	135,825	-	-	-
Total assets	<u>1,099,399</u>	<u>4,995,199</u>	<u>51,566</u>	<u>81,690</u>	<u>313,579</u>
LIABILITIES					
Accounts payable	20,800	73,111	1,410	-	60
Accrued wages payable	72,770	118,674	2,585	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Advance from other funds	-	-	-	-	-
Total liabilities	<u>93,570</u>	<u>191,785</u>	<u>3,995</u>	<u>-</u>	<u>60</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - court fines	-	-	-	-	-
Unavailable revenue - property taxes	-	-	-	-	-
Deferred inflows - leases	-	1,083,253	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>1,083,253</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Nonspendable for prepaid expenses	-	135,825	-	-	-
Restricted for:					
Public health	1,005,829	-	-	-	-
Juvenile services	-	3,584,336	47,571	81,690	-
Election administration	-	-	-	-	-
Emergency management	-	-	-	-	-
Records management	-	-	-	-	-
Holiday lights	-	-	-	-	313,519
Court security and technology	-	-	-	-	-
Tax assessor-collector operations	-	-	-	-	-
Historical commission	-	-	-	-	-
District attorney operations	-	-	-	-	-
Law enforcement	-	-	-	-	-
Inmate welfare	-	-	-	-	-
Court management	-	-	-	-	-
Debt service	-	-	-	-	-
Road and bridge	-	-	-	-	-
Capital projects	-	-	-	-	-
Purpose of trust	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>1,005,829</u>	<u>3,720,161</u>	<u>47,571</u>	<u>81,690</u>	<u>313,519</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,099,399</u>	<u>\$ 4,995,199</u>	<u>\$ 51,566</u>	<u>\$ 81,690</u>	<u>\$ 313,579</u>

Special Revenue

Tax A/C S-I-T Penalty	Court Security	Court Technology	County Clerk Records	County Clerk Vital Statistics	District Clerk Records	County Records Management	Historical Commission
\$ 104,506	\$ 76,012	\$ 14,185	\$ 1,603,541	\$ 68,823	\$ 138,696	\$ 205,607	\$ 6,951
-	-	-	-	-	-	-	-
-	-	3,979	-	-	-	23,512	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>104,506</u>	<u>76,012</u>	<u>18,164</u>	<u>1,603,541</u>	<u>68,823</u>	<u>138,696</u>	<u>229,119</u>	<u>6,951</u>
-	4,807	-	8,181	-	-	1,100	-
-	-	-	4,923	-	369	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	<u>4,807</u>	<u>-</u>	<u>13,104</u>	<u>-</u>	<u>369</u>	<u>1,100</u>	<u>-</u>
-	-	3,979	-	-	-	23,513	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	<u>3,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,513</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1,590,437	68,823	138,327	204,506	-
-	-	-	-	-	-	-	-
104,506	71,205	14,185	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	6,951
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>104,506</u>	<u>71,205</u>	<u>14,185</u>	<u>1,590,437</u>	<u>68,823</u>	<u>138,327</u>	<u>204,506</u>	<u>6,951</u>
\$ 104,506	\$ 76,012	\$ 18,164	\$ 1,603,541	\$ 68,823	\$ 138,696	\$ 229,119	\$ 6,951

GRAYSON COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	Special Revenue				
	Court Fee Funds	CSCD Drug Court	CSCD Bond Supervision	Veterans Court	District Attorney Special Revenue
ASSETS					
Cash and investments	\$ 712,115	\$ 152,928	\$ 269,149	\$ 56,702	\$ 140,763
Taxes receivable	-	-	-	-	-
Receivables (net of allowance for uncollectibles)	22,340	-	-	-	-
Intergovernmental receivables	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	<u>734,455</u>	<u>152,928</u>	<u>269,149</u>	<u>56,702</u>	<u>140,763</u>
LIABILITIES					
Accounts payable	-	-	1,250	250	-
Accrued wages payable	-	-	4,152	-	967
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Unearned revenue	-	-	-	-	5,625
Advance from other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>5,402</u>	<u>250</u>	<u>6,592</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - court fines	22,340	-	-	-	-
Unavailable revenue - property taxes	-	-	-	-	-
Deferred inflows - leases	-	-	-	-	-
Total deferred inflows of resources	<u>22,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Nonspendable for prepaid expenses	-	-	-	-	-
Restricted for:					
Public health	-	-	-	-	-
Juvenile services	-	-	-	-	-
Election administration	-	-	-	-	-
Emergency management	-	-	-	-	-
Records management	-	-	-	-	-
Holiday lights	-	-	-	-	-
Court security and technology	-	-	-	-	-
Tax assessor-collector operations	-	-	-	-	-
Historical commission	-	-	-	-	-
District attorney operations	-	-	-	-	134,171
Law enforcement	-	-	-	-	-
Inmate welfare	-	-	-	-	-
Court management	712,115	152,928	263,747	56,452	-
Debt service	-	-	-	-	-
Road and bridge	-	-	-	-	-
Capital projects	-	-	-	-	-
Purpose of trust	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>712,115</u>	<u>152,928</u>	<u>263,747</u>	<u>56,452</u>	<u>134,171</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 734,455</u>	<u>\$ 152,928</u>	<u>\$ 269,149</u>	<u>\$ 56,702</u>	<u>\$ 140,763</u>

