NEW ISSUE - BOOK-ENTRY-ONLY

Rating: S&P: "AA" (BAM Insured)
"AA-" (Underlying)
(See "OTHER PERTINENT INFORMATION - Rating", "CERTIFICATE INSURANCE," AND "CERTIFICATE INSURANCE GENERAL RISKS")

OFFICIAL STATEMENT
August 24, 2026

In the opinion of Bond Counsel, interest on the Certificates will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

The Issuer has NOT designated the Certificates as "Qualified Tax-Exempt Obligations" for financial institutions.

$10,550,000
MEDINA COUNTY, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

Dated Date: August 15, 2026 **Due: February 1, as shown on inside cover**

The Medina County, Texas (the "County" or the "Issuer") $10,550,000 Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2026 (the "Certificates") are being issued pursuant to the Constitution and laws of the State of Texas (the "State"), including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, Chapter 1473, Texas Government Code, as amended, and an order (the "Order") authorizing the issuance of the Certificates adopted on August 24, 2026, by the Commissioners Court. (See "THE CERTIFICATES - Authority for Issuance" herein.)

The Certificates constitute direct obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the County, within the limits prescribed by law and are additionally payable from a lien on and limited pledge of the net revenues (the "Net Revenues") derived from the operation of the County's library system (the "System"); such pledge being limited to $1,000. (See "THE CERTIFICATES - Security for Payment" herein.)

Interest on the Certificates will accrue from August 15, 2026 (the "Dated Date") as shown above and will be payable on February 1 and August 1 of each year, commencing February 1, 2027, until the earlier of stated maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Certificates will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository. Book-entry interests in the Certificates will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. Purchasers of the Certificates ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by BOKF, NA, Dallas, Texas, as Paying Agent Registrar to the securities depository, which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the Beneficial Owners of the Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Certificates will be used for the purpose of paying all or a portion of the County's contractual obligations incurred for the purpose of (1) acquiring, purchasing, improving, constructing, renovating, enlarging, expanding, extending, equipping, and/or repairing County buildings, facilities, and infrastructure (the Medina County Courthouse), as (i) an administrative office building housing the governmental functions of the County, (ii) judicial facilities, and (iii) the County Law Library therein, (2) designing, acquiring, constructing, renovating, improving, and equipping various streets, drainage, and sidewalk improvements, including necessary capital maintenance, utilities relocation, landscaping, wayfinding, and monumentation necessary or incidental thereto; (3) acquiring, purchasing, improving, constructing, renovating, enlarging, expanding, extending, equipping, and/or repairing County buildings, facilities, and infrastructure to provide for expanded and accessible administrative offices housing the governmental functions of the County, and (4) the payment of professional services relating to the design, construction, project management, and financing of the aforementioned capital improvements, including services by tax appraisal engineers, engineers, architects, attorneys, auditors, mapmakers, financial advisors, and fiscal agents. (See "THE CERTIFICATES – Use of Certificate Proceeds" herein.)

The scheduled payment of principal of and interest on the Certificates when due will be guaranteed under a municipal bond insurance policy to be issued by BUILD AMERICA MUTUAL ASSURANCE COMPANY (see "CERTIFICATE INSURANCE" herein).

SEE THE FOLLOWING PAGE FOR STATED MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL YIELDS, CUSIP NUMBERS, AND REDEMPTION PROVISIONS FOR THE CERTIFICATES

The Certificates are offered for delivery, when, as and if issued and received by the initial purchaser thereof at a competitive sale (the "Purchaser") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel. The legal opinion of Bond Counsel will be printed on, or attached to, the Certificates. (See "LEGAL MATTERS - Legal Opinions and No-Litigation Certificate" and "APPENDIX C – Form of Legal Opinion of Bond Counsel" herein). It is expected that the Certificates will be available for initial delivery through DTC on or about September 16, 2026.

$10,550,000
MEDINA COUNTY, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

MATURITY SCHEDULE

CUSIP Prefix No. 584734 [1]

Stated Maturity 2/1	Principal Amount	Interest Rate	Initial Yield		CUSIP No. Suffix [1]	Stated Maturity 2/1	Principal Amount	Interest Rate	Initial Yield		CUSIP No. Suffix [1]
2028	$135,000	5.000	2.800		FL6	2038	$595,000	5.000	3.890	[2]	FW2
2029	175,000	5.000	2.880		FM4	2039	625,000	5.000	3.990	[2]	FX0
2030	275,000	5.000	2.980		FN2	2040	660,000	5.000	4.150	[2]	FY8
2031	390,000	5.000	3.080		FP7	2041	690,000	5.000	4.210	[2]	FZ5
2032	415,000	5.000	3.150		FQ5	2042	725,000	5.000	4.260	[2]	GA9
2033	465,000	5.000	3.300		FR3	2043	765,000	5.000	4.310	[2]	GB7
2034	485,000	5.000	3.400		FS1	2044	805,000	5.000	4.390	[2]	GC5
2035	510,000	5.000	3.500		FT9	2045	845,000	5.000	4.460	[2]	GD3
2036	540,000	5.000	3.640	[2]	FU6	2046	885,000	5.000	4.560	[2]	GE1
2037	565,000	5.000	3.770	[2]	FV4						

(Interest to accrue from Dated Date)

The Issuer reserves the right to redeem the Certificates maturing on or after February 1, 2036, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof on February 1, 2035, or any date thereafter, at the redemption price of par plus accrued interest as further described herein. (See "THE CERTIFICATES – Redemption Provisions of the Certificates" herein.)

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[1] CUSIP numbers are included solely for the convenience of the owner of the Certificates. CUSIP is a registered trademark of The American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of The American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the County, the Financial Advisor, or the Purchaser is responsible for the selection or correctness of the CUSIP numbers set forth herein.

[2] Yield calculated based on the assumption that the Certificates denoted a sold at a premium will be redeemed on February 1, 2035, the earliest redemption date for the Certificates.

MEDINA COUNTY, TEXAS
1100 16th Street
Hondo, Texas 78861
Telephone: (830) 741-6000

ELECTED OFFICIALS

Name	Title	Date First Elected	Term Expires
Keith Lutz	County Judge	1/1/2023	12/31/2026
Jessica Castiglione	Commissioner, Precinct 1	1/1/2024	12/31/2027
Larry Sittre	Commissioner, Precinct 2	1/1/2011	12/31/2026
David Lynch	Commissioner, Precinct 3	1/1/2009	12/31/2027
David Lawler	Commissioner, Precinct 4	1/1/2023	12/31/2026

ADMINISTRATION

Name	Position	Years with the County
Rubi Gaucin	County Auditor	18
Gina Champion	County Clerk	15
Debra Graff	County Treasurer	5
Melissa Lutz	Tax Assessor-Collector	24
Mark Haby	County Attorney	23
Randy Brown	County Sheriff	33

CONSULTANTS AND ADVISORS

Bond Counsel	McCall, Parkhurst & Horton, L.L.P. San Antonio, Texas
Independent Auditor	Pattillo, Brown & Hill, L.L.P. Waco, Texas
Financial Advisor	SAMCO Capital Markets, Inc. San Antonio, Texas

For Additional Information Please Contact:

Honorable Judge Keith Lutz, County Judge
Ms. Rubi Gaucin, County Auditor
Medina County
1100 16th Street
Hondo, Texas 78861
Telephone: (830) 741-6000
countyjudge@medinatx.org
rubi.gaucin@medinatx.org

Mr. Mark M. McLiney, Senior Managing Director
Mr. Andrew T. Friedman, Senior Managing Director
SAMCO Capital Markets, Inc.
1020 Northeast Loop 410, Suite 640
San Antonio, Texas 78209
Telephone: (210) 832-9760
mmcliney@samcocapital.com
afriedman@samcocapital.com

USE OF INFORMATION IN THE OFFICIAL STATEMENT

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

No dealer, broker, salesman, or other person has been authorized to give any information, or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer. This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. Any information or expression of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Issuer or other matters described herein since the date hereof.

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

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

NONE OF THE COUNTY, ITS FINANCIAL ADVISOR, OR THE PURCHASER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM OR THE MUNICIPAL BOND INSURANCE AS SUCH INFORMATION IS PROVIDED BY DTC AND THE CERTIFICATE INSURER, RESPECTIVELY.

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

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "CERTIFICATE INSURANCE" and "Appendix E - Specimen Municipal Bond Insurance Policy".

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in Rule 15c2-12.

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

TABLE OF CONTENTS

The cover page, subsequent pages hereof, and appendices attached hereto, are part of this Official Statement.

SELECTED DATA FROM THE OFFICIAL STATEMENT

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

The Issuer	Medina County, Texas (the "County" or "Issuer"), is a southwest Texas county with the County seat in Hondo, Texas. Medina County is a rural county which lies within the City of San Antonio, Texas Metropolitan Statistical Area and is adjacent to the western boundary of Bexar County. The County is governed by the Commissioners and the County Judge. The current population estimate for the County is 56,881. (See "Appendix B - General Information Regarding Medina County" herein.)
The Certificates	The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, Chapter 1473, Texas Government Code, as amended, and an Order adopted by the Commissioners Court on August 24, 2026. (See "THE CERTIFICATES - Authority for Issuance" herein.)
Paying Agent/Registrar	The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas.
Security	The Certificates constitute direct obligations of the County, payable from a combination of (i) the levy and collection of a continuing, direct annual ad valorem tax, within the limits prescribed by law, on all taxable property within the County, and (ii) a limited pledge of surplus net revenues of the County's library revenues. (See "THE CERTIFICATES - Security for Payment" herein.
Redemption Provisions of the Certificates	The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature on or after February 1, 2036, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on February 1, 2035, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. (See "THE CERTIFICATES - Redemption Provisions of the Certificates" herein.)
Tax Matters	In the opinion of McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, as Bond Counsel to the County, interest on the Certificates will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings, and court decisions existing on the date thereof, including the alternative minimum tax on certain corporations. (See "TAX MATTERS" and "APPENDIX C - Form of Opinion of Bond Counsel" herein).
Use of Certificate Proceeds	Proceeds from the sale of the Certificates will be used for the purpose of paying all or a portion of the County's contractual obligations incurred for the purpose (1) acquiring, purchasing, improving, constructing, renovating, enlarging, expanding, extending, equipping, and/or repairing County buildings, facilities, and infrastructure (the Medina County Courthouse), as (i) an administrative office building housing the governmental functions of the County, (ii) judicial facilities, and (iii) the County Law Library therein, (2) designing, acquiring, constructing, renovating, improving, and equipping various streets, drainage, and sidewalk improvements, including necessary capital maintenance, utilities relocation, landscaping, wayfinding, and monumentation necessary or incidental thereto; (3) acquiring, purchasing, improving, constructing, renovating, enlarging, expanding, extending, equipping, and/or repairing County buildings, facilities, and infrastructure to provide for expanded and accessible administrative offices housing the governmental functions of the County, and (4) the payment of professional services relating to the design, construction, project management, and financing of the aforementioned capital improvements, including services by tax appraisal engineers, engineers, architects, attorneys, auditors, mapmakers, financial advisors, and fiscal agents. (See "THE CERTIFICATES – Use of Certificate Proceeds" herein.)
Book-Entry Only System	The Issuer intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York described herein. No physical delivery of the Certificates will be made to the beneficial owners of the Certificates. Such Book-Entry-Only System may affect the method and timing of payments on the Certificates and the manner the Certificates may be transferred. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Ratings	The Certificates are rated “AA” S&P Global Ratings (Stable Outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), by virtue of a municipal bond insurance policy to be issued by Build America Mutal Assurance Company (“BAM”). S&P has an underlying, unenhanced rating of “AA-” to the Certificates without regard to credit enhancement. (See "OTHER PERTINENT INFORMATION - Rating" herein.)
Certificate Insurance	The scheduled payment of principal of and interest on the Certificates when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Certificates by BAM. (See “CERTIFICATE INSURANCE” and “CERTIFICATE INSURANCE GENERAL RISKS” herein.)
Payment Record	The County has never defaulted on the payment of its general obligation or revenue indebtedness.
Future Debt Issues	The Issuer does not anticipate the issuance of any additional ad valorem tax debt in 2026.
Delivery	When issued, anticipated on or about September 16, 2026.
Legality	Delivery of the Certificates is subject to the approval by the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel.

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OFFICIAL STATEMENT
relating to

$10,550,000
MEDINA COUNTY, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by Medina County, Texas (the “County” or the “Issuer”) of its $10,550,000 Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2026 (the “Certificates”) identified on the cover page.

The Issuer is a political subdivision of the State of Texas (the “State”) and a municipal corporation organized and existing under the Constitution and laws of the State of Texas. Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Order (defined below). Included in this Official Statement are descriptions of the Certificates and certain information about the Issuer and its finances. ***ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT***. Copies of such documents may be obtained upon request from the Issuer or its Financial Advisor, SAMCO Capital Markets, Inc., 1020 Northeast Loop 410, Suite 640, San Antonio, Texas 78209, via electronic mail or upon payment of reasonable copying, handling, and delivery charges.

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

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

THE CERTIFICATES

General Description of the Certificates

The Certificates are dated August 15, 2026 (the “Dated Date”), will mature on the dates and in the principal amounts and will bear interest at the rates set forth on page 2 of this Official Statement. The Certificates will be registered and issued in denominations of $5,000 or any integral multiple thereof. The Certificates will bear interest from the Dated Date, or from the most recent date to which interest has been paid or duly provided for, and will be paid semiannually on February 1 and August 1 of each year, commencing February 1, 2027, until stated maturity or prior redemption. Principal of and interest on the Certificates are payable in the manner described herein under “BOOK-ENTRY-ONLY SYSTEM”. In the event the Book-Entry-Only System is discontinued, the interest on the Certificates payable on an interest payment date will be payable to the registered owner as shown on the security register maintained by BOKF, NA, Dallas, Texas, as the initial Paying Agent/Registrar, as of the Record Date (defined below), by check, mailed first-class, postage prepaid, to the address of such person on the security register or by such other method acceptable to the Paying Agent/Registrar requested by and at the risk and expense of the registered owner. In the event the Book-Entry-Only System is discontinued, principal of the Certificates will be payable at stated maturity or prior redemption upon presentation and surrender thereof at the corporate trust office of the Paying Agent/Registrar.

If the date for the payment of the principal of or interest on the Certificates is a Saturday, Sunday, a legal holiday or a day when banking institutions in the County where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment will be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which banking institutions are authorized to close; and payment on such date will have the same force and effect as if made on the original date payment was due. The County will initially use the Book-Entry Only System of The Depository Trust Company "DTC"), New York, New York, in regard to the issuance, payment and transfer of the Certificates. Such system will affect the timing and method of payment of the Certificates. See "BOOK-ENTRY ONLY SYSTEM" herein.

Authority for Issuance

The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the “State”), including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, Chapter 1473, Texas Government Code, as amended, and an Order adopted by the Commissioners Court on August 24, 2026.

Security for Payment

The Certificates constitute direct obligations of the County payable from an ad valorem tax levied against all taxable property in the County, within the limits prescribed by law and are additionally payable from a lien on and pledged of the Net Revenues derived from the operation of the County's library system.