GRAYSON COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	Special Revenue		Total Nonmajor Special Revenue Funds	Debt Service
	Metropolitan Planning Organization	JJAEP		Debt Service Fund
ASSETS				
Cash and investments	\$ -	\$ 10,037	\$ 9,475,635	\$ 1,975,295
Taxes receivable	-	-	-	113,746
Receivables (net of allowance for uncollectibles)	-	2,520	1,819,196	-
Intergovernmental receivables	55,882	1,290	319,742	-
Prepaid expenses	2,040	-	137,865	-
Total assets	<u>57,922</u>	<u>13,847</u>	<u>11,752,438</u>	<u>2,089,041</u>
LIABILITIES				
Accounts payable	43,299	1,949	261,664	-
Accrued wages payable	-	7,109	221,272	-
Due to other funds	14,623	-	22,421	-
Due to other governments	-	4,789	4,789	-
Unearned revenue	-	-	5,625	-
Advance from other funds	-	-	-	-
Total liabilities	<u>57,922</u>	<u>13,847</u>	<u>515,771</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - court fines	-	-	49,832	-
Unavailable revenue - property taxes	-	-	-	96,844
Deferred inflows - leases	-	-	1,083,253	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1,133,085</u>	<u>96,844</u>
FUND BALANCE				
Nonspendable for prepaid expenses	-	-	135,825	-
Restricted for:				
Public health	-	-	1,005,829	-
Juvenile services	-	-	3,713,597	-
Election administration	-	-	423,620	-
Emergency management	-	-	196,552	-
Records management	-	-	2,002,093	-
Holiday lights	-	-	313,519	-
Court security and technology	-	-	85,390	-
Tax assessor-collector operations	-	-	104,506	-
Historical commission	-	-	6,951	-
District attorney operations	-	-	134,171	-
Law enforcement	-	-	235,969	-
Inmate welfare	-	-	558,991	-
Court management	-	-	1,186,569	-
Debt service	-	-	-	1,992,197
Road and bridge	-	-	-	-
Capital projects	-	-	-	-
Purpose of trust	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>10,103,582</u>	<u>1,992,197</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 57,922</u>	<u>\$ 13,847</u>	<u>\$ 11,752,438</u>	<u>\$ 2,089,041</u>

Capital Projects					Permanent Fund	Total Nonmajor Governmental Funds	
Permanent Improvements	Lateral Road	Right-of-Way Acquisition	Detention Center Renovation	Tax Notes Capital Projects	Total Nonmajor Capital Projects Funds	Texoma Succeeding Generations	Total Nonmajor Governmental Funds
\$ 709,783	\$ 419,110	\$ 3,717,076	\$ -	\$ 1,223,506	\$ 6,069,475	\$ 84,041	\$ 17,604,446
5,988	-	-	-	-	5,988	-	119,734
-	-	-	-	-	-	-	1,819,196
-	-	-	-	-	-	-	319,742
-	-	-	-	-	-	-	137,865
<u>715,771</u>	<u>419,110</u>	<u>3,717,076</u>	<u>-</u>	<u>1,223,506</u>	<u>6,075,463</u>	<u>84,041</u>	<u>20,000,983</u>
-	-	617	-	10,943	11,560	-	273,224
-	-	-	-	-	-	-	221,272
-	-	-	-	-	-	-	22,421
-	-	-	-	-	-	-	4,789
-	-	-	-	-	-	-	5,625
-	-	-	1,093,929	-	1,093,929	-	1,093,929
-	-	617	1,093,929	10,943	1,105,489	-	1,621,260
-	-	-	-	-	-	-	49,832
5,390	-	-	-	-	5,390	-	102,234
-	-	-	-	-	-	-	1,083,253
<u>5,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,390</u>	<u>-</u>	<u>1,235,319</u>
-	-	-	-	-	-	-	135,825
-	-	-	-	-	-	-	1,005,829
-	-	-	-	-	-	-	3,713,597
-	-	-	-	-	-	-	423,620
-	-	-	-	-	-	-	196,552
-	-	-	-	-	-	-	2,002,093
-	-	-	-	-	-	-	313,519
-	-	-	-	-	-	-	85,390
-	-	-	-	-	-	-	104,506
-	-	-	-	-	-	-	6,951
-	-	-	-	-	-	-	134,171
-	-	-	-	-	-	-	235,969
-	-	-	-	-	-	-	558,991
-	-	-	-	-	-	-	1,186,569
-	-	-	-	-	-	-	1,992,197
-	419,110	-	-	-	419,110	-	419,110
710,381	-	3,716,459	-	1,212,563	5,639,403	-	5,639,403
-	-	-	-	-	-	84,041	84,041
-	-	-	(1,093,929)	-	(1,093,929)	-	(1,093,929)
<u>710,381</u>	<u>419,110</u>	<u>3,716,459</u>	<u>(1,093,929)</u>	<u>1,212,563</u>	<u>4,964,584</u>	<u>84,041</u>	<u>17,144,404</u>
\$ 715,771	\$ 419,110	\$ 3,717,076	\$ -	\$ 1,223,506	\$ 6,075,463	\$ 84,041	\$ 20,000,983

GRAYSON COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue				
	Public Health	Juvenile Boot Camp	Juvenile Drug Court	Juvenile Case Manager Fees	Holiday Lights
REVENUES					
Taxes:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty and interest on taxes	-	-	-	-	-
Licenses and permits	338,864	-	-	-	-
Intergovernmental	1,357,720	538,070	181,073	-	-
Charges for services	47,447	5,016,620	-	-	-
Fines	-	-	-	10,575	-
Forfeits	-	-	-	-	-
Investment earnings	21,328	95,054	-	2,422	9,572
Contributions and donations	269,279	-	657	-	98,920
Other	-	-	-	-	-
Total revenues	<u>2,034,638</u>	<u>5,649,744</u>	<u>181,730</u>	<u>12,997</u>	<u>108,492</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Elections	-	-	-	-	-
Judicial	-	-	244,186	-	-
Public safety	-	4,252,210	-	-	-
Highways and streets	-	-	-	-	-
Health and welfare	2,121,003	-	-	-	-
Culture and recreation	-	-	-	-	44,674
Debt service:					
Principal	-	-	-	-	-
Interest	-	46,882	-	-	-
Bond issuance cost	-	-	-	-	-
Capital outlay	-	95,697	-	-	-
Intergovernmental	-	-	-	-	-
Total expenditures	<u>2,121,003</u>	<u>4,394,789</u>	<u>244,186</u>	<u>-</u>	<u>44,674</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(86,365)</u>	<u>1,254,955</u>	<u>(62,456)</u>	<u>12,997</u>	<u>63,818</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of debt	-	-	-	-	-
Premium on bonds	-	-	-	-	-
Sale of capital assets	-	-	-	-	60
Issuance of financed purchase	-	-	-	-	-
Transfers in	264,294	-	85,223	-	-
Transfers out	(82,794)	(88,118)	-	-	-
Insurance proceeds	3,332	-	-	-	-
Total other financing sources (uses)	<u>184,832</u>	<u>(88,118)</u>	<u>85,223</u>	<u>-</u>	<u>60</u>
NET CHANGE IN FUND BALANCE	98,467	1,166,837	22,767	12,997	63,878
FUND BALANCE, BEGINNING	<u>907,362</u>	<u>2,553,324</u>	<u>24,804</u>	<u>68,693</u>	<u>249,641</u>
FUND BALANCE, ENDING	<u>\$ 1,005,829</u>	<u>\$ 3,720,161</u>	<u>\$ 47,571</u>	<u>\$ 81,690</u>	<u>\$ 313,519</u>

Special Revenue

Tax A/C S-I-T Penalty	Court Security	Court Technology	County Clerk Records	County Clerk Vital Statistics	District Clerk Records	County Records Management	Historical Commission
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
24,403	80,136	14,305	375,796	8,735	95,853	34,804	-
-	-	-	-	-	-	-	-
3,097	2,358	548	50,469	2,074	4,908	6,607	252
-	-	-	-	-	-	-	-
-	100	-	-	-	-	-	-
<u>27,500</u>	<u>82,594</u>	<u>14,853</u>	<u>426,265</u>	<u>10,809</u>	<u>100,761</u>	<u>41,411</u>	<u>252</u>
2,011	128,229	-	338,114	1,909	85,515	31,027	-
-	-	-	-	-	-	-	-
-	-	17,787	-	-	-	-	947
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	10,789	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,011</u>	<u>139,018</u>	<u>17,787</u>	<u>338,114</u>	<u>1,909</u>	<u>85,515</u>	<u>31,027</u>	<u>947</u>
<u>25,489</u>	<u>(56,424)</u>	<u>(2,934)</u>	<u>88,151</u>	<u>8,900</u>	<u>15,246</u>	<u>10,384</u>	<u>(695)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	53,400	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>53,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
25,489	(3,024)	(2,934)	88,151	8,900	15,246	10,384	(695)
<u>79,017</u>	<u>74,229</u>	<u>17,119</u>	<u>1,502,286</u>	<u>59,923</u>	<u>123,081</u>	<u>194,122</u>	<u>7,646</u>
<u>\$ 104,506</u>	<u>\$ 71,205</u>	<u>\$ 14,185</u>	<u>\$ 1,590,437</u>	<u>\$ 68,823</u>	<u>\$ 138,327</u>	<u>\$ 204,506</u>	<u>\$ 6,951</u>