Perfection of Security Interest

Chapter 1208, as amended, Texas Government Code, applies to the issuance of the Certificates, and such security pledges are, therefore, valid, effective, and perfected. Should State law be amended at any time while the Certificates are outstanding and unpaid, the result of such amendment being that the pledge of the ad valorem taxes and revenues are to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, as amended, in order to preserve to the registered owners of the Certificates a perfected security interest in such pledges the County agrees to take such measures as it determines are reasonable and necessary to maintain a perfected security interest in said pledge or pledges.

Redemption Provisions of the Certificates

The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature, on or after February 1, 2036, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof on February 1, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. If less than all of the Certificates within a stated maturity are to be redeemed, the particular Certificates to be redeemed shall be selected by lot or by other customary random method by the Paying Agent/Registrar.

Notice of Redemption

At least 30 days prior to the date fixed for any redemption of any Certificates or portions thereof prior to stated maturity, the Issuer shall cause notice of such redemption to be sent by United States mail, first-class postage prepaid, to the registered owner of each Certificate or a portion thereof to be redeemed at its address as it appeared on the registration books of the Paying Agent/Registrar on the day such notice of redemption is mailed. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Certificates or portions thereof which are to be so redeemed. If such notice of redemption is given and if due provision for such payment is made, all as provided above, the Certificates or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

ANY NOTICE OF REDEMPTION SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER RECEIVED BY THE CERTIFICATEHOLDER, AND, PROVIDED THAT PROVISION FOR PAYMENT OF THE REDEMPTION PRICE IS MADE AND ANY OTHER CONDITIONS TO REDEMPTION ARE SATISFIED, INTEREST ON THE REDEEMED CERTIFICATES SHALL CEASE TO ACCRUE FROM AND AFTER SUCH REDEMPTION DATE NOTWITHSTANDING THAT A CERTIFICATE HAS NOT BEEN PRESENTED FOR PAYMENT.

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

Selection of Certificates to be Redeemed

The Certificates of a denomination larger than $5,000 may be redeemed in part (in increments of $5,000 or any integral multiple thereof). The Certificates to be partially redeemed must be surrendered in exchange for one or more new Certificates for the unredeemed portion of the principal. If less than all of the Certificates are to be redeemed, the Issuer will determine the amounts to be redeemed and will direct the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) to select, at random and by lot, the particular Certificates, or portion thereof, to be redeemed. If a Certificate (or any portion of the principal sum thereof) will have been called for redemption and notice or such redemption will have been given, such Certificate (or the principal amount thereof to be redeemed), will become due and payable on such redemption date and interest thereon will cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

Use of Certificate Proceeds

Proceeds from the sale of the Certificates will be used for the purpose of paying all or a portion of the County's contractual obligations incurred for the purpose of (1) acquiring, purchasing, improving, constructing, renovating, enlarging, expanding, extending, equipping, and/or repairing County buildings, facilities, and infrastructure (the Medina County Courthouse), as (i) an administrative office building housing the governmental functions of the County, (ii) judicial facilities, and (iii) the County Law Library therein, (2) designing, acquiring, constructing, renovating, improving, and equipping various streets, drainage, and sidewalk improvements, including necessary capital maintenance, utilities relocation, landscaping, wayfinding, and monumentation necessary or incidental thereto; (3) acquiring, purchasing, improving, constructing, renovating, enlarging, expanding, extending, equipping, and/or repairing County buildings, facilities, and infrastructure to provide for expanded and accessible administrative offices housing the governmental functions of the County, and (4) the payment of professional services relating to the design, construction, project management, and financing of the aforementioned capital improvements, including services by tax appraisal engineers, engineers, architects, attorneys, auditors, mapmakers, financial advisors, and fiscal agents.

Sources and Uses

Sources	
Par Amount of the Certificates	$10,550,000.00
Accrued Interest on the Certificates	45,423.61
Reoffering Premium	686,000.95
Total Sources of Funds	$11,281,424.56
Uses	
Project Fund Deposit	11,000,000.00
Purchaser’s Discount (including bond insurance premium)	98,793.16
Interest and Sinking Fund Deposit	45,423.61
Costs of Issuance	137,207.79
Total Uses	$11,281,424.56

Payment Record

The Issuer has never defaulted on the payment of its ad valorem tax-backed or revenue indebtedness.

Amendments

The Issuer may amend the Order without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the Issuer may, with the written consent of the holders of a majority in aggregate principal amount of the Certificates then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Order; except that, without the consent of the registered owners of all of the Certificates affected, no such amendment, addition, or rescission may (1) extend the time or times of payment of the principal of and interest on the Certificates, reduce the principal amount thereof or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, or interest on the Certificates, (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of Certificates required for consent to any such amendment, addition, or rescission.

Defeasance

The Order provides for the defeasance of the Certificates when payment of the principal of and premium, if any, on the Certificates plus interest accrued on the Certificates to their due date (whether such due date be by reason of stated maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, or other authorized escrow agent, in trust (1) money in an amount sufficient to make such payment, and/or (2) Government Securities (defined below), to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Certificates. The foregoing deposits shall be certified as to sufficiency by an independent accounting firm, the County’s Financial Advisor, the Paying Agent/Registrar, or such other qualified financial institution (as provided in the Order). The County has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the County moneys in excess of the amount required for such defeasance. The Order provides that “Government Securities” means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Certificates. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that on the date the governing body of the County adopts or approves the proceedings authorizing the financial arrangements have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (d) any additional securities and obligations hereafter authorized by State law as eligible for use to accomplish the discharge of obligations such as the Certificates. There is no assurance that the ratings for U.S. Treasury securities acquired to defease any Certificates, or those for any other Government Securities, will be maintained at any particular rating category. Further, there is no assurance that current State law will not be amended in a manner that expands or contracts the list of permissible defeasance securities (such list consisting of these securities identified in clauses (a) through (c) above), or any rating requirement thereon, that may be purchased with defeasance proceeds relating to the Certificates ("Defeasance Proceeds"), though the County has reserved the right to utilize any additional securities for such purpose in the event the aforementioned list is expanded. Because the Order does not contractually limit such permissible defeasance securities and expressly recognizes the ability of the County to use lawfully available Defeasance Proceeds to defease all or any portion of the Certificates, registered owners of Certificates are deemed to have consented to the use of Defeasance Proceeds to purchase such other defeasance securities, notwithstanding the fact that such defeasance securities may not be of the same investment quality as those currently identified under State law as permissible defeasance securities.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Certificates have been made as described above, all rights of the County to initiate proceedings to call the Certificates for redemption or take any other action amending the terms of the Certificates are extinguished; provided, however, the County has the option, to be exercised at the time of the defeasance of the Certificates, to call for redemption at an earlier date those Certificates which have been defeased to their maturity date, if the County (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption, (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Default and Remedies

If the County defaults in the payment of principal, premium, if any, or interest on the Certificates, or interest, or redemption price on the Certificates when due, or if it fails to make payments into any fund or funds created in the Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Order, the registered owners may seek a writ of mandamus to compel County officials to carry out their legally imposed duties with respect to the Certificates, if there is no other available remedy at law to compel performance of the Certificates or the Order and the County's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Order does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the County to perform in accordance with the terms of the Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language.

Furthermore, Tooke, and subsequent jurisprudence, held that a municipality is not immune from suit for torts committed in the performance of its proprietary functions, as it is for torts committed in the performance of its governmental functions (the "Proprietary-Governmental Dichotomy"). Governmental functions are those that are enjoined on a municipality by law and are given by the State as a part of the State's sovereignty, to be exercised by the municipality in the interest of the general public, while proprietary functions are those that a municipality may, in its discretion, perform in the interest of the inhabitants of municipality.

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("Wasson") the Texas Supreme Court (the "Court") addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that "a city's proprietary functions are not done pursuant to the 'will of the people'" and protecting such municipalities "via the [S]tate's immunity is not an efficient way to ensure efficient allocation of [S]tate resources". While the Court recognized that the distinction between government and proprietary functions is not clear, the Wasson opinion held that Proprietary-Governmental Dichotomy applies in contract-claims context. The Court reviewed Wasson again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance and definitions found in the Texas Civil Practice and Remedies Code.

Notwithstanding the foregoing case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality.

If a judgment against the County could be obtained, it could not be enforced by direct levy and execution against the County's property. Further, the registered owners cannot themselves foreclose on property within the County or sell property within the County to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. As noted above, the Order provides that Certificate holders may exercise the remedy of mandamus to enforce the obligations of the County under the Order. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether Tooke will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract). Furthermore, the County is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the County avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Order and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity that permit the exercise of judicial discretion.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Order, the Issuer retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Issuer, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the Issuer, shall be a national or state banking association or corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, shall be subject to supervision or examination by federal or state authority, and registered as a transfer agent with the United States Securities and Exchange Commission. Upon a change in the Paying Agent/Registrar for the Certificates, the Issuer agrees to promptly cause written notice thereof to be sent to each registered owner of the Certificates affected by the change by United States mail, first-class, postage prepaid.

The Certificates will be issued in fully registered form in multiples of $5,000 for any one stated maturity, and principal and semiannual interest will be paid by the Paying Agent/Registrar. Interest will be paid by check or draft mailed on each interest payment date by the Paying Agent/Registrar to the registered owner at the last known address as it appears on the Paying Agent/Registrar's books or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. Principal will be paid to the registered owner at stated maturity or prior redemption upon presentation to the Paying Agent/Registrar; provided however, that so long as DTC's Book-Entry-Only System is used, all payments will be made as described under "BOOK-ENTRY-ONLY SYSTEM" herein. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the Paying Agent/ Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

Record Date

The record date ("Record Date") for determining the party to whom interest is payable on a Certificate on any interest payment date means the fifteenth (15^{th}) day of the month next preceding each interest payment date. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment will be established by the Paying Agent/Registrar. (See "REGISTRATION, TRANSFER, AND EXCHANGE – Special Record Date for Interest Payment" herein.)

Special Record Date for Interest Payment

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

Future Registration

In the event the Certificates are not in the Book-Entry-Only System, the Certificates may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Certificate may be assigned by the execution of an assignment form on the Certificate or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Certificate or Certificates will be delivered by the Paying Agent/Registrar in lieu of the Certificates being transferred or exchanged at the corporate trust office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered owner's request, risk and expense. New Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Certificates to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in denominations of $5,000 for any one stated maturity or any integral multiple thereof and for a like aggregate principal amount and rate of interest as the Certificate or Certificates surrendered for exchange or transfer. (See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized in regard to ownership and transferability of the Certificates.)

Limitation on Transfer of Certificates

Neither the Issuer nor the Paying Agent/Registrar shall be required to make any such transfer, conversion or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Certificate or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date; provided, however, that such limitation shall not apply to uncalled portions of a Certificate redeemed in part.

Replacement Certificates

The Issuer has agreed to replace mutilated, destroyed, lost, or stolen Certificates upon surrender of the mutilated Certificates to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss, or theft, and receipt by the Issuer and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The Issuer may require payment of taxes, governmental charges, and other expenses in connection with any such replacement. The person requesting the authentication of and delivery of a replacement Certificate must comply with such other reasonable regulations as the Paying Agent/Registrar may prescribe and pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to Issuer or Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to the holder of such Certificates and will be subject to transfer, exchange and registration provisions as set forth in the Order and summarized under "REGISTRATION, TRANSFER AND EXCHANGE" hereinabove.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County, the Financial Advisor, and the Purchaser believe to be reliable, but none of the County, the Financial Advisor, or the Purchaser take responsibility for the accuracy thereof.

So long as Cede & Co. is the registered owner of the Certificates, the Issuer will have no obligation or responsibility to the DTC. Participants or Indirect Participants, or the persons for which they act as nominees, with respect to payment to or providing of notice to such Participants, or the persons for which they act as nominees.

Use of Certain Terms in Other Sections of this Official Statement

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

Effect of Termination of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the County, printed certificates representing the Certificates will be issued to the holders and the Certificates will be subject to transfer, exchange and registration provisions as set forth in the Order and summarized under "REGISTRATION, TRANSFER AND EXCHANGE – Future Registration."

CERTIFICATE INSURANCE

Certificate Insurance Policy

Concurrently with the issuance of the Certificates, Build America Mutual Assurance Company ("BAM" or the "Certificate Insurer") will issue its Municipal Bond Insurance Policy for the Certificates (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Certificates when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal certificates, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 28 Liberty Street, 59th Floor, New York, New York 10005, its telephone number is: 212-235-2500, and its website is located at: www.bambonds.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at https://www.spglobal.com/en/. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Certificates, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Certificates. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Certificates on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Certificates, nor does it guarantee that the rating on the Certificates will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2026 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $505.6 million, $295.6 million and $210.0 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.bambonds.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "CERTIFICATE INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at https://bambonds.com/insights/#video. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of certificates that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those certificates. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes certificates insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at https://bambonds.com/credit-profiles. BAM will produce a Credit Profile for all certificates insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such certificates. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Certificates, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Certificates. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Certificates, whether at the initial offering or otherwise

CERTIFICATE INSURANCE GENERAL RISKS

The following are risk factors relating to certificate insurance.

In the event of default on the payment of principal or interest with respect to the Certificates when all or some becomes due, any owner of the Certificates shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Certificates by the County which is recovered by the County from the Bond owner as a voidable preference under applicable bankruptcy law may be covered by the Policy, however, such payments will be made by the Certificate Insurer at such time and in such amounts as would have been due absent such prepayment by the County unless the Certificate Insurer chooses to pay such amounts at an earlier date.

Payment of principal and interest is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist. See "THE CERTIFICATES – Default and Remedies". The Certificate Insurer may direct and must consent to any remedies that the Paying Agent/Registrar exercises and the Certificate Insurer's consent may be required in connection with amendments to any applicable Certificate documents.

In the event the Certificate Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Certificates are payable solely from moneys pledged pursuant to the Order. In the event the Certificate Insurer becomes obligated to make payments with respect to the Certificates, no assurance is given that such event will not adversely affect the market price of the Certificates or the marketability (liquidity) for the Certificates.

If a Policy is acquired, the long-term ratings on the Certificates are dependent in part on the financial strength of the Certificate Insurer and its claim paying ability. The Certificate Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Certificate Insurer and of the ratings on the Certificates insured by the Certificate Insurer will not be subject to downgrade and such event could adversely affect the market price of the Certificates or the marketability (liquidity) for the Certificates. See "OTHER PERTINENT INFORMATION - Ratings" herein.

The obligations of the Certificate Insurer are general obligations of the Certificate Insurer and in an event of default by the Certificate Insurer, the remedies available to the Paying Agent/Registrar may be limited by applicable bankruptcy law or other similar laws related to insolvency of insurance companies.

None of the County, the Financial Advisor, or the Purchaser have made independent investigation into the claims-paying ability of any potential Certificate Insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential Certificate Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the County to pay principal and interest on the Certificates and the claims-paying ability of the Certificate Insurer, particularly over the life of the Certificates.

Claims-Paying Ability and Financial Strength of Municipal Bond Insurers

Moody's Investor Services, Inc., S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC business, and Fitch Ratings, Inc. have downgraded and/or placed on negative watch the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible.