GRAYSON COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue				
	Court Fee Funds	CSCD Drug Court	CSCD Bond Supervision	Veteran's Court	District Attorney Special Revenue
REVENUES					
Taxes:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty and interest on taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	297,500
Charges for services	366,195	836	127,678	4,635	4,069
Fines	-	-	-	-	5,006
Forfeits	-	-	-	-	40,347
Investment earnings	-	4,710	8,513	1,656	3,368
Contributions and donations	-	-	-	4,300	-
Other	-	-	75	-	-
Total revenues	<u>366,195</u>	<u>5,546</u>	<u>136,266</u>	<u>10,591</u>	<u>350,290</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Elections	-	-	-	-	-
Judicial	112,014	7,323	-	10,194	308,253
Public safety	-	-	150,253	-	-
Highways and streets	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond issuance cost	-	-	-	-	-
Capital outlay	-	-	-	-	-
Intergovernmental	-	-	-	-	7,590
Total expenditures	<u>112,014</u>	<u>7,323</u>	<u>150,253</u>	<u>10,194</u>	<u>315,843</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>254,181</u>	<u>(1,777)</u>	<u>(13,987)</u>	<u>397</u>	<u>34,447</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of debt	-	-	-	-	-
Premium on bonds	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Issuance of financed purchase	-	-	-	-	-
Transfers in	-	8,423	-	5,120	-
Transfers out	(28,408)	-	-	-	-
Insurance proceeds	-	-	-	-	-
Total other financing sources (uses)	<u>(28,408)</u>	<u>8,423</u>	<u>-</u>	<u>5,120</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	225,773	6,646	(13,987)	5,517	34,447
FUND BALANCE, BEGINNING	<u>486,342</u>	<u>146,282</u>	<u>277,734</u>	<u>50,935</u>	<u>99,724</u>
FUND BALANCE, ENDING	<u>\$ 712,115</u>	<u>\$ 152,928</u>	<u>\$ 263,747</u>	<u>\$ 56,452</u>	<u>\$ 134,171</u>

Special Revenue

District Attorney Grants	Sheriff Grants	Sheriff Forfeiture	Jail Commissary	Interlocal Emergency Management	Law Enforcement Education	Time Payment Fee	Elections Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
78,948	33,670	-	-	40,000	25,009	190	53,495
-	-	-	347,024	-	-	-	-
-	-	45,665	-	-	-	-	-
-	-	5,668	19,857	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>78,948</u>	<u>33,670</u>	<u>51,333</u>	<u>366,881</u>	<u>40,000</u>	<u>25,009</u>	<u>190</u>	<u>53,495</u>
-	-	-	-	-	-	8,595	-
-	-	-	-	-	-	-	2,700
167,380	-	-	-	-	-	512	-
-	33,670	33,992	318,286	38,643	20,058	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	27,140	152,317	62,601	-	-	88,889
-	-	5,950	-	-	-	-	-
<u>167,380</u>	<u>33,670</u>	<u>67,082</u>	<u>470,603</u>	<u>101,244</u>	<u>20,058</u>	<u>9,107</u>	<u>91,589</u>
<u>(88,432)</u>	<u>-</u>	<u>(15,749)</u>	<u>(103,722)</u>	<u>(61,244)</u>	<u>4,951</u>	<u>(8,917)</u>	<u>(38,094)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	353,514
88,432	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>88,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>353,514</u>
-	-	(15,749)	(103,722)	(61,244)	4,951	(8,917)	315,420
-	-	185,691	662,713	257,796	61,076	10,244	108,200
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,942</u>	<u>\$ 558,991</u>	<u>\$ 196,552</u>	<u>\$ 66,027</u>	<u>\$ 1,327</u>	<u>\$ 423,620</u>

GRAYSON COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue		Total Nonmajor Special Revenue Funds	Debt Service Debt Service Fund
	Metropolitan Planning Organization	JJAEP		
REVENUES				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ 4,021,278
Penalty and interest on taxes	-	-	-	-
Licenses and permits	-	-	338,864	-
Intergovernmental	167,433	159,197	2,932,305	-
Charges for services	-	-	6,524,133	-
Fines	-	-	39,984	-
Forfeits	-	-	86,012	-
Investment earnings	-	-	242,461	93,309
Contributions and donations	-	-	373,156	-
Other	-	-	175	-
Total revenues	<u>167,433</u>	<u>159,197</u>	<u>10,537,090</u>	<u>4,114,587</u>
EXPENDITURES				
Current:				
General government	-	-	595,400	1,749
Elections	-	-	2,700	-
Judicial	-	-	868,596	-
Public safety	-	375,771	5,222,883	-
Highways and streets	167,433	-	167,433	-
Health and welfare	-	-	2,121,003	-
Culture and recreation	-	-	44,674	-
Debt service:				
Principal	-	-	-	2,350,000
Interest	-	-	46,882	1,239,450
Bond issuance cost	-	-	-	-
Capital outlay	-	-	437,433	-
Intergovernmental	-	-	13,540	-
Total expenditures	<u>167,433</u>	<u>375,771</u>	<u>9,520,544</u>	<u>3,591,199</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(216,574)</u>	<u>1,016,546</u>	<u>523,388</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	-	-	-	-
Premium on bonds	-	-	-	-
Sale of capital assets	-	-	60	-
Issuance of financed purchase	-	-	353,514	-
Transfers in	-	216,574	721,466	-
Transfers out	-	-	(199,320)	-
Insurance proceeds	-	-	3,332	-
Total other financing sources (uses)	<u>-</u>	<u>216,574</u>	<u>879,052</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	1,895,598	523,388
FUND BALANCE, BEGINNING	-	-	8,207,984	1,468,809
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,103,582</u>	<u>\$ 1,992,197</u>

Capital Projects					Permanent Fund	Total Nonmajor Governmental Funds	
Permanent Improvements	Lateral Road	Right-of-Way Acquisition	Detention Center Renovation	Tax Notes Capital Projects	Total Nonmajor Capital Projects Funds	Texoma Succeeding Generations	Total Nonmajor Governmental Funds
\$ 219,492	\$ -	\$ -	\$ -	\$ -	\$ 219,492	\$ -	\$ 4,240,770
2,147	-	-	-	-	2,147	-	2,147
-	-	-	-	-	-	-	338,864
-	69,444	-	-	-	69,444	-	3,001,749
-	-	-	-	-	-	-	6,524,133
-	-	-	-	-	-	-	39,984
-	-	-	-	-	-	-	86,012
22,036	14,220	93,981	-	-	130,237	2,705	468,712
-	-	-	-	-	-	-	373,156
-	-	-	-	-	-	-	175
<u>243,675</u>	<u>83,664</u>	<u>93,981</u>	<u>-</u>	<u>-</u>	<u>421,320</u>	<u>2,705</u>	<u>15,075,702</u>
14,141	-	-	-	-	14,141	-	611,290
-	-	-	-	-	-	-	2,700
-	-	-	-	-	-	-	868,596
-	-	-	-	-	-	-	5,222,883
-	-	209,850	-	-	209,850	-	377,283
-	-	-	-	-	-	-	2,121,003
-	-	-	-	-	-	-	44,674
-	-	-	-	-	-	-	2,350,000
-	-	-	-	-	-	-	1,286,332
-	-	-	-	89,192	89,192	-	89,192
109,580	38,171	-	-	3,793,124	3,940,875	-	4,378,308
-	-	-	-	-	-	-	13,540
<u>123,721</u>	<u>38,171</u>	<u>209,850</u>	<u>-</u>	<u>3,882,316</u>	<u>4,254,058</u>	<u>-</u>	<u>17,365,801</u>
<u>119,954</u>	<u>45,493</u>	<u>(115,869)</u>	<u>-</u>	<u>(3,882,316)</u>	<u>(3,832,738)</u>	<u>2,705</u>	<u>(2,290,099)</u>
-	-	-	-	4,805,000	4,805,000	-	4,805,000
-	-	-	-	289,879	289,879	-	289,879
-	-	-	-	-	-	-	60
-	-	-	-	-	-	-	353,514
-	-	-	78,118	-	78,118	-	799,584
-	-	(25,000)	-	-	(25,000)	-	(224,320)
-	-	-	-	-	-	-	3,332
<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>78,118</u>	<u>5,094,879</u>	<u>5,147,997</u>	<u>-</u>	<u>6,027,049</u>
119,954	45,493	(140,869)	78,118	1,212,563	1,315,259	2,705	3,736,950
<u>590,427</u>	<u>373,617</u>	<u>3,857,328</u>	<u>(1,172,047)</u>	<u>-</u>	<u>3,649,325</u>	<u>81,336</u>	<u>13,407,454</u>
<u>\$ 710,381</u>	<u>\$ 419,110</u>	<u>\$ 3,716,459</u>	<u>\$ (1,093,929)</u>	<u>\$ 1,212,563</u>	<u>\$ 4,964,584</u>	<u>\$ 84,041</u>	<u>\$ 17,144,404</u>

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FIDUCIARY FUNDS

Custodial Funds account for monies held for various agencies and entities, but not held in a trust.

County Clerk Fund – This fund accounts for funds held by the County Clerk in non-interest-bearing trust accounts or investments for civil cases before the County Court or County Court-at-Law. Disbursements are made upon court order.

District Clerk Fund – This fund accounts for funds held by the District Clerk in non-interest-bearing trust accounts and investments for civil cases before the District Courts. Disbursements are made upon court order.

Jail Inmate Fund – This fund accounts for funds held by the Sheriff for inmates of the jail. The funds are held until the inmate is released or transferred. The inmates' commissary or applicable medical purchases are deducted from the inmate account prior to release, and paid to the appropriate vendor.

State Court Costs and Fees Fund – This fund accounts for collections of the various court costs and fees, as established by the State of Texas. Funds collected are remitted to the state on a quarterly basis. The County is generally allowed to retain 5 - 10 percent of the funds collected as a service fee and all interest earned on the funds.

Appellate Justice System Fund – This fund accounts for the collections of this court cost. Funds collected are to be used to assist the Court of Appeals in the administration of the judicial appellate process.