In addition, past events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of such bond insurers, including any bond insurer of the Certificates. Thus, when making an investment decision, potential investors should carefully consider the ability of any such bond insurer to pay principal and interest on the Certificates and the claims-paying ability of the Bond Insurer, particularly over the life of the Certificates.

INVESTMENT POLICIES

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

Legal Investments

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

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

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

No representation is made that the Certificates will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The County has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities, or which might otherwise limit the suitability of the Certificates for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Certificates for such purposes.

Additionally, with respect to the Certificates, Section 271.051 of the Texas Local Government Code, as amended, expressly provides that certificates of obligation approved by the Attorney General of Texas are legal authorized investments for banks, savings banks, trust companies, and savings and loan associations, insurance companies, fiduciaries, trustees, and guardians, and sinking funds of municipalities, counties, school districts, or other political corporations or subdivisions of the State.

Current Investments (1) **TABLE 1**

As of June 23, 2026, the County held investments as follows (unaudited):

Type of Security	Market Value	Percentage of Total
CD's	$ 4,120,000.00	15.30%
Investment Pools	22,800,487.00	84.70%
Total Investments	$26,920,487.00	100.00%

As of such date, the market value of such investments (as determined by the Issuer by reference to published quotations, dealer bids, and comparable information) was approximately 100% of their book value. No funds of the Issuer are invested in derivative securities, *i.e.*, securities whose rate of return is determined by reference to some other instrument, index, or commodity.

____
(1) Unaudited.

AD VALOREM PROPERTY TAXATION

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

Valuation of Taxable Property

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

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property. Unless extended by the Legislature, through December 31, 2026 an appraisal district is prohibited from increasing the appraised value of real property during the 2026 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than $5.32 million dollars (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. The maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

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

State Mandated Homestead Exemptions

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

Local Option Homestead Exemptions

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit. Cities, counties and school districts are prohibited from repealing or reducing an optional homestead exemption that was granted in tax year 2022 through December 31, 2027.

Local Option Freeze for the Elderly and Disabled

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

Personal Property

Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property. Pursuant to voter approval at a Statewide election held on November 4, 2025, legislation passed by the Legislature and signed by the Governor during the 89th Regular Session will provide a person to an exemption from taxation by a taxing unit of $125,000 of the appraised value of the tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit. A person who leases tangible personal property is also entitled to a tax exemption of $125,000, regardless of where the property is located in the taxing unit.

Freeport and Goods-In-Transit Exemptions

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

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

Other Exempt Property

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

Temporary Exemption for Qualified Property Damaged by a Disaster

The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent physically damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Property Tax Code. Section 11.35 of the Tax Code was enacted during the 2019 legislative session, and there is no historical judicial precedent for how the statute will be applied. Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing 19 units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

Tax Abatement Agreements

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

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

County and Taxpayer Remedies

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

Owners of certain property (being (i) commercial real and personal property, (ii) real and personal property of utilities, (iii) industrial and manufacturing real and personal property, and (iv) multifamily residential real property) with a taxable value in excess of the current year “minimum eligibility amount”, as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $62,883,169 for the 2026 tax year and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

Levy and Collection of Taxes

The County is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent

(20%) if imposed by the County. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the County may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

County's Rights in the Event of Tax Delinquencies

Taxes levied by the County are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the County, having power to tax the property. The County's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the County is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.
At any time after taxes on property become delinquent, the County may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the County must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.
Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

Public Hearing and Maintenance and Operations Tax Rate Limitations

The following terms as used in this section have the meanings provided below:

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

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

"foregone revenue amount" means the greater of zero or the amount expressed in dollars calculated according to the formula: the voter-approval tax rate in the applicable preceding tax year less the unused increment rate for that preceding tax year, less the actual tax rate then multiplied by the tax units current total value in the applicable preceding tax year.

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

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

"unused increment rate" means the cumulative difference between a county's voter-approval tax rate and its actual tax rate for each on the three tax years prior to the current tax year divided by the current tax year divided by the current total.

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

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

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

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

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

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

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

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

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

Debt Tax Rate Limitations

Article VIII, Section 9 of the Texas Constitution imposes a limit of $0.80 per $100 assessed valuation for all purposes of a county's General Fund, Permanent Improvement Fund, Road and Bridge Fund and Jury Fund, including debt service on bonds or other debt issued against such funds. Administratively, the Attorney General of Texas will not approve limited tax obligations in an amount which produces debt service requirements exceeding that which can be paid from $0.40 of the foregoing $0.80 maximum tax rate, as calculated at the time of issuance.

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

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

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

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

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

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

The Property Tax Code as Applied to the County

The County's taxes are collected by the Medina County Tax Assessor-Collector.

The County grants a $15,000 exemption for over-65 and then freezes the amount.

The County does not tax non-business personal property.

The County does not permit split payments of taxes or discounts.

The County does not grant the freeport exemption under Article VIII, Section 1-j.

The County does tax "goods in transit".

The County has entered into a tax abatement agreement with several entities.

The County participates in the following tax increment reinvestment zones:

REINVESTMENT ZONE NUMBER TWO (2), CITY OF DEVINE, TEXAS, relates to approximately 260 acres of property within the City of Devine, Texas and has a base value for purposes of determining the County's increment of $8,552,660. The County has agreed to contribute to this zone 70% of ad valorem tax collections on taxable assessed value in excess of this base until the earlier occurs on December 31, 2038 or the County's total contribution to the zone from its tax collections on the incremental value total $1,705,424.

REINVESTMENT ZONE NUMBER TWO, MEDINA COUNTY, TEXAS, relates to approximately 404 acres of undeveloped property for the Potranco Ranch Residential subdivision in the northeast portion of the County and has a base value for purposes of determining the County's increment of $2,257,420. The County has agreed to contribute to this zone 70% of ad valorem tax collections on taxable assessed value in excess of this base until the earlier to occur of December 31, 2038, and the County's total contribution to the zone from its tax collections on the incremental value total $12,295,461.

REINVESTMENT ZONE NUMBER ONE, City of Castroville, Texas for the Alsatian Oaks Residential and Commercial development. The County agreed to contribute 70% of the M&O taxes on the taxable assessed value in excess of the base value of $4,258,660 until the earlier to occur on December 31, 2051 or to the County's total contribution to the zone from its tax collections or tax incremental value total of $12,500,000.

Chapter 381 Agreements

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

Hunter's Ranch
Base: 2021-$50,839,899.00
70% on M&O only, no payment from debt service
Termination: $1,235,000.00 or 10 years from effective date

Medina Revitalization Initiative, LLC
Base: 2021-$92,210.00
70% on M&O only, no payment from debt service
Effective: May 6, 2021
Termination: $650,000 (in tax value realized)

Ryan, LLC
Project: Microsoft Datacenter
Incentive: 80% reduction on property taxes other than debt service for 10 years
Condition: Minimum Investment Value of $400,000,000 by January 1, 2025; minimum jobs creation threshold
Termination: December 31, 2036

San Antonio Viera, LLC
Project: County Road
Incentive: Annual grants from 70% of the County's taxes, other than interest and sinking fund, on incremental value increase in development.
Condition: Road to be completed by December 1, 2029
Termination: First to occur of December 2, 2039, and County's delivery of total grants in the amount of $4,615,946.

Chapter 312 Agreements

The County is authorized under Chapter 312, as amended, Texas Tax Code ("Chapter 312") to establish programs to attract new industries and to encourage the retention and development of existing businesses through property tax exemptions or reductions, under which programs the County can offer tax abatement that exempts increases in the value of a property from taxation for up to 10 years. The County has entered into the following agreements under Chapter 312.

Rowan Land Resources LLC
Project: Hyperscale Datacenter
Incentive: On a phased basis, 10 Year abatement on incremental property value increases equal to 80% of the County's taxes levied for maintenance and operations (but excluding interest and sinking fund and road and bridge fund taxes from abatement).
Condition: First phase to produce at least $900,000,000 in incremental value; each subsequent phase to produce at least $300,000,000 in incremental value; minimum jobs creations; repair County roads upon phase completion; and adherence to specified construction standards.
Termination: Applicable abatement expires 10 years after the completion of each phase.

CyprusOne LP
Project: Datacenters
Incentive: On a phased basis,10 Year abatement on incremental property value increases equal to 80% of the County's taxes levied for maintenance and operations (but excluding interest and sinking fund and road and bridge fund taxes from abatement).
Condition: First phase to produce at least $600,000,000 in incremental value; each subsequent phase to produce at least $300,000,000 in incremental value; minimum jobs creations; repair County roads upon phase completion (for $5 million; and adherence to specified construction standards.
Termination: Applicable abatement expires 10 years after the completion of each phase.

TAX MATTERS

Opinion

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

In rendering its opinion, Bond Counsel will rely upon (a) the County's federal tax certificate, and (b) covenants of the County with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Certificates and certain other matters.

Failure by the County to observe the aforementioned representations or covenants, could cause the interest on the Certificates to become taxable retroactively to the date of issuance.

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

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

A ruling was not sought from the Internal Revenue Service by the County with respect to the Certificates or the property financed with the proceeds of the Certificates. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Certificates, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal

Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the County as the taxpayer and the Certificateholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

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

Under Existing Law, any owner who has purchased such Original Issue Discount Certificate in the initial public offering is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Certificate equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see the discussion set forth below. In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Certificate prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Certificate was held by such initial owner) is includable in gross income.

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

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

Collateral Federal Income Tax Consequences

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

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

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

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

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

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

State, Local and Foreign Taxes

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

Information Reporting and Backup Withholding

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

Future and Proposed Legislation

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

Under Texas law, including, but not limited to, Chapter 103, as amended, Texas Local Government Code, the Issuer must keep its fiscal records in accordance with generally accepted accounting principles, must have its financial accounts and records audited by a certified public accountant and must file each audit report within 180 days after the close of the Issuer's fiscal year. The Issuer's fiscal records and audit reports are available for public inspection during the regular business hours, and the Issuer is required to provide a copy of the Issuer's audit reports to any bondholder or other member of the public within a reasonable time on request upon payment of charges prescribed by the Texas General Services Commission.

The County will file certain updated financial information and operating data with the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the County of the general type included in this Official Statement in Table 1 hereof, Tables 1 through 10 of Appendix A to this Official Statement, and in Appendix D. The Issuer will update and provide this information within six months after the end of each fiscal year of the County beginning in the year 2026. The County will provide the updated information to the MSRB in an electronic format, which will be available through EMMA to the general public without charge.

The Issuer may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements for the Issuer, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not available by that time, the Issuer will provide by the required time unaudited financial statements for the applicable fiscal year to the MSRB with the financial information and operating data and will file the annual audit report when and if the same becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Issuer's annual financial statements or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation.

The Issuer's current fiscal year end is September 30. Accordingly, it must provide updated information by the end of March in each year following end of its fiscal year, unless the Issuer changes its fiscal year. If the Issuer changes its fiscal year, it will notify the MSRB through EMMA of the change.

Notice of Certain Events

The County will also provide timely notices of certain events to the MSRB. The County will provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates, as the case may be; (7) modifications to rights of holders of the Certificates, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances;(10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the County, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material (15) incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such Financial Obligation of the County, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such Financial Obligation of the County, any of which reflect financial difficulties. In the Order, the County adopted policies and procedures to ensure timely compliance of its continuing disclosure undertakings. In addition, the County will provide timely notice of any failure by the County to provide annual financial information in accordance with their agreement described above under "Annual Reports." Neither the Certificates nor the Order make provision for liquidity enhancement or debt service reserves.

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

Availability of Information

All information and documentation filing required to be made by the County in accordance with its undertaking made for the Certificates will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB.

Limitations and Amendments

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

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

Compliance with Prior Agreements

During the past five years, the County has complied in all material respects with its previous continuing disclosure agreements made in accordance with the Rule.

LEGAL MATTERS

Legal Opinions and No-Litigation Certificate

The Issuer will furnish the Purchaser with a complete transcript of proceedings incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Initial Certificate is a valid and legally binding obligation of the Issuer, and based upon examination of such transcript of proceedings, the approval of certain legal matters by Bond Counsel, to the effect that the Certificates, issued in compliance with the provisions of the Order, are valid and legally binding obligations of the Issuer and, subject to the qualifications set forth herein under "TAX MATTERS", the interest on the Certificates is exempt from federal income taxation under existing statutes, published rulings, regulations, and court decisions. Though it represents the Financial Advisor from time to time in matters unrelated to the issuance of the Certificates, Bond Counsel was engaged by, and only represents, the County in connection with the issuance of the Certificates. In its capacity as Bond Counsel, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas has reviewed (except for numerical, statistical or technical data) the information under the captions "THE CERTIFICATES" (except under the subcaptions "Use of Certificate Proceeds", "Sources and Uses" "Payment Record", and "Default and Remedies", as to which no opinion is expressed), "REGISTRATION, TRANSFER AND EXCHANGE", "TAX MATTERS", "CONTINUING DISCLOSURE OF INFORMATION" (except under the subheading "Compliance with Prior Undertakings" as to which no opinion is expressed), "LEGAL MATTERS—Legal Investments and Eligibility to Secure Public Funds in Texas", and "OTHER PERTINENT INFORMATION—Registration and Qualification of Certificates for Sale" in the Official Statement and such firm is of the opinion that the information relating to the Certificates and the Order contained under such captions is a fair and accurate summary of the information purported to be shown and that the information and descriptions contained under such captions relating to the provisions of applicable state and federal laws are correct as to matters of law. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Certificates or which would affect the provision made for their payment or security, or in any manner questioning the validity of the Certificates will also be furnished. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of Certificates are contingent on the sale and initial delivery of the Certificates. The legal opinion of Bond Counsel will accompany the Certificates deposited with DTC or will be printed on the definitive Certificates in the event of the discontinuance of the Book-Entry-Only System.

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

Litigation

In the opinion of various officials of the Issuer, there is no litigation or other proceeding pending against or, to their knowledge, threatened against the Issuer in any court, agency, or administrative body (either state or federal) wherein an adverse decision would materially adversely affect the financial condition of the Issuer.

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

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Securities Procedures Act (Chapter 1201, Texas Government Code) and Section 271.051, as amended, Texas Local Government Code, each, provide that the Certificates are negotiable instruments governed by Chapter 8, as amended, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act, Chapter 2256, as amended, Texas Government Code, the Certificates must have to be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. (See "OTHER PERTINENT INFORMATION – Rating" herein.) In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations.

The County has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Certificates for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Certificates for such purposes. The County has made no review of laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

FORWARD LOOKING STATEMENTS

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

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

OTHER PERTINENT INFORMATION

Registration and Qualification of Certificates for Sale

The sale of the Certificates has not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions provided in such Act; the Certificates have not been qualified under the Securities Act of Texas in reliance upon exemptions contained therein; nor have the Certificates been qualified under the securities acts of any other jurisdiction. The Issuer assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which they may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

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

Ratings

S&P Global Ratings ("S&P") assigned a rating of "AA" (stable outlook) to the Certificates based solely upon the policy to be issued by the Certificate Insurer on the date of initial delivery of the Certificates and an underlying rating of "AA-" to the Certificates without regard to credit enhancement. An explanation of the significance of such a rating may be obtained from S&P. The rating of the Certificates by S&P reflects only the view of S&P at the time the rating is given, and the Issuer makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Certificates.