Seized Funds – This fund accounts for seizure of funds at criminal arrests that are held until awarded by the courts and remitted to the appropriate state, county or individual.

Adult Probation Restitution Fund – This departmental fund is used by the Adult Probation Department to account for collections from probationers for restitution. All such collections are subsequently remitted to the appropriate victim, person, or entity.

District Attorney Bad Check Restitution Fund – This fund accounts for collections by the District Attorney for restitution on bad checks. Collections are subsequently remitted to the appropriate person or entity.

Tax Assessor-Collector Fund – This fund accounts for the collections of various taxes and fees for other governments and Grayson County. The County is allowed to retain a percentage of taxes collected for other governments as a collection fee.

Sheriff Bonds Fund – This fund accounts for cash bonds collected by the Sheriff. Cash bonds are held for criminal cases recorded by the County and District Clerk, pending court-ordered disbursement.

GRAYSON COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION

ALL FIDUCIARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Custodial Funds			
	District Clerk	County Clerk	Jail Inmate	State Court Costs and Fees
ASSETS				
Cash and cash equivalents	\$ 5,030,454	\$ 4,110,425	\$ 37,815	\$ 246,497
Total assets	5,030,454	4,110,425	37,815	246,497
LIABILITIES				
Due to other governments	-	-	-	246,497
Due to individuals and organizations	6,790	-	-	-
Total liabilities	6,790	-	-	246,497
NET POSITION				
Restricted for:				
Trust beneficiaries	5,023,664	4,110,425	-	-
Individuals and organizations	-	-	37,815	-
Total net position	\$ 5,023,664	\$ 4,110,425	\$ 37,815	\$ -

Custodial Funds

Appellate Justice System	Seized Funds	Adult Probation Restitution	District Attorney Bad Check Restitution	Tax Assessor Collector	Sheriff Bonds	Total Custodial Funds
\$ 13,935	\$ 328,778	\$ 9,946	\$ 11,806	\$ 3,783,229	\$ 957,118	\$ 14,530,003
<u>13,935</u>	<u>328,778</u>	<u>9,946</u>	<u>11,806</u>	<u>3,783,229</u>	<u>957,118</u>	<u>14,530,003</u>
13,935	-	-	-	3,783,229	-	4,043,661
-	-	9,946	11,806	-	-	28,542
<u>13,935</u>	<u>-</u>	<u>9,946</u>	<u>11,806</u>	<u>3,783,229</u>	<u>-</u>	<u>4,072,203</u>
-	-	-	-	-	-	9,134,089
-	328,778	-	-	-	957,118	1,323,711
<u>\$ -</u>	<u>\$ 328,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 957,118</u>	<u>\$ 10,457,800</u>

GRAYSON COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

ALL FIDUCIARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Custodial Funds			
	District Clerk	County Clerk	Jail Inmate	State Court Costs and Fees
ADDITIONS				
Registry deposits	\$ 2,615,992	\$ 5,607,781	\$ -	\$ -
Receipts from inmates	-	-	945,694	-
State fee collections	-	-	-	941,252
Appellate justice system collections	-	-	-	-
Seizures	-	-	-	-
Restitution collections	2,248	-	-	-
Hot check collections	-	-	-	-
Tax collections	-	-	-	-
Vehicle registration collections	-	-	-	-
Cash bond receipts	-	-	-	-
Investment earnings	35,108	139,874	-	-
Total additions	<u>2,653,348</u>	<u>5,747,655</u>	<u>945,694</u>	<u>941,252</u>
DEDUCTIONS				
Registry withdrawals	2,145,163	9,004,794	-	-
Inmate disbursements	-	-	307,313	-
Disbursements to others	-	-	640,847	-
State fee disbursements	-	-	-	941,252
Appellate justice system disbursements	-	-	-	-
Seizure disbursements	-	-	-	-
Restitution paid	2,248	-	-	-
Hot check disbursements	-	-	-	-
Tax disbursements	-	-	-	-
Vehicle registration disbursements	-	-	-	-
Refunds	-	-	-	-
Total deductions	<u>2,147,411</u>	<u>9,004,794</u>	<u>948,160</u>	<u>941,252</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	505,937	(3,257,139)	(2,466)	-
NET POSITION, BEGINNING	<u>4,517,727</u>	<u>7,367,564</u>	<u>40,281</u>	<u>-</u>
NET POSITION, ENDING	<u>\$ 5,023,664</u>	<u>\$ 4,110,425</u>	<u>\$ 37,815</u>	<u>\$ -</u>

Custodial Funds

Appellate Justice System	Seized Funds	Adult Probation Restitution	District Attorney Bad Check Restitution	Tax Assessor Collector	Sheriff Bonds	Total Custodial Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,223,773
-	-	-	-	-	-	945,694
-	-	-	-	-	-	941,252
13,935	-	-	-	-	-	13,935
-	316,939	-	-	-	-	316,939
-	-	363,378	-	-	-	365,626
-	-	-	185,754	-	-	185,754
-	-	-	-	366,803,434	-	366,803,434
-	-	-	-	44,264,654	-	44,264,654
-	-	-	-	-	370,706	370,706
-	-	-	-	-	1,768	176,750
<u>13,935</u>	<u>316,939</u>	<u>363,378</u>	<u>185,754</u>	<u>411,068,088</u>	<u>372,474</u>	<u>422,608,517</u>
-	-	-	-	-	-	11,149,957
-	-	-	-	-	-	307,313
-	-	-	-	-	-	640,847
-	-	-	-	-	-	941,252
13,935	-	-	-	-	-	13,935
-	20,685	-	-	-	-	20,685
-	-	363,378	-	-	-	365,626
-	-	-	185,754	-	-	185,754
-	-	-	-	366,803,434	-	366,803,434
-	-	-	-	44,264,654	-	44,264,654
-	-	-	-	-	402,706	402,706
<u>13,935</u>	<u>20,685</u>	<u>363,378</u>	<u>185,754</u>	<u>411,068,088</u>	<u>402,706</u>	<u>425,096,163</u>
-	296,254	-	-	-	(30,232)	(2,487,646)
-	32,524	-	-	-	987,350	12,945,446
<u>\$ -</u>	<u>\$ 328,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 957,118</u>	<u>\$ 10,457,800</u>

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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 Members of the Commissioners' Court
Grayson 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Grayson County, Texas, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise Grayson County, Texas' basic financial statements, and have issued our report thereon dated March 27, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Grayson County, Texas' 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 Grayson County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Grayson County, Texas' 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 entity'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 over financial reporting 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 and significant deficiencies may exist that have not been identified.

OFFICE LOCATIONS

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grayson County, Texas' 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Waco, Texas
March 27, 2026

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND THE STATE OF TEXAS GRANT MANAGEMENT STANDARDS

Honorable County Judge and
County Commissioners
Grayson County, Texas

Report on Compliance for Each Major Federal and State Programs

Opinion on Each Major Federal and State Programs

We have audited Grayson County, Texas (the "County") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *State of Texas Grant Management Standards ("TxGMS")* that could have a direct and material effect on each of the County's major federal and state programs for the year ended September 30, 2025. The County's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal and State Programs

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and TxGMS. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal and state programs. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. 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, *Government Auditing Standards*, the Uniform Guidance, and TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about County's compliance with the requirements of each major federal and state program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Waco, Texas
March 27, 2026

GRAYSON COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Federal Expenditures
<u>U. S. DEPARTMENT OF AGRICULTURE</u>			
Passed through the Texas Department of Agriculture:			
National School Lunch Program	10.555	01342	\$ 272,121
NSLP Commodity Delivery Fee	10.560	01342	<u>612</u>
Subtotal Child Nutrition Cluster			<u>272,733</u>
Total Passed through the Texas Department of Agriculture			<u>272,733</u>
Passed through Texas Health and Human Services Commission:			
Special Supplemental Nutrition Program for Women, Infants and Child	10.557	HHS000804000001	863,015
Supplemental Nutrition Assistance Program (SNAP)	10.561	HHS000804000001	<u>41,262</u>
Subtotal SNAP Cluster			<u>41,262</u>
Total Passed through Texas Health and Human Services Commission			<u>904,277</u>
Total U.S. Department of Agriculture			<u>1,177,010</u>
<u>U. S. DEPARTMENT OF JUSTICE</u>			
Passed through University of Texas:			
STEP UP Program	16.540	UTAUS-SUB00000632	<u>135,543</u>
Total Passed through University of Texas			<u>135,543</u>
Passed through Office of the Attorney General:			
Victim Coordinator and Liasion Grant	16.576	C-01564	45,375
Victim Coordinator and Liasion Grant	16.576	C-02328	1,667
Statewide Automated Victim Notification Services Grant	16.576	C-01694	<u>31,194</u>
Subtotal Assistance Listing 16.576			<u>78,236</u>
Total Passed through Office of the Attorney General			<u>78,236</u>
Passed through City of Sherman:			
Edward Byrne Memorial Justice Assistance Grant FY24	16.738	15PBJA-24-GG-04849-JAGX	<u>2,476</u>
Total Passed through City of Sherman			<u>2,476</u>
Direct Programs:			
Juvenile Drug Treatment Court Program	16.585	15PJDP-22-GG-03579-DGCT	181,073
State Criminal Alien Assistance Program (SCAAP)	16.606	15PBJA-24-RR-05925-SCAA	13,405
Patrick Leahy Bulletproof Vest Partnership	16.607	BVP010378818	1,945
Equitable Sharing Agreement	16.922	TX0910000	<u>31,057</u>
Total Direct Programs			<u>227,480</u>
Total U.S. Department of Justice			<u>443,735</u>
<u>U. S. DEPARTMENT OF TRANSPORTATION</u>			
Passed through Texas Department of Transportation:			
Routine Airport Maintenance Program	20.106	M2501DENS1	100,000
FHWA Metropolitan Transportation Planning (Section 5303)	20.205	50-25XF0020	107,919
FHWA Metropolitan Transportation Planning (Section 5303)	20.275	50-25XF0020	42,294
FTA Metropolitan Planning Program	20.505	50-25XF0020	<u>17,220</u>
Total Passed through Texas Department of Transportation			<u>267,433</u>
Total U.S. Department of Transportation			<u>267,433</u>