Periodically, rating agencies will evaluate and, on occasion as a result of these evaluations revise, their rating methodologies and criteria for municipal issuers such as the County. A revision in a rating agency's rating methodology could result in a positive or negative change in a rating assigned by that agency, even if the rated entity has experienced no material change in financial condition or operation. Any of the rating agencies at any time while the Certificates remain outstanding could undertake such an evaluation process.

Authenticity of Financial Information

The financial data and other information contained herein have been obtained from the Issuer's records, audited financial statements and other sources which are believed to be reliable. All of the summaries of the statutes, documents and Orders contained in this Official Statement are made subject to all of the provisions of such statutes, documents and Orders. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

Financial Advisor

SAMCO Capital Markets, Inc. is employed as a Financial Advisor to the Issuer in connection with the issuance of the Certificates. In this capacity, the Financial Advisor has compiled certain data relating to the Certificates and has drafted this Official Statement. The Financial Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the Issuer to determine the accuracy or completeness of this Official Statement. Because of its limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The fees for the Financial Advisor are contingent upon the issuance, sale and initial delivery of the Certificates.

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

Winning Bidder

After requesting competitive bids for the Certificates, the County accepted the bid of TD Financial Products LLC (previously defined as the “Purchaser” or the “Initial Purchaser”) to purchase the Certificates at the interest rates shown on the page 2 of this Official Statement at a price of par, plus a reoffering premium of $686,000.95, less a Purchaser’s discount (which includes the certificate insurance premium) of $98,793.16, plus accrued interest on the Certificates from their Dated Date to their date of initial delivery. The County can give no assurance that any trading market will be developed for the County after their sale by the County to the Purchaser. The County has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

Certification of the Official Statement

At the time of payment for and delivery of the Initial Certificates, the Purchaser will be furnished a certificate, executed by proper officials of the County, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the County contained in this Official Statement, and any addenda, supplement or amendment thereto, for the Certificates, on the date of such Official Statement, on the date of sale of said Certificates and the acceptance of the best bid therefor, and on the date of the delivery thereof, were and are true and correct in all material respects; (b) insofar as the County and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the County, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the County believes to be reliable and the County has no reason to believe that they are untrue in any material respect, and (d) there has been no material adverse change in the financial condition of the County, since September 30, 2025, the date of the last audited financial statements of the County appearing in the Official Statement.

Information from External Sources

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

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Concluding Statement

No person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer of solicitation.

The information set forth herein has been obtained from the County's records, audited financial statements and other sources which the County considers to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and the Order contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and the Order. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

The Order authorizing the issuance of the Certificates approved the form and content of this Official Statement and any addenda, supplement or amendment thereto and authorized its further use in the re-offering of the Certificates by the Purchaser.

This Official Statement was approved by the Commissioners Court for distribution in accordance with the provisions of the SEC's rule codified at 17 C.F.R. Section 240.15c2-12, as amended.

MEDINA COUNTY, TEXAS

/s/ Keith Lutz
County Judge
Medina County, Texas

ATTEST:

/s/ Gina Champion
County Clerk
Medina County, Texas

APPENDIX A

FINANCIAL INFORMATION RELATING TO MEDINA COUNTY, TEXAS

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FINANCIAL INFORMATION OF THE ISSUER

ASSESSED VALUATION

2026 Actual Certified Market Value of Taxable Property (100% of Market Value)	$	13,764,296,191
Less Exemptions:		
Optional Over-65 or Disabled Homestead	$	86,913,203
Disabled/Deceased Veterans'		906,881,467
Pollution Control		3,933,790
Production Loss		4,233,279,677
Other Exemptions		216,919,671
Solar		585,905
10% Per Year Cap on Residential Homesteads		174,033,949
TOTAL EXEMPTIONS	$	5,622,547,662
2026 Certified Assessed Value of Taxable Property	$	8,141,748,529

Source: Medina County Appraisal District.

GENERAL OBLIGATION BONDED DEBT

(as of August 1, 2026)

General Obligation Debt Principal Outstanding

Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2019	$	18,485,000
Tax Notes, Series 2020		635,000
Tax Notes, Series 2025		3,825,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2026 (the "Certificates")		10,550,000
Total Gross General Obligation Debt	$	33,495,000
2026 Net Assessed Valuation	$	8,141,748,529
Ratio of Gross General Obligation Debt Principal to Certified Net Taxable Assessed Valuation		0.41%

Population: 2000 - 39,304; 2010 - 46,006; est. 2026 - 56,881
Per Capita Certified Net Taxable Assessed Valuation - $143,136.52
Per Capita Gross General Obligation Debt Principal - $588.86

DEBT OBLIGATIONS - CAPITAL LEASE AND NOTES PAYABLE — TABLE 1

Leases:
As of September 30, 2025, the County has two leases outstanding as lessee for the use of two radio towers. Both leases have annual interest rates of 1.722%, are payable in monthly installments, and mature between fiscal years 2051 and 2066. The related assets and accumulated amortization are reported under Right to Use - Land in the County's capital assets. The third lease is for buildings. The lease has an annual interest rate of 3.179%, is payable in monthly installments, and maturities in 2030. The related assets and accumulated amortization are reports under Right to Use - Buildings in the County's capital assets

Debt Service requirements to maturity for the leases are as follows:

Year Ending	Governmental Activities	
30-Sep	Principal	Interest
2026	$ 153,648	$ 37,645
2027	163,761	32,728
2028	175,354	27,480
2029	186,456	21,881
2030-2034	233,852	66,583
2035-2039	86,046	57,490
2040-2044	114,642	48,899
2045-2049	146,098	37,745
2050-2054	103,577	26,216
2055-2059	104,307	17,893
2060-2064	123,678	8,122
2065-2066	29,606	298
Total	$ 1,621,025	$ 382,980

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending (9/30)	Current Total Outstanding Debt	The Certificates[1] Principal	Interest	Total	Total Net Debt Service
2027	$ 3,109,306	-	$ 506,986	$ 506,986	$ 3,616,292
2028	2,470,500	$ 135,000	524,125	659,125	3,129,625
2029	2,466,950	175,000	516,375	691,375	3,158,325
2030	2,469,900	275,000	505,125	780,125	3,250,025
2031	2,469,125	390,000	488,500	878,500	3,347,625
2032	2,466,600	415,000	468,375	883,375	3,349,975
2033	1,731,525	465,000	446,375	911,375	2,642,900
2034	1,733,100	485,000	422,625	907,625	2,640,725
2035	1,728,400	510,000	397,750	907,750	2,636,150
2036	1,732,350	540,000	371,500	911,500	2,643,850
2037	1,729,875	565,000	343,875	908,875	2,638,750
2038	1,730,975	595,000	314,875	909,875	2,640,850
2039	1,730,575	625,000	284,375	909,375	2,639,950
2040	-	660,000	252,250	912,250	912,250
2041	-	690,000	218,500	908,500	908,500
2042	-	725,000	183,125	908,125	908,125
2043	-	765,000	145,875	910,875	910,875
2044	-	805,000	106,625	911,625	911,625
2045	-	845,000	65,375	910,375	910,375
2046	-	885,000	22,125	907,125	907,125
Total	$ 27,569,181	$ 10,550,000	$ 6,584,736	$ 17,134,736	$ 44,703,917

[1] *Interest calculated based on the rate shown on page 2 hereof.*

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE

(as of August 1, 2026)

	Principal Repayment Schedule			
Fiscal Year Ending 9/30	Currently Outstanding	The Certificates	Total	Percent of Principal Retired (%)
2027	$ 2,335,000	$ -	$ 2,335,000	7%
2028	1,775,000	135,000	1,910,000	13%
2029	1,850,000	175,000	2,025,000	19%
2030	1,935,000	275,000	2,210,000	25%
2031	2,020,000	390,000	2,410,000	33%
2032	2,100,000	415,000	2,515,000	40%
2033	1,425,000	465,000	1,890,000	46%
2034	1,470,000	485,000	1,955,000	52%
2035	1,510,000	510,000	2,020,000	58%
2036	1,560,000	540,000	2,100,000	64%
2037	1,605,000	565,000	2,170,000	70%
2038	1,655,000	595,000	2,250,000	77%
2039	1,705,000	625,000	2,330,000	84%
2040	-	660,000	660,000	86%
2041	-	690,000	690,000	88%
2042	-	725,000	725,000	90%
2043	-	765,000	765,000	92%
2044	-	805,000	805,000	95%
2045	-	845,000	845,000	97%
2046	-	885,000	885,000	100%
Total	$ 22,945,000	$ 10,550,000	$ 33,495,000	

INTEREST AND SINKING FUND MANAGEMENT INDEX

Interest and Sinking Fund Balance, Fiscal Year Ended September 30, 2025	$	584,294
2025 Interest and Sinking Fund Tax Levy at 99% Collections Produce [(1)]		3,526,378
Total Available for General Obligation Debt	$	4,110,672
Less: General Obligation Debt Service Requirements, Fiscal Year Ending 9/30/26		3,013,632
Estimated Surplus at Fiscal Year Ending 9/30/2026 [(1)]	$	1,097,040

[(1)] *Does not include delinquent tax collections, penalties and interest on delinquent tax collections or investment earnings.*

TAX ADEQUACY

2026 Certified Net Taxable Assessed Valuation	$	8,141,748,529
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2027)		3,616,292
Anticipated required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service requirements	$	0.04532

Includes the Certificates.

Note: Above computations are exclusive of investment earnings, delinquent tax collections and penalties and interest on delinquent tax collections.

TAXABLE ASSESSED VALUATION FOR TAX YEARS 2017-2026 **TABLE 2**

	Net Taxable	Change From Preceding Year	
Year	Assessed Valuation	Amount ($)	Percent
2017	$ 3,080,412,913	-	-
2018	3,296,657,441	216,244,528	7.02%
2019	3,476,214,251	179,556,810	5.45%
2020	3,833,063,855	356,849,604	10.27%
2021	4,372,364,978	539,301,123	14.07%
2022	5,232,813,305	860,448,327	19.68%
2023	6,240,125,807	1,007,312,502	19.25%
2024	6,994,751,873	754,626,066	12.09%
2025	7,693,299,977	698,548,104	9.99%
2026	8,141,748,529	448,448,552	5.83%

Source: Medina County Appraisal District.

TAX DATA **TABLE 3**

Taxes are due October 1 and become delinquent after January 31. Current collections are those taxes collected through September 30, applicable to the current year's tax levy. Penalties and Interest: (a) a delinquent tax incurs a penalty of six percent of the amount of the tax for the first calendar month it is delinquent plus one percent for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. However, a tax delinquent on July 1 incurs a total penalty of twelve percent of the amount of the delinquent tax without regard to the number of months the tax has been delinquent; (b) a delinquent tax accrues interest at rate of one percent for each month or portion of a month the tax remains unpaid; and an additional penalty up to a maximum of 20% of taxes, penalty and interest may be imposed to defray costs of collection for taxes delinquent after July 1. All percentage collections set forth below exclude penalties and interest.

Tax	Net Taxable	Tax	Tax	% of Collections		Year
Year	Assessed Valuation	Rate	Levy	Current	Total	Ended
2017	$ 3,080,412,913	0.4637	$ 14,283,875	97.30	99.73	9/30/2018
2018	3,296,657,441	0.4606	15,184,404	99.40	100.60	9/30/2019
2019	3,476,214,251	0.4606	16,011,443	96.77	100.27	9/30/2020
2020	3,833,063,855	0.4562	17,486,437	98.15	100.57	9/30/2021
2021	4,374,084,631	0.4312	18,861,053	97.50	99.48	9/30/2022
2022	5,232,813,305	0.3913	20,475,998	97.66	99.04	9/30/2023
2023	6,240,125,807	0.3526	22,002,684	97.12	98.52	9/30/2024
2024	6,994,751,873	0.3646	25,502,865	95.58	98.20	9/30/2025
2025	7,693,299,977	0.3604	27,726,653	92.27	93.78	9/30/2026*
2026	8,141,748,529	*[To be adopted]*				

*As of June 22, 2026.
Source: Medina County Appraisal District.

CLASSIFICATION OF ASSESSED VALUATION **TABLE 4**

	2026	% of Total	2025	% of Total	2024	% of Total
Real, Residential, Single-Family	$ 5,207,457,199	37.83%	$ 4,911,259,692	37.15%	$ 4,655,588,766	36.79%
Real, Residential, Multi-Family	105,107,553	0.76%	89,162,975	0.67%	45,011,605	0.36%
Real, Vacant Lots/Tracts	346,912,571	2.52%	352,205,301	2.66%	514,518,047	4.07%
Real, Acreage (Land Only)	4,412,653,785	32.06%	4,420,980,135	33.44%	4,475,862,500	35.37%
Real, Farm and Ranch Improvements	1,378,892,199	10.02%	1,334,922,795	10.10%	1,160,216,586	9.17%
Real, Commercial	487,344,781	3.54%	466,428,117	3.53%	423,636,806	3.35%
Real, Industrial	311,453,090	2.26%	231,915,730	1.75%	180,415,530	1.43%
Oil and Gas	9,159,420	0.07%	13,795,240	0.10%	18,224,580	0.14%
Real & Tangible, Personal Utilities	205,490,736	1.49%	186,884,330	1.41%	169,229,900	1.34%
Tangible Personal, Commercial	132,480,380	0.96%	127,043,401	0.96%	109,695,800	0.87%
Tangible Personal, Industrial	794,130,290	5.77%	748,381,460	5.66%	594,611,470	4.70%
Tangible Personal, Mobile Homes	84,693,181	0.62%	82,904,320	0.63%	78,972,100	0.62%
Tangible Other Personal, Other	-	0.00%	-	0.00%	-	0.00%
Residential Inventory	111,965,321	0.81%	81,366,070	0.62%	66,386,500	0.52%
Special Inventory	29,361,780	0.21%	28,175,200	0.21%	29,837,660	0.24%
Totally Exempt Property	147,193,905	1.07%	144,126,154	1.09%	132,273,323	1.05%
Total Appraised Value	$ 13,764,296,191	100.00%	$ 13,219,550,920	100.00%	$ 12,654,481,173	100.00%
Less:						
Optional Over-65 or Disabled HS	$ 86,913,203		$ 84,093,746		$ 77,524,122	
Disabled/Deceased Veterans'	906,881,467		750,417,199		617,899,072	
Pollution Control	3,933,790		5,070,070		5,882,250	
Productivity Loss	4,233,279,677		4,254,403,380		4,306,940,617	
Other Exemptions	216,919,671		142,431,329		131,786,382	
Solar	585,905		701,070		755,683	
10% Homestead Cap Loss	174,033,949		289,134,149		518,941,174	
Net Taxable Assessed Valuation	$ 8,141,748,529		$ 7,693,299,977		$ 6,994,751,873	

Source: Medina County Appraisal District.

PRINCIPAL TAXPAYERS 2025* **TABLE 5**

Name	Type of Business/Property	2025 Net Taxable Assessed Valuation	2025 Assessed Valuation(1)
Microsoft Corporation	Data Center	$ 319,950,000	4.16%
Microsoft Corporation	Data Center	97,587,460	1.27%
Martin Marietta Materials SW, Inc.	Aggregate Supplier	65,734,750	0.85%
Vulcan Materials Company	Aggregate Supplier	63,746,330	0.83%
Union Pacific Railroad Comp	Railroad	58,496,390	0.76%
Martin Marietta Materials Inc	Aggregate Supplier	30,130,300	0.39%
Electric Transmission Texas	Electric Utility	28,126,320	0.37%
Medina Electric COOP Inc	Electric Utility	19,090,080	0.25%
Volta Belting USA	Automotive/Industrial	17,365,290	0.23%
North Park Chevrolet Castroville	Auto Dealer	15,498,910	0.20%
		$715,725,830	9.30%

(1) As shown in the table above, the total combined top ten taxpayers in the County currently account for over 9% of the County's tax base, thereby creating a concentration risk for the County. Any adverse development related to the taxpayers and their ability to continue to conduct business at their respective locations within the County's boundaries may result in significantly less local tax revenue, thereby severely affecting the County's finances and its ability to repay its outstanding indebtedness. Accordingly, the County makes no representation regarding the continued valuation of any of the property listed in the above table or the generation of future tax revenues therefrom.

** The 2026 Principal Taxpayers were not available at the time of posting this Official Statement.*

TAX RATE DISTRIBUTION **TABLE 6**

	2025	2024	2023	2022	2021
General Fund	$ 0.3141	$ 0.3183	$ 0.3070	$ 0.3361	$ 0.3688
I&S Fund	0.0463	0.0463	0.0456	0.0552	0.0624
Total Tax Rate	$ 0.3604	$ 0.3646	$ 0.3526	$ 0.3913	$ 0.4312
Road & Bridge*	$ 0.0830	$ 0.0865	$ 0.0830	$ 0.9110	$ 0.0911

Source: Medina County Appraisal District.

*Pursuant to Section 256.052, as amended, Texas Transportation Code, and an election held within Medina County Precinct 2 (a defined district within the County) on November 3, 2015, a special road tax of not to exceed $0.05 per $100 assessed valuation is levied upon all taxable property within Medina County Precinct 2 in addition to the County Road and Bridge Tax. The Medina County Precinct 2 special road tax may not be used for debt service.

MUNICIPAL SALES TAX COLLECTIONS **TABLE 7**

The County has adopted the provisions of Chapter 321, as amended, Texas Tax Code. In addition, some issuers are subject to a property tax relief and/or an economic and industrial development tax. The County's approved a 1/2 cent sales tax for property relief to be effective 01/1/88. Net collections on calendar year basis are as follows:

Calendar Year	Total Collected	% of Ad Valorem Tax Levy (1)	Equivalent of Ad Valorem Tax Rate
2016	$ 1,824,555	14.33%	$ 0.066
2017	1,925,940	13.48%	0.063
2018	2,282,286	15.03%	0.069
2019	2,652,485	16.57%	0.076
2020	2,515,260	14.38%	0.066
2021	2,865,415	15.19%	0.066
2022	3,279,347	16.02%	0.063
2023	3,600,048	16.36%	0.058
2024	3,686,025	14.45%	0.053
2025	4,274,967	15.42%	0.056
2026	2,970,449	*(As of August, 2026)*	

Source: State Comptroller's Office of the State of Texas.

(1) *Calculated to reflect only the sales tax revenues collected by the County from its 1/2% sales tax.*

Source: State Comptroller's Office of the State of Texas.

OVERLAPPING DEBT INFORMATION

(As of August 1, 2026)

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the County and the estimated percentages and amounts of such indebtedness attributable to property within the County. Expenditures of the various taxing bodies overlapping the territory of the Issuer are paid out of ad valorem taxes levied by these taxing bodies on properties overlapping the Issuer. These political taxing bodies are independent of the Issuer and may incur borrowings to finance their expenditures. The following statements of direct and estimated overlapping ad valorem tax bonds was developed from information contained in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the Issuer, the Issuer has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have authorized or issued additional bonds since the date stated below, and such entities may have programs requiring the authorization and/or issuance of substantial amounts of additional bonds, the amount of which cannot be determined.

Taxing Body	Gross Debt (As of 8/1/26)	% Overlapping	Amount Overlapping
Castroville, City of	$ 21,415,000	100.00%	$ 21,415,000
D'Hanis ISD	3,004,000	100.00%	3,004,000
Devine ISD	17,205,000	89.50%	15,398,475
Devine, City of	9,150,000	100.00%	9,150,000
Hondo ISD	24,493,000	97.35%	23,843,936
Hondo, City of	20,135,000	100.00%	20,135,000
Lytle ISD	39,095,000	23.26%	9,093,497
Lytle, City of	13,730,000	23.67%	3,249,891
Medina Valley ISD	662,267,885	48.48%	321,067,471
Natalia ISD	31,366,000	100.00%	31,366,000
Natalia, City of	1,695,000	100.00%	1,695,000
Northside ISD	2,521,435,000	0.33%	8,320,736
Redbird Ranch WC&ID #2	39,595,000	41.51%	16,435,885
San Antonio, City of	2,615,860,000	**	-
Utopia ISD	-	1.52%	-
Total Gross Overlapping Debt			$ 484,174,889
Medina County *			$ 33,495,000
Total Gross Direct and Overlapping Debt			$ 517,669,889
Ratio of Gross Direct Debt and Overlapping Debt			6.36%
Per Capita Gross Direct Debt and Overlapping Debt			$9,100.93

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas

** Includes the Certificates.*

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ISSUERS

Governmental Subdivision	2025 Assessed Valuation	% of Actual	2025 Tax Rate
Castroville, City of	$456,519,089	100%	$ 0.523000
D'Hanis ISD	269,625,406	100%	0.920000
Devine ISD	666,735,070	100%	0.889000
Devine, City of	338,729,196	100%	0.590000
Hondo ISD	1,109,575,892	100%	0.927000
Hondo, City of	527,676,088	100%	0.480000
Lytle ISD	594,777,052	100%	1.290000
Lytle, City of	312,359,866	100%	0.439000
Medina Valley ISD	6,086,835,008	100%	1.153000
Natalia ISD	447,021,339	100%	1.155000
Natalia, City of	115,136,754	100%	0.445000
Northside ISD	72,277,310,981	100%	1.005000
Redbird Ranch WC&ID #2	268,206,406	100%	1.000000
San Antonio, City of	158,694,312,714	100%	0.542000
Utopia ISD	358,176,425	100%	0.667000

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS OF DIRECT AND OVERLAPPING GOVERNMENTAL SUBDIVISIONS

Issuer	Date of Authorization	Amount Authorized	Amount Issued to Date	Amount Unissued
Castroville, City of	None			
D'Hanis ISD	None			
Devine ISD	None			
Devine, City of	None			
Hondo ISD	5/2/2026	$ 30,000,000	$ -	$ 30,000,000
Hondo, City of	None			
Lytle ISD	None			
Lytle, City of	None			
Medina Valley ISD	5/4/2024	$ 290,000,000	$ 143,200,000	$ 146,800,000
Natalia ISD	None			
Natalia, City of	None			
Northside ISD	5/7/2022	$ 992,000,000	$ 550,000,000	$ 442,000,000
Redbird Ranch WC&ID #2	11/3/2020	$ 449,606,000	$ 40,620,000	$ 408,986,000
San Antonio, City of	5/7/2022	$ 1,200,000,000	$ 702,885,000	$ 497,115,000
Utopia ISD	None			
Medina County	None			

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas.

GENERAL FUND COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES **TABLE 8**

The following statements set forth in condensed form reflect the historical operations of the Issuer. Such summary has been prepared for inclusion herein based upon information obtained from the Issuer's audited financial statements and records. Reference is made to such statements for further and complete information.

	Fiscal Year Ended				
	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021
Fund Balance - Beginning of Year	$ 15,020,895	$ 15,600,743	$ 17,397,758	$ 15,756,820	$ 11,263,397 *
Revenues	30,840,865	27,483,939	25,241,439	24,082,773	23,740,756
Expenditures	26,244,725	25,677,316	24,995,880	20,876,877	19,139,358
Excess (Deficit) of Revenues Over Expenditures	$ 4,596,140	$ 1,806,623	$ 245,559	$ 3,205,896	$ 4,601,398
Other Financing Sources (Uses):					
Proceeds from debt issuance	$ -	$ -	$ -	$ -	$ -
Proceeds from capital lease	-	-	-	-	171,494
Sale of capital assets	267,104	6,086	-	38,925	301,277
Insurance recoveries	-	-	-	-	803,241
Operating Transfers In	121,552	100,429	85,858	-	1,015
Operating Transfers Out	(3,978,129)	(2,492,986)	(2,128,432)	(1,603,883)	(1,385,002)
Total Other Financing Sources (Uses):	$ (3,589,473)	$ (2,386,471)	$ (2,042,574)	$ (1,564,958)	$ (107,975)
Fund Balance - End of Year	$ 16,027,562	$ 15,020,895	$ 15,600,743	$ 17,397,758	$ 15,756,820

**Reflects rounding.*
Source: The Issuer's Annual Financial Report.
The County anticipates as of September 30, 2026 the General Fund balance will be approximately $18,197,000.

EMPLOYEES PENSION PLAN AND OTHER POST-EMPLOYMENT BENEFITS **TABLE 9**

Information regarding the County's Defined Benefit Pension Plan can be found in the County's Annual Financial Report beginning on page 33 of the Audit for the fiscal year ending September 30, 2025.

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APPENDIX B

GENERAL INFORMATION REGARDING MEDINA COUNTY, TEXAS

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General Information Regarding Medina County

Medina County, Texas (the "County") was formed on February 12, 1848, using land taken from Bexar County. The County was named after the river that flows through it, the Medina River, and has a total area of 1,334 square miles. The County is a rural county, but is a part of the San Antonio-New Braunfels Metropolitan Statistical Area. The San Antonio-New Braunfels Metro area is an eight-county metropolitan area that includes South Texas and Central Texas. In 2000 the U.S. Census metropolitan's population was 2,558,143; for 2025 that estimate grew up to 2,703,999.

The County is home to the Medina Dam, the fourth largest at is completion in 1913, which created Medina Lake. Medina Lake is a large reservoir for boating and fishing. It's a 6,060-acre reservoir on the Medina River. Castroville Regional park has 126 riverside acres with hiking trails and a swimming pool. The Hill Country State Natural Area is home to a large park with rugged terrain offering 40 miles of multiuse trails, campgrounds and primitive sites.

Historic sites include the Alsatian Steinbach House Park, St. Louis Catholic Church and the Landmark Inn State Historic Site. The surrounding cities also offer a wide variety of antique shops.

Labor Force Statistics [(1)]

	2026 (2)	2025 (3)	2024 (3)	2023 (3)	2022 (3)
Civilian Labor Force	24,275	24,222	23,941	23,395	22,753
Total Employed	23,115	23,211	22,964	22,491	21,872
Total Unemployed	1,160	1,011	977	904	881
% Unemployment	4.8	4.2	4.1	3.9	3.9
Texas Unemployment	4.4	4.2	4.1	4.0	3.9

____

(1) Source: Texas Workforce Commission.
(2) As July 2026.
(3) Average Annual Statistics.

CITY OF HONDO, TEXAS

The City of Hondo, Texas (the "City") is the county seat of Medina County, Texas. The City was first settled in 1881 and incorporated in 1942. The City is located 40 miles west of San Antonio, Texas on Highway 90. The City sits on 9.6 square miles of land The City's 2020 population was 8,289 and in 2026 an estimated 9,130.

The City provides a full range of services, including police and fire protection, recreational facilities, airport operations, water, electric, sanitation and sewer services

Hondo is known for hosting seasonal festivals and fairs. The Cowboy Country Roundup in the spring, the Hondo Army Airfield Fly in May, in October Wild Game Festival, and in December the Hometown Holiday event.

Attractions in Hondo include: Medina County Museum, South Texas Maize, hunting and fishing.

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APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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September 16, 2026

MEDINA COUNTY, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2026
DATED AS OF AUGUST 15, 2026
IN THE AGGREGATE PRINCIPAL AMOUNT OF $10,550,000

AS BOND COUNSEL FOR MEDINA COUNTY, TEXAS (the *County*) in connection with the issuance of the certificates of obligation described above (the *Certificates*), we have examined into the legality and validity of the Certificates, which bear interest from the dates specified in the text of the Certificates until maturity or prior redemption at the rates and payable on the dates as stated in the text of the Certificates, and which are subject to redemption, all in accordance with the terms and conditions stated in the text of the Certificates.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and general laws of the State of Texas and a transcript of certified proceedings of the County, and other pertinent instruments authorizing and relating to the issuance of the Certificates including (i) the order authorizing the issuance of the Certificates (the *Order*), (ii) one of the executed Certificates (*Certificate No. T-1*), and (iii) the County's Federal Tax Certificate of even date herewith.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been authorized, issued and delivered in accordance with law; that the Certificates constitute valid and legally binding general obligations of the County in accordance with their terms except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion; that the County has the legal authority to issue the Certificates and to repay the Certificates; that ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Certificates, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the County, and have been pledged for such payment, within the limits prescribed by law; and that "Pledged Revenues," (as such term is defined and described in the Order) received by the County from the ownership and operation of the County's library system have been pledged to further secure the payment of the Certificates in the manner set forth in the Order.

600 Congress Avenue
Suite 2150
Austin, Texas 78701
T 512.478.3805
F 512.472.0871

717 North Harwood
Suite 900
Dallas, Texas 75201
T 214.754.9200
F 214.754.9250

8 Greenway Plaza
Suite 1025
Houston, Texas 77046
T 713.980.0500
F 713.980.0510

112 East Pecan Street
Suite 1310
San Antonio, Texas 78205
T 210.225.2800
F 210.225.2984

www.mphlegal.com

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

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

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

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

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

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

Respectfully,

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APPENDIX D

FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

MEDINA COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
SEPTEMBER 30, 2025

MEDINA COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

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SEPTEMBER 30, 2025

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COMPLIANCE SECTION

FINANCIAL SECTION

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PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254.772.4901 | pbhcpa.com

INDEPENDENT AUDITOR'S REPORT

Honorable County Judge and
Commissioners' Court
Hondo, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Medina County, Texas, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise Medina 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, each major fund, and the aggregate remaining fund information of Medina County, Texas 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 Medina County, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Medina County, Texas' 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Medina County, Texas' 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2026, on our consideration of Medina 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Medina County, Texas' 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 Medina County, Texas' internal control over financial reporting and compliance.

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

Waco, Texas
April 6, 2026

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management's Discussion and Analysis

As management of Medina County, we offer readers of Medina County's financial statements this narrative overview and analysis of the financial activities of Medina County for the fiscal year ended September 30, 2025.

Financial Highlights

- The assets and deferred outflows of Medina County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $79,897,400.
- The County's total net position increased by $9,937,346.
- Unrestricted net position of $16,555,343 is available to meet the County's ongoing obligations to citizens and creditors.
- Restricted net position of $8,157,225 are funds set aside for specific purposes.
- As of the close of the fiscal year ending September 30, 2025, Medina County's governmental funds reported combined ending fund balances of $28,057,167, an increase of $8,586,059 from the prior year.
- Unassigned fund balance for the General Fund was $15,597,595.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements provide readers with a broad overview of Medina County's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to the direction of the financial position of Medina County.

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

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 the state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into 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 available resources, as well as on balances of available 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Medina County maintains 39 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and the Hill Country PDO Fund which are considered to be major funds. Data from the other 37 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary funds. Medina County maintains proprietary funds in the form of Internal Service Funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Medina County uses an Internal Service Fund to account for its Employee Health Insurance funds and Claims Escrow. Because both of these services benefit governmental activities, they have been included within governmental activities in the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties which are not a component of the County. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support Medina County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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 combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.

Financial Analysis of Government-wide Statements

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Medina County, assets exceeded liabilities by $79,897,400 at the close of the most recent fiscal year.

MEDINA COUNTY'S NET POSITION

	Governmental Activities	
	2025	2024
Current assets	$ 36,599,172	$ 27,198,271
Noncurrent assets	78,952,982	75,608,402
Total assets	115,552,154	102,806,673
Deferred outflows of resources	1,692,459	2,179,550
Current liabilities	4,197,392	4,343,895
Noncurrent liabilities	32,331,211	30,032,661
Total liabilities	36,528,603	34,376,556
Deferred inflows of resources	818,610	649,613
Net position:		
Net investment in capital assets	53,538,117	48,535,001
Restricted	9,803,940	5,196,360
Unrestricted	16,555,343	16,228,693
Total net position	$ 79,897,400	$ 69,960,054

An additional portion of the County's net position, $9,803,940, represents resources that are subject to external restrictions on how they may be used. The unrestricted net position of $16,555,343 may be used to meet the County's ongoing obligations to citizens and creditors.

MEDINA COUNTY'S CHANGES IN NET POSITION

	Governmental Activities	
	2025	2024
REVENUES		
Program revenues:		
Charges for services	$ 6,372,151	$ 5,873,174
Operating grants and contributions	6,936,097	6,527,211
Capital grants and contributions	332,222	1,331,832
General revenues:		
Property taxes	31,968,825	27,890,049
Sales taxes	5,000,461	4,480,651
Other	205,176	197,720
Investment earnings	873,172	723,903
Miscellaneous	473,926	371,106
Total revenues	52,162,030	47,395,646
EXPENSES		
General government	12,825,803	12,957,823
Legal	7,527,907	7,202,121
Public safety	14,599,263	15,166,263
Public transportation	4,431,854	5,076,172
Health and welfare	2,080,557	2,159,693
Interest on long-term debt	759,300	715,012
Total expenses	42,224,684	43,277,084
CHANGE IN NET POSITION	9,937,346	4,118,562
NET POSITION, BEGINNING	69,960,054	65,841,492
NET POSITION, ENDING	$ 79,897,400	$ 69,960,054

Property taxes are collected to support government activity through the General Fund, special road and bridge funds, and Debt Service Fund. The County tax rate decreased from the prior year. Property tax revenues increased by $4,078,776 to $31,968,825 for the year because of increased values and new developments added to the rolls.

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, Medina County's governmental funds reported combined ending fund balances of $28,057,167, an increase of $8,586,059 in comparison with the prior year. This increase is primarily attributable to of increased values and new developments added to the rolls. Revenues exceeded expenditures for regular operations. Approximately 55% percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is non-spendable, restricted or assigned and is not available for new spending.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, total fund balance of the General Fund was $16,027,565. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Fund balance in the General Fund represents 61% of total General Fund expenditures. Maintaining a significant fund balance is essential for sound financial management because a great majority of the grant funding for the County is in the form of reimbursements requiring the use of County funding upfront.

Proprietary funds. Proprietary funds are made up of an Internal Service Fund, which include the Employee Health Insurance Fund.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for fiscal year ending September 30, 2025, can be summarized as follows:

- Actual revenue exceeded budgeted revenue by $1,341,624.
- Actual revenues exceeded expenditures by $4,596,140.
- Final budgeted expenditures were below the actual final expenditures amount by $1,765,539.

Capital Asset and Debt Administration

Capital assets. Medina County's investment in capital assets for its governmental activities as of September 30, 2025, amounts to $78,952,982 (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, roads, highways, and bridges.

A portion of the County's net position, $53,538,117, reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment). Medina County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. It should be noted that the resources needed to repay the debt associated with these capital assets must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Capital assets are shown in the chart below.

	2025	2024
Non-depreciable:		
Construction in progress	$ 399,157	$ 20,700,103
Land	5,022,277	4,906,852
Capital assets, non-depreciable	5,421,434	25,606,955
Capital assets, net of depreciation:		
Buildings and improvements	52,788,366	30,063,832
Machinery and equipment	28,878,512	27,422,188
Infrastructure	30,527,027	29,290,181
Right to use:		
Leases	1,908,020	1,908,020
Less: accumulated depreciation	(40,570,377)	(38,682,774)
Total capital assets	$ 78,952,982	$ 75,608,402

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

- Continued construction for the Courthouse Annex and County Jail;
- Acquisition of additional machinery for road maintenance; and
- Acquisition of vehicles and equipment for various departments.

Additional information about Medina County's capital assets can be found in Note 3 of the notes to the financial statements.

Long-term debt. During the current fiscal year, the County had long-term debt of $27,893,358. The full amount is backed by the full faith and credit of the County. Included in this amount are certificates of obligation, tax notes, time warrants, and leases.

Additional information on Medina County's long-term debt can be found in Note 3 of the notes to the financial statements.

	Governmental Activities	
	2025	2024
Certificates of obligation	$ 19,580,000	$ 20,630,000
Premium on certificate of obligation	1,478,339	1,229,285
Tax notes	5,545,000	2,165,000
Leases	1,621,025	1,763,878
Total	$ 28,224,364	$ 25,788,163

Economic Factors and Next Year's Budgets and Rates

The County of Medina develops a budget to help effectively accomplish the highest priorities and objectives throughout the upcoming October-September fiscal year.

Our fiscal year 2025-2026 budget had a new taxable appraised value of $7.35 billion, an increase of $637 million (9.4%) from the previous fiscal year. This appraised value includes $1.15 billion of frozen appraised values for individuals over 65 years of age. The total tax rate for fiscal year 2025-2026 adopted by the Commissioners Court for the County of Medina is $0.4434 per $100 of assessed valuation, a decrease from the total tax rate of $0.4511 from prior fiscal year 2024-2025. This tax rate will provide 48.64% of our approximate total $70.3 million of budgeted expenses and expect the remaining from other revenue sources and beginning fund balance. The general fund budgeted expenses increased in fiscal year 2025-2026 budget to $32.8 million from $30.6 million in prior fiscal year budget. This 7.19% increase in the budget was primarily due to cost-of-living adjustments to employee wages, salary realignments for employees based on the completed third-party salary survey, additional staff added, increase in county-wide property insurance premiums and the nationwide inflation of maintenance and operations.

Requests for Information

This financial report provides an overview of Medina County's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Medina County Auditor.

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BASIC
FINANCIAL STATEMENTS

MEDINA COUNTY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2025

	Governmental Activities
ASSETS	
Cash and investments	$ 27,367,330
Receivables:	
Ad valorem taxes	1,682,553
Sales tax	742,669
Intergovernmental	3,285,212
Fines	1,463,922
Other	390,415
Prepaids	20,356
Net pension asset	1,646,715
Capital assets:	
Nondepreciable	5,421,434
Depreciable, net of accumulated depreciation	73,531,548
Total assets	115,552,154
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,631,288
Deferred outflows related to OPEB	61,171
Total deferred outflows of resources	1,692,459
LIABILITIES	
Accounts payable	2,407,795
Accrued liabilities	1,033,401
Interest payable	57,370
Unearned revenue	10,033
Other liabilities	688,793
Noncurrent liabilities:	
Due within one year:	
Long-term debt	2,492,827
Total OPEB - retiree health	156,595
Due in more than one year:	
Long-term debt	26,117,674
Retainage payable	1,493,589
Total OPEB - retiree health	2,070,526
Total liabilities	36,528,603
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	422,137
Deferred inflows related to OPEB - retiree health	396,473
Total deferred inflows of resources	818,610
NET POSITION	
Net investment in capital assets	53,538,117
Restricted for:	
Road and bridge	4,831,297
Debt service	674,915
Records management and technology	1,387,641
Law enforcement and security	355,300
Grant requirements	908,072
Net pension asset	1,646,715
Unrestricted	16,555,343
Total net position	$ 79,897,400

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

MEDINA COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
					Primary Government
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental activities:					
General administration	$ 12,825,803	$ 3,937,387	$ 396,506	$ 244,123	$ (8,247,787)
Legal	7,527,907	219,013	4,411,906	-	(2,896,988)
Public safety	14,599,263	1,029,641	680,926	88,099	(12,800,597)
Public transportation	4,431,854	1,182,410	-	-	(3,249,444)
Health and welfare	2,080,557	3,700	1,446,759	-	(630,098)
Interest on long-term debt	759,300	-	-	-	(759,300)
Total governmental activities	$ 42,224,684	$ 6,372,151	$ 6,936,097	$ 332,222	(28,584,214)
	General revenues:				
	Taxes:				
	Property				31,968,825
	Sales				5,000,461
	Other taxes				205,176
	Investment earnings				873,172
	Miscellaneous				473,926
	Total general revenues				38,521,560
	Change in net position				9,937,346
	Net position, beginning				69,960,054
	Net position, ending				$ 79,897,400

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

MEDINA COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	General	Hill Country PDO
ASSETS		
Cash and investments	$ 14,090,940	$ -
Receivables:		
Ad valorem taxes	1,195,096	-
Sales tax	742,669	-
Intergovernmental	868,764	1,680,221
Other	210,942	-
Due from other funds	1,816,551	-
Prepaid assets	19,306	-
Total assets	18,944,268	1,680,221
LIABILITIES		
Accounts payable	852,826	45,008
Payroll liabilities	681,913	120,689
Other liabilities	296,386	266,703
Due to other funds	-	1,248,109
Unearned revenue	-	-
Total liabilities	1,831,125	1,680,509
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	1,085,578	-
Total deferred inflows of resources	1,085,578	-
FUND BALANCES		
Nonspendable - prepaid assets	19,306	-
Restricted for:		
Road and bridge	-	-
Debt service	-	-
Records management and technology	-	-
Law enforcement and security	-	-
Grant requirements	-	-
Capital projects	-	-
Assigned for:		
Subsequent year's budget	410,664	-
Unassigned	15,597,595	(288)
Total fund balances	16,027,565	(288)
Total liabilities, deferred inflows and fund balances	$ 18,944,268	$ 1,680,221

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

TAN Series 2025	Other Governmental	Total Governmental Funds
$ 4,473,318	$ 8,493,393	$ 27,057,651
-	487,457	1,682,553
-	-	742,669
-	736,227	3,285,212
-	171,440	382,382
-	63,230	1,879,781
-	1,050	20,356
4,473,318	9,952,797	35,050,604
299,885	689,135	1,886,854
-	230,799	1,033,401
-	125,704	688,793
-	631,672	1,879,781
-	2,000	2,000
299,885	1,679,310	5,490,829
-	417,030	1,502,608
-	417,030	1,502,608
-	1,050	20,356
-	4,562,258	4,562,258
-	584,294	584,294
-	1,387,641	1,387,641
-	355,300	355,300
-	908,072	908,072
4,173,433	129,655	4,303,088
-	-	410,664
-	(71,813)	15,525,494
4,173,433	7,856,457	28,057,167
$ 4,473,318	$ 9,952,797	$ 35,050,604

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MEDINA COUNTY, TEXAS

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

SEPTEMBER 30, 2025

Total fund balances - governmental funds balance sheet			$ 28,057,167
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			77,459,393
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized in the statement of net position.			
	Accrued interest	$ (57,370)	
	Certificates of obligation	(19,580,000)	
	Premium on issuance	(1,478,339)	
	Tax Notes	(5,545,000)	
	Leases	(1,621,025)	
	Compensated absences	(386,137)	
	Deferred outflow related to pensions	1,631,287	
	Deferred inflow related to pensions	(422,137)	
	Deferred outflow related to OPEB	61,171	
	Deferred inflow related to OPEB	(396,473)	
	Net pension liability	1,646,715	
	Total OPEB liability	(2,227,121)	
	Total long-term liabilities		(28,374,429)
The assets and liabilities of the Internal Service Fund are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.			(211,261)
Long-term assets are not available to pay for current period expenditures and, therefore are not reported in the funds.			
	Fines and court costs	1,463,922	
	Property taxes	1,502,608	
	Total long-term assets		2,966,530
Net position of governmental activities			$ 79,897,400

MEDINA COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General	Hill Country PDO
REVENUES		
Property taxes	$ 21,005,906	$ -
Sales tax	5,000,461	-
Other taxes	45,478	-
Licenses and permits	-	-
Intergovernmental	558,018	2,354,119
Charges for services	2,749,127	845,497
Fines and forfeitures	446,400	-
Interest	665,550	-
Miscellaneous	369,925	-
Total revenues	30,840,865	3,199,616
EXPENDITURES		
Current:		
General administration	8,636,733	-
Legal	4,123,566	3,260,108
Public safety	12,472,316	-
Public transportation	-	-
Health and welfare	600,259	-
Capital outlay	391,556	30,912
Debt service:		
Principal	6,383	136,470
Interest and other charges	13,912	28,329
Total expenditures	26,244,725	3,455,819
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,596,140	(256,203)
OTHER FINANCING SOURCES (USES)		
Proceeds from debt issuance	-	-
Premium on bond issuance	-	-
Sale of capital assets	267,104	-
Transfers in	121,552	331,563
Transfers out	(3,978,129)	(75,400)
Total other financing sources and uses	(3,589,473)	256,163
NET CHANGE IN FUND BALANCES	1,006,667	(40)
FUND BALANCES, BEGINNING	15,020,898	(248)
FUND BALANCES, ENDING	$ 16,027,565	$ (288)

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

TAN Series 2025	Other Governmental	Total Governmental Funds
$ -	$ 10,792,675	$ 31,798,581
-	-	5,000,461
-	159,698	205,176
-	1,025,394	1,025,394
-	3,792,129	6,704,266
-	1,425,292	5,019,916
-	1,069,036	1,515,436
1,724	202,780	870,054
-	104,271	474,196
1,724	18,571,275	52,613,480
-	2,782,748	11,419,481
-	579,943	7,963,617
-	1,552,971	14,025,287
-	6,343,425	6,343,425
-	1,416,600	2,016,859
337,802	2,296,758	3,057,028
-	1,950,000	2,092,853
101,495	702,780	846,516
439,297	17,625,225	47,765,066
(437,573)	946,050	4,848,414
4,280,000	-	4,280,000
331,006	-	331,006
-	93,535	360,639
-	2,611,798	3,064,913
-	(245,384)	(4,298,913)
4,611,006	2,459,949	(542,355)
4,173,433	3,405,999	8,586,059
-	4,450,458	19,471,108
$ 4,173,433	$ 7,856,457	$ 28,057,167

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MEDINA 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

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds		$ 8,586,059
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	$ 1,980,460	
Depreciation expense	(2,776,651)	
Net adjustment		(796,191)
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.		
Repayments:		
General and certificates of obligations	1,050,000	
Premium on bonds issuance	81,952	
Tax notes	900,000	
Time warrants	-	
SBITAs	-	
Leases	142,853	
Net adjustment		2,174,805
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Accounts receivable:		
Property taxes	170,244	
Fines and court costs	(624,812)	
Net adjustment		(454,568)
An Internal Service Fund is used by management to charge the costs of certain activities, such as health insurance premiums, to individual funds. The net revenue (expense) of certain Internal Service Funds is reported with governmental activities.		(236,065)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are recognized for transactions that are normally paid with expendable, available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized as an expenditure under the modified accrual basis of accounting until due, rather than as it accrues.		
Interest on long-term debt	5,264	
Compensated absences	(44,201)	
OPEB cost	292,113	
Pension cost	880,365	
Net adjustment		1,133,541
Change in net position of governmental activities		$ 10,407,581

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

MEDINA COUNTY, TEXAS

STATEMENT OF NET POSITION

GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND

SEPTEMBER 30, 2025

ASSETS	
Cash and investments	$ 309,679
Other receivables	8,033
Total assets	317,712
LIABILITIES	
Accounts payable	520,940
Unearned revenue	8,033
Total liabilities	528,973
NET POSITION	
Unrestricted	(211,261)
Total net position	$ (211,261)

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

MEDINA COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

OPERATING REVENUES	
Charges for services	$ 3,723,080
Total operating revenues	3,723,080
OPERATING EXPENSES	
Claims	150,499
Premiums and administrative	5,045,764
Total operating expenses	5,196,263
OPERATING INCOME (LOSS)	(1,473,183)
NONOPERATING REVENUES	
Interest and investment earnings	3,118
Income before transfers	(1,470,065)
TRANSFERS	
Transfer In	1,234,000
CHANGE IN NET POSITION	(236,065)
TOTAL NET POSITION, BEGINNING	24,804
TOTAL NET POSITION, ENDING	$ (211,261)

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

MEDINA COUNTY, TEXAS

STATEMENT OF CASH FLOWS

GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from users	$ 3,723,080
Cash paid to suppliers for services	(4,679,812)
Net cash used by operating activities	(956,732)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in from other funds	1,234,000
Net cash provided by operating activities	1,234,000
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and investment earnings	3,118
Net cash provided by investing activities	3,118
NET DECREASE IN CASH AND CASH EQUIVALENTS	280,386
CASH AND CASH EQUIVALENTS, BEGINNING	29,293
CASH AND CASH EQUIVALENTS, ENDING	$ 309,679
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	$ (1,473,183)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Increase (decrease) in accounts payable	516,451
Net cash used by operating activities	$ (956,732)

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

MEDINA COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2025

	Custodial Funds
ASSETS	
Cash and investments	$ 11,468,945
Total assets	11,468,945
LIABILITIES	
Due to other governments	3,109,837
Total liabilities	3,109,837
NET POSITION	
Restricted for individuals, organizations and other governments	8,359,108
Total net position	$ 8,359,108

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

MEDINA COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Custodial Funds
ADDITIONS	
Contributions from judgements	$ 320,609
Commissions income	91,508
Taxes and fees collected	166,846,989
Bonds received	385,691
Deposits held	40,464,060
Interest income	37,944
Seizure	564
Total additions	208,147,365
DEDUCTIONS	
Bonds refunded	1,000,785
Disbursements on behalf of contracting entities	165,354,436
Buy money	2,000
Judgements	102,010
Tax sale Fee	297,158
Deposits returned	39,273,175
Disbursements to beneficiaries	1,089,568
Other	9,748
Total deductions	207,128,880
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	1,018,485
NET POSITION, BEGINNING	7,340,623
NET POSITION, ENDING	$ 8,359,108

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Medina County, Texas, was organized in 1848. The County operates under a County Judge-Commissioners' Court type of government and provides the following services throughout the County: public safety (law enforcement), public transportation (highways and roads), health and welfare, conservation (agriculture), public facilities, judicial and legal, election functions, and general and financial administrative services. A summary of the significant accounting policies consistently applied in the preparation of financial statements follows:

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

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

Based upon the foregoing criteria, there are no component units for Medina County.

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

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

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 and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The County reports the following major governmental funds:

> ***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.
>
> **Hill Country PDO** is used to account for the Hill Country Regional Public Defender Office. This is an interlocal agreement with Bandera, Gillespie, Kendall, Kerr and Medina Counties to establish a regional public defenders office. Medina County functions as the fiscal agent for this office.

Additionally, the County reports the following fund types:

> ***Special Revenue Funds*** are used to account for specific revenue sources (other than for capital projects) that are legally restricted to expenditures for specified purposes. These legal restrictions can come from outside the county or from Commissioners' Court.
>
> ***Capital Projects Funds*** are used to account for financial resources to be used for the acquisition or construction of major capital facilities.
>
> ***Internal Service Fund*** accounts for health insurance services provided to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.
>
> ***Fiduciary Funds*** account for assets held by the County in a trustee capacity or as an agent for others.

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.

D. Assets, Liabilities and Net Position or Equity

Cash and Investments

The government's cash and cash equivalents are considered to be cash on hand and demand deposits.

Operating cash is administered using a "pool" concept which combines the monies of most County funds into a single interest-bearing bank account for control purposes. Each fund's portion of this pool is accounted for in the applicable fund. Interest earnings on these deposits are apportioned to each fund based on their end of month balance in the pool. Investments for the County are reported at fair value, except for the position in investment pools.

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).

Property Taxes

Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review, and judicial review. Property taxes are levied by October 1 of the year in which assessed or as soon thereafter as practicable. The Medina County Tax Assessor-Collector bills and collects the ad valorem property taxes (including penalty and interest and delinquent tax attorney fees, if any) for the County. Property taxes are due and payable from October 1 of the year in which levied until January 31 of the following year without interest or penalty.

Collections of the current year's levy are reported as current collections if received by June 30 (within nine months of the October 1 due date). Collections received thereafter are reported as delinquent collections.

The County's taxes on Medina property are a lien against such property until paid. The County may foreclose on Medina property upon which it has a lien for unpaid taxes. The exception is homestead property belonging to persons 65 years of age or older. Although the County does collect delinquent taxes through foreclosure proceedings, delinquent taxes on property not otherwise collected, are generally paid when there is a sale or a 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 Medina property, the sale or transfer of most personal property does not require any evidence that taxes thereon are paid.

The County distributes all tax collections to the General Fund, Road and Bridge, and Debt Service Funds.

The 2024 Tax Rate for the fiscal year ended September 30, 2025, was $0.4511 per $100 valuation.

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the "Code") which established a County-wide appraisal district and an appraisal review board in each County in the State. The Medina County Tax Appraisal District (the "Appraisal District") is responsible for the recording and appraisal of property for all taxing units in the County.

The Appraisal District is required under the Code to assess property at 100% of its appraised value. Further, Medina County property must be reappraised at least every four years. Under certain circumstances, taxpayers and taxing units, including the County, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action. Under the Code, the Commissioners' Court will continue to set County tax rates on property.

Inventories

Inventories of supplies on hand have not been recorded, as such supplies are of an expendable nature and are expensed when purchased. As these amounts do not seem to fluctuate a great deal from year to year, it is felt that the exclusion of inventories does not materially affect either the financial position or results of operations of these funds.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g. roads, bridges, sidewalks and similar items), are reported in the governmental column 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Right to use - buildings	20-50
Right to use - land	25-50
Right to use - software	3-10
Buildings	20-50
Improvements	5-50
Equipment	5-20

Compensatory Time (Comp Time)

Medina County employees may be required by their department heads to work hours in excess of forty (40) hours per week. Due to our restricted revenues, only law enforcement departments are budgeted for overtime pay. Therefore, all non-exempt employees that work in excess of 40 hours per week for an unbudgeted department, Medina County uses compensatory time off (Comp Time) to compensate for overtime hours worked. Comp time accrues only when an employee actually works over 40 hours per week. An employee may accrue a maximum of 40 hours of Comp time, any additional overtime hours worked will be paid at the one-and-one-half (1 ½) times the employee's regular hourly pay rate. Overtime for law enforcement employees shall be handled in accordance with the policy for overtime compensation established by the Sheriff's Department and approved by the Commissioner's Court. Employees are entitled to payment for unused Comp Time upon termination.

Personnel Time Off (PTO) & Vacation Leave

All full-time regular employees of Medina County are eligible for Personnel Time Off (PTO) and vacation benefits. Accrual of PTO and vacation benefits shall begin on the employee's first day of work in a full-time position. However, an employee must work for a minimum of ninety (90) days in said position before he/she is eligible to use PTO or vacation time. Employees shall not be allowed to borrow PTO or vacation time against future accruals, nor should employees be allowed to receive pay in lieu of taking time off. PTO and vacation time accrue at a rate of 3.08 hour per pay-period. An employee may accure a maximum of 240 hours of PTO and a maximum of 160 hours of vacation leave. Once an employee reaches the maximum accrual balance, he/she will stop accruing time until the balance is below the maximum allowed. An employee may carry over a maximum of 240 hours of PTO and a maximum of 40 hours of vacation leave from one calendar year to the next. Any accrued time over the carry-over maximum allowed will be removed from payroll records at the end of the calendar year and the employee will lose that time with no payment received. If a holiday falls during PTO or vacation leave, the holiday shall be charged in accordance with the policy on holidays and shall not be charged against the employee's PTO nor vacation balance. Unused PTO leave is cancelled upon leaving Medina County employment without compensation to the employee. Employees cannot use PTO in lieu of giving their two-week's notice. Unlike PTO, at the time of an employee's termination from Medina County employment, accrued vacation leave will be paid out at the employee's current rate of pay, not to exceed 160 hours.

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 or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Gains or losses on refunding of bond issues are reported as deferred charges and amortized over the term of the related debt.

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

Leases

The County is a lessee for noncancellable leases of radio towers and buildings. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of $5,000 or more.

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

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

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

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

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

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

Pensions

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

Other Post-Employment Benefits

Retiree Health Insurance. For purposes of measuring the total OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Contributions are not required but are measured as payments by the County for benefits due and payable that are not reimbursed by plan assets. Information regarding the County's total OPEB liability is obtained from a report prepared by a consulting actuary.

Fund Balance Classification

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

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

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

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

- Assigned: This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commissioners' Court or County Judge.

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

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

Net Position

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

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:

- 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 – This difference is deferred and amortized over a closed five-year period.

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

In addition to liability, 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 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 two types of items that qualified 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 and OPEB 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 assets – This difference is deferred and amortized over a closed five-year period.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balance

The following funds had a deficit fund balance:

- Hill Country PDO $(288)
- Health Unit $(34,664)
- Internal Service Fund $(211,261)
- HAVA Election Security $(37,149)

The County anticipates revenues in future periods will eliminate these deficit fund balances, or the County will transfer funds from the General Fund to eliminate these deficits.

3. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

Deposits and Investments

As of September 30, 2025, the County had the following investments:

Investment Type	Net Asset Value	Weighted Average Maturity (Days)
TexPool	$ 14,554,580	44
Certificates of Deposit	4,144,844	203

Interest Rate Risk. In accordance with its investment policy, the County manages its exposure to declines in fair market values by limiting the its investment portfolio to highly liquid investments and reallocating amounts into securities expected to significantly outperform current holdings.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2025, the County's deposit balance was collateralized with securities held by the pledging financial institution and FDIC insurance.

Credit Risk. It is the County's policy, as defined by the Texas Public Funds Investment Act, to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one-half of one percent of the value of its shares.

Receivables

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

	General Fund	Hill Country PDO	Nonmajor Governmental Funds	Total
Receivables:				
Property taxes	$ 1,195,096	$ -	$ 487,457	$ 1,682,553
Sales tax	672,221	-	-	672,221
Intergovernmental	868,764	1,680,221	736,227	3,285,212
Other	210,942	-	171,440	382,382
Total receivables	$ 2,947,023	$ 1,680,221	$ 1,395,124	$ 6,022,368

Capital Assets

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

	Beginning Balance	Increases	Decreases/ Adjustments	Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 4,906,852	$ 135,425		$ (20,000)	$ 5,022,277
Construction in progress	20,700,103	555,526	(21,871,716)	1,015,244	399,157
Total capital assets not being depreciated	25,606,955	690,951	(21,871,716)	995,244	5,421,434
Capital assets, being depreciated:					
Buildings and improvements	30,063,832	910,992	21,781,525	32,017	52,788,366
Equipment	27,422,188	1,891,835	(208,768)	(226,743)	28,878,512
Infrastructure	29,290,181	3,097,688	-	(1,860,842)	30,527,027
Right to use - land	827,133	-	-	-	827,133
Right to use - buildings	1,080,887	-	-	-	1,080,887
Total capital assets being depreciated	88,684,221	5,900,515	21,572,757	(2,055,568)	114,101,925
Less accumulated depreciation:					
Buildings and improvements	12,606,761	669,676	(90,191)	(841,278)	12,344,968
Equipment	14,842,112	1,913,169	(208,768)	266,685	16,813,198
Infrastructure	11,011,682	15,551	-	(15,496)	11,011,737
Right to use - land	65,946	21,982	-	-	87,928
Right to use - buildings	156,273	156,273	-	-	312,546
Total accumulated depreciation	38,682,774	2,776,651	(298,959)	(590,089)	40,570,377
Total capital assets, being depreciated, net	50,001,447	3,123,864	21,871,716	(1,465,479)	73,531,548
Governmental activities capital assets, net	$ 75,608,402	$ 3,814,815	$ -	$ (470,235)	$ 78,952,982

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

Governmental activities:	
General government	$ 1,112,176
Public safety	488,478
Public transportation	1,108,111
Health and welfare	67,886
Total depreciation expense - governmental activities	$ 2,776,651

Interfund Receivables, Payables and Transfers

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

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental	$ 568,442
General Fund	Hill Country PDO	1,248,109
Nonmajor Governmental	Nonmajor Governmental	63,230
Total		$ 1,879,781

All balances of the due to/due from resulted from short-term loans that are to be reimbursed within the next year.

Interfund Transfers:

	Transfers In:				
	General Fund	Hill Country PDO	Nonmajor Governmental	Internal Service Fund	Total
Transfers Out:					
General Fund	$ 10,043	$ 331,563	$ 2,402,523	$ 1,234,000	$ 3,978,129
Hill Country PDO	-	-	75,400	-	75,400
Nonmajor Governmental	111,509	-	133,875	-	245,384
Total Transfers Out	$ 121,552	$ 331,563	$ 2,611,798	$ 1,234,000	$ 4,298,913

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Long-term Debt

Certificates of Obligation

In prior years, the County has issued Certificates of Obligation to fund various capital projects and capital acquisitions. The certificates are expected to be repaid by pledged property tax revenues and the good faith and credit of the County. Annual debt service requirements to maturity for the certificates are as follows:

Year Ending	Governmental Activities	
September 30,	Principal	Interest
2026	$ 1,095,000	$ 638,200
2027	1,140,000	593,500
2028	1,185,000	547,000
2029	1,230,000	498,700
2030	1,285,000	448,400
2031-2035	5,610,000	1,762,625
2036-2040	8,035,000	617,175
Total	$ 19,580,000	$ 5,105,600

Tax Notes

As of September 30, 2025, the County has five tax notes outstanding, with interest rates ranging from 0.35% to 2.60%.

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

Year Ending	Governmental Activities	
September 30,	Principal	Interest
2026	$ 1,085,000	$ 10,640
2027	1,195,000	3,556
2028	590,000	148,500
2029-2030	1,270,000	204,750
2031-2032	1,405,000	71,125
Total	$ 5,545,000	$ 438,571

Leases

As of September 30, 2025, the County has three leases outstanding as lessee for the use of two radio towers. Both leases have annual interest rates of 1.722%, are payable in monthly installments, and mature between fiscal years 2051 and 2066. The related assets and accumulated amortization are reported under Right to Use – Land in the County's capital assets. The third lease is for buildings. The lease has an annual interest rate of 3.179%, is payable in monthly installments, and matures in 2030. The related assets and accumulated amortization are reported under Right to Use – Buildings in the County's capital assets.

Debt service requirements to maturity for the leases are as follows:

Year Ending September 30,	Governmental Activities Principal	Interest
2026	$ 153,648	$ 37,645
2027	163,761	32,728
2028	175,354	27,480
2029	186,456	21,881
2030	181,618	-
2031-2035	66,861	66,583
2036-2040	91,535	57,490
2041-2045	119,873	48,899
2046-2050	153,274	37,745
2051-2055	90,672	26,216
2056-2060	107,428	17,893
2061-2065	128,244	8,122
2066-2070	2,301	298
Total	$ 1,621,025	$ 382,980

Changes in Long-term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Government activities					
Certificate of obligation	$ 20,630,000	$ -	$ 1,050,000	$ 19,580,000	$ 1,095,000
Premium on certificate of obligation	1,229,285	-	81,952	1,147,333	81,952
Tax notes	2,165,000	4,280,000	900,000	5,545,000	1,085,000
Leases	1,763,878	-	142,853	1,621,025	153,648
Compensated absences	341,936	716,807	672,606	386,137	77,227
Total long-term liabilities	$ 26,130,099	$ 4,996,807	$ 2,847,411	$ 28,279,495	$ 2,492,827

If the County were to default on any long-term debt, any registered owner of the obligations is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the County to make a payment.

Compensated absences are typically funded by the General and Road and Bridge Funds.

Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County has not had any significant reductions in insurance coverage in the prior year.

The County is a member of the Texas Association of Counties Risk Pool for health insurance. The pool is a public entity risk pool and was created based on the general objectives of formulating, developing and administering a program of self-insurance for the membership and obtaining lower costs for coverages. The pool coverage is offered through interlocal agreements between the Pool and counties. The Pool has the power to establish fees, contributions and methods for establishing rates. Under contract with the Pool, the Association provides for such services as claims administration and management, underwriting, loss control services and training, and financial reporting for its members. The Association submits sealed bids to counties during the bid process. The Pool is governed by a Board of Directors made up of employees or officials of counties which are members of the Pool. Member counties make contributions to the Pool, and the Pool provides insurance coverage and applicable reinsurance or stop loss coverage. The insurance policies carry various deductibles and aggregate maximum loss totals. The by-laws of the Pool are detailed in a separate document which can be obtained from the Texas Association of Counties, 1210 San Antonio Street, Austin, TX 78701.

The County began using the Texas Association of Counties Risk Pool for health insurance on January 1, 2018. Before January 1, 2018, the County was self-insured for healthcare. There have been no significant reductions in coverage from the coverage in the past fiscal year, and there have been no settlements exceeding insurance coverage.

<u>Defined Benefit Pension Plan</u>

Plan Description. The County's nontraditional defined benefit pension plan, Texas County and District Retirement System (TCDRS), provides pensions for all of its full-time employees. The TCDRS Board of Trustees is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of over nontraditional defined benefit pension plans. TCDRS in the aggregate issues an Annual Comprehensive Financial Report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034 Austin, TX, 78768-2034.

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 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 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who 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 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	149
Inactive employees entitled to but not yet receiving benefits	208
Active employees	338
	695

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 participate over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the County were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the County were 8.33% and 8.29% in calendar years 2024 and 2025. The County's contributions to TCDRS for the year ended September 30, 2025, were $1,719,925 and were equal to the required contributions.

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

Actuarial Assumptions

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

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

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

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

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

All actuarial assumptions that determined the total pension liability as of December 31, 2024, were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016, except where required to be different by GASB 68.

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 application of the investment return assumptions was changed for purposes of determining plan liabilities at the March 2022 meeting. All plan liabilities are now valued using an 7.6% discount rate.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2025 information for a 10-year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term time horizon; the most recent analysis was performed in 2021. The target allocation and best estimates of geometric real rates return for each major assets 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 (net) Index	0.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.55%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.70%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.85%
Distressed Debt	Cambridge Associates Distressed Securities Index (3)	4.00%	6.80%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.95%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	4.95%
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 discount rate was determined using an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the funding policy and the legal requirements under the TCDRS Act. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods. The employee is legally required to make the contribution specified in the funding policy. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable. Based on the above assumptions, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

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

Changes in the Net Pension Liability/(Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balance at 12/31/2023	$ 45,319,878	$ 45,298,859	$ 21,019
Changes for the year:			
Service cost	2,321,634	-	2,321,634
Interest on total pension liability [(1)]	3,553,181	-	3,553,181
Effect of economic/demographic gains or losses	70,745	-	70,745
Refund of contributions	(196,318)	(196,318)	-
Benefit payments	(1,615,124)	(1,615,124)	-
Administrative expenses	-	(27,818)	27,818
Member contributions	-	1,224,853	(1,224,853)
Net investment income	-	4,641,037	(4,641,037)
Employer contributions	-	1,700,501	(1,700,501)
Other [(2)]	-	74,721	(74,721)
Balance at 12/31/2024	$ 49,453,996	$ 51,100,711	$ (1,646,715)

[(1)] *Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.*
[(2)] *Relates to allocation of system-wide items.*

Sensitivity Analysis

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

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	$ 56,490,908	$ 49,453,996	$ 43,617,858
Fiduciary net position	51,100,711	51,100,711	51,100,711
Net pension liability/(asset)	$ 5,390,197	$ (1,646,715)	$ (7,482,853)

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 $840,420. 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	$ 389,936	$ -
Difference between projected and actual investment earnings	-	422,137
Contributions subsequent to the measurement date	1,241,352	-
Total	$ 1,631,288	$ 422,137

$1,631,288 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, but before September 30, 2025, will be recognized as a reduction of the net pension liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

For The Year Ended September 30,	
2026	$ (86,708)
2027	763,894
2028	(478,383)
2029	(231,004)

<u>Other Post-retirement Health Care Benefits</u>

Plan Description

The County provides certain health care and dental benefits, under county policy, for employees upon retirement that meet one of the following requirements: age 60 with 8 or more years of service, at least 30 years of service at any age, or a combined age plus service of at least 75. Employees hired on October 1, 2011 or after will no longer be eligible for such retiree coverage.

Benefits and Contributions

Except for employees hired on or after October 1, 2011, a Medina County employee who retires and chooses a monthly pension through Texas County and District Retirement System is covered on Medina County's health and dental insurance plan through the month he or she turns 65. Retirees who take a lump sum payment of retirement savings are only eligible to remain on Medina County's health and dental insurance plan as provided for by COBRA guidelines. The qualified retiree may continue any dependent coverage up to the retiree's age of 65 at the same rate afforded to current employees. When the retiree turns 65 and becomes Medicare eligible, he or she is removed from coverage on Medina County's health and dental insurance plan. The retiree may continue dependent coverage according to COBRA guidelines.

Expenses for post-retirement health care benefits are recognized on a pay-as-you-go basis. During the year, post-retirement health care benefits paid by the County were $89,035.

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

Inactive employees receiving benefits	51
Active employees	9
	60

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial cost method	Individual Entry Age Normal Cost Method - Level Percentage of Projected Salary.
Inflation rate	2.50%
Salary scale	3.50%
Termination rates	The termination rates were developed from the withdrawal assumption used in the 2017 actuarial report for TCDRS. The rates are a 15-year select and ultimate table and are sex specific.
Retirement rates	The retirement rates were develped from the assumption used in the 2017 actuarial report for the TCDRS retirement plans. These rates are unisex.
Mortality	RPH-2014 Total Table with Projection MP-2021.
Health care cost trend rates	Level 4.50% for medical and 1.5% for dental.
Participation rates	100% of all retirees who currently have healthcare coverage will continue with the same coverage. 100% of all actives who currently have healthcare coverage will continue with employee only coverage upon retirement.
Discount rate	4.50% (2.50% real rate of return plus 2.50% inflation)

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 4.50% was used to measure the total OPEB liability. The S&P Municipal Bond 20 Year High Grade Rate Index was used for determining the discount rate.

Changes in the Total OPEB Liability

The County's total OPEB liability of $2,227,121 was measured as of September 30, 2025 and was determined by an actuarial valuation as of September 30, 2025.

	Total OPEB Liability
Balance at 9/30/24	$ 2,387,954
Changes for the year:	
Service cost	55,364
Interest on the total liability	96,020
Difference between expected and actual experience	(96,865)
Changes in assumptions	(58,757)
Benefit payments	(156,595)
Net changes	(160,833)
Balance at 09/30/2025	$ 2,227,121

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 (4.50%) in measuring the total OPEB liability.

	1% Decrease in Discount Rate (3.50%)	Discount Rate (4.50%)	1% Increase in Discount Rate (5.50%)
County's total OPEB liability	$ 2,362,354	$ 2,227,121	$ 2,098,408

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.

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
County's total OPEB liability	$ 2,057,117	$ 2,227,121	$ 2,417,000

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

For the year ended September 30, 2025, the County recognized OPEB expense of $(135,519). At September 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 7,756	$ 236,139
Changes in actuarial assumptions	53,415	160,334
Total	$ 61,171	$ 396,473

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

Year Ended September 30,	
2026	$ (236,297)
2027	(90,659)
2028	(8,346)

<u>Commitments and Contingencies</u>

Various claims and lawsuits are pending against the County. The evaluation of County management is that any liability to the County relating to such claims and lawsuits will not have a material impact on the County's financial position. Historically, the County has not incurred significant losses from claims or lawsuits which arise during the ordinary course of business.

In addition, the County also participates in several federally assisted grant programs, all of which are subject to federal regulations and guidelines. Should any of the grant program expenditures be disallowed by any of the respective grantor agencies or should any other contingency become a Medina liability, funds would have to be appropriated in future County budgets for settlements.

<u>New Accounting Principles</u>

Significant new accounting standards 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.

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REQUIRED
SUPPLEMENTARY INFORMATION

MEDINA COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes				
Ad valorem	$ 21,406,951	$ 21,406,951	$ 21,005,906	$ (401,045)
Sales	3,800,000	3,800,000	5,000,461	1,200,461
Beer and wine	35,000	35,000	45,478	10,478
Total taxes	25,241,951	25,241,951	26,051,845	809,894
Intergovernmental				
Federal grants	-	-	377,088	377,088
State allocation - grants	180,000	180,000	180,930	930
Total intergovernmental	180,000	180,000	558,018	378,018
Charges for services				
County clerk	422,000	422,000	528,377	106,377
District clerk	70,000	70,000	109,486	39,486
Tax assessor-collector	225,000	225,000	246,279	21,279
Sheriff	1,306,540	1,306,540	1,128,885	(177,655)
County treasurer	150,000	150,000	92,232	(57,768)
Constable fees	35,000	35,000	32,643	(2,357)
Other taxing entities	200,000	200,000	277,233	77,233
Other fees	367,000	367,000	333,992	(33,008)
Total charges for services	2,775,540	2,775,540	2,749,127	(26,413)
Fines and forfeitures				
Justice of the peace	408,000	408,000	446,400	38,400
Total fines and forfeitures	408,000	408,000	446,400	38,400
Interest	350,000	350,000	665,550	315,550

MEDINA COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Miscellaneous				
Other	$ 543,750	$ 543,750	$ 369,925	$ (173,825)
Total miscellaneous	543,750	543,750	369,925	(173,825)
Total revenues	29,499,241	29,499,241	30,840,865	1,341,624
EXPENDITURES				
General administration				
Commissioners' court				
Personnel services	303,260	303,260	498,145	(194,885)
Supplies	1,500	1,500	1,034	466
Other services and charges	12,700	12,700	11,813	887
Total commissioners' court	317,460	317,460	510,992	(193,532)
Loss control				
Personnel services	300	300	-	300
Supplies	200	200	-	200
Total loss control	500	500	-	500
County clerk				
Personnel services	589,890	589,890	547,987	41,903
Supplies	17,000	17,000	15,897	1,103
Other services and charges	50,200	51,100	37,655	13,445
Total county clerk	657,090	657,990	601,539	56,451
Veteran service officer				
Personnel services	178,905	178,905	166,803	12,102
Supplies	5,950	5,950	1,893	4,057
Other services and charges	17,450	17,450	11,576	5,874
Total veteran service officer	202,305	202,305	180,272	22,033

MEDINA COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES				
General administration				
Elections				
Personnel services	$ 403,457	$ 403,457	$ 414,328	$ (10,871)
Supplies	30,000	30,000	5,212	24,788
Other services and charges	87,800	87,800	64,392	23,408
Total elections	521,257	521,257	483,932	37,325
County auditor				
Personnel services	630,854	631,129	505,297	125,832
Supplies	2,000	2,000	1,847	153
Other services and charges	42,700	42,700	25,789	16,911
Total county auditor	675,554	675,829	532,933	142,896
County treasurer				
Personnel services	373,141	373,566	333,920	39,646
Supplies	3,700	3,700	3,355	345
Other services and charges	32,000	32,188	25,099	7,089
Total county treasurer	408,841	409,454	362,374	47,080
Human resources				
Personnel services	338,591	338,591	320,629	17,962
Supplies	6,000	7,300	5,687	1,613
Other services and charges	30,650	29,350	20,362	8,988
Total human resources	375,241	375,241	346,678	28,563
Tax assessor-collector				
Personnel services	1,184,054	1,184,054	1,080,733	103,321
Supplies	12,000	12,000	11,991	9
Other services and charges	105,550	105,550	98,154	7,396
Total tax assessor-collector	1,301,604	1,301,604	1,190,878	110,726
Nondepartmental				
Personnel services	655,058	655,058	575,140	79,918
Supplies	95,000	95,000	105,311	(10,311)
Other services and charges	1,929,240	1,929,240	2,155,362	(226,122)
Total nondepartmental	2,679,298	2,679,298	2,835,813	(156,515)
County agent				
Personnel services	223,044	223,044	175,369	47,675
Supplies	3,050	3,050	2,868	182
Other services and charges	12,760	12,760	8,361	4,399
Total county agent	238,854	238,854	186,598	52,256

MEDINA COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
EXPENDITURES				
General administration				
Courthouse and buildings				
Personnel services	$ 499,811	$ 499,811	$ 460,994	$ 38,817
Supplies	133,000	133,000	146,889	(13,889)
Other services and charges	883,300	883,500	753,335	130,165
Total courthouse and buildings	1,516,111	1,516,311	1,361,218	155,093
Subdivision administration