GRAYSON COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Federal Expenditures
<u>U. S. DEPARTMENT OF TREASURY</u>			
Direct Programs:			
American Rescue Plan - Coronavirus State and Local Fiscal Recovery Fund (COVID-19)	21.027	SLT-0656 756000969	<u>\$ 12,525,599</u>
Total U.S. Department of Treasury			<u>12,525,599</u>
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through Texas Department of State Health Services:			
Public Health Emergency Preparedness	93.069	HHS001439500008	118,189
TB/PC-FED Tuberculosis Prevention and Control-Federal Vaccination Capacity Contract (COVID-19)	93.116	HHS001437400019	11,357
	93.268	HHS001019500019	172,167
Regional Local Services System/Local Public Health Services Grant	93.991	HHS001588400023	11,148
Regional Local Services System/Local Public Health Services Grant	93.991	HHS001324900023	<u>93,750</u>
Subtotal Assistance Listing 93.991			<u>104,898</u>
Total Passed through the Texas Department of State Health Services			<u>406,611</u>
Passed through Texas Department of Family and Protective Services			
Title IV-E Legal Assistance	93.658	HHS000285100053	<u>53,749</u>
Total Passed through Texas Department of Family Protective Services			<u>53,749</u>
Passed through Texas Health and Human Services Commission			
Medicaid - Title XIX - Medical Assistance Program	93.778	n/a	1,508
Medicaid Administrative Claiming Program	93.778	HHS000537900721	<u>15,554</u>
Subtotal Assistance Listing 93.778			<u>17,062</u>
Subtotal Medicaid Cluster			<u>17,062</u>
Total Passed through the Texas Health and Human Services Commission			<u>17,062</u>
Total U.S. Department of Health and Human Services			<u>477,422</u>
Total Federal Expenditures			<u>\$ 14,891,199</u>

GRAYSON COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

State Grantor/Pass-through Grantor/Program Title	Pass-through Grantor's Number	State Expenditures
<u>OFFICE OF THE TEXAS COMPTROLLER</u>		
Rural Law Enforcement Grants - Senate Bill 22: District Attorney's Office	n/a	\$ 275,000
Rural Law Enforcement Grants - Senate Bill 22: Sheriff's Office	n/a	<u>500,000</u>
Total Office of the Texas Comptroller		<u>775,000</u>
<u>TEXAS DEPARTMENT OF STATE HEALTH SERVICES</u>		
Tuberculosis Prevention and Control	HHS001437400019	<u>29,769</u>
Total Texas Department of State Health Services		<u>29,769</u>
<u>OFFICE OF THE GOVERNOR</u>		
Violence Against Women Act	1344927 & 1344928	31,906
Employee Mental and Physical Wellness Program	5082401	<u>39,000</u>
Total Office of the Governor		<u>70,906</u>
<u>TEXAS INDIGENT DEFENSE COMMISSION</u>		
Indigent Defense Services - Formula Grant	212-25-091	77,748
Indigent Defense Services - Improvement Grant	212-25-C05	<u>34,200</u>
Total Texas Indigent Defense Commission		<u>111,948</u>
<u>SUPREME COURT OF TEXAS</u>		
Community Diversion Coordinator Pilot Program	201-25-082	<u>51,300</u>
Total Supreme Court of Texas		<u>51,300</u>
Total State Expenditures		<u>\$ 1,038,923</u>

GRAYSON COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SEPTEMBER 30, 2025

1. GENERAL

The Schedule of Expenditures of Federal and State Awards presents the activity of all applicable federal and state awards programs of Grayson County, Texas. The County's reporting entity is defined in Note 1 of the financial statements. Federal and state awards received directly from federal and state agencies, as well as awards passed through other government agencies, are included on the Schedule of Expenditures of Federal and State Awards.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the financial statements.

3. INDIRECT COSTS

The County has elected not to use the de minimis indirect cost rate allowed in the Uniform Guidance.

4. PASS-THROUGH EXPENDITURES

None of the expenditures reported on the Schedule of Expenditures of Federal and State Awards have been passed through to subrecipients.

GRAYSON COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or the *State of Texas Grant Management Standards* None

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster:</u>
21.027	Coronavirus State and Local Fiscal Recovery Fund (COVID-19)

Identification of major state program:	<u>Name of Program:</u>
	Rural Law Enforcement Grants - Senate Bill 22

Dollar threshold used to distinguish between type A and type B federal programs \$1,000,000

Dollar threshold used to distinguish between type A and type B state programs \$1,000,000

Auditee qualified as low-risk auditee for federal single audit? Yes

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

Findings and Questioned Costs for Federal and State Awards

None

GRAYSON COUNTY, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

None

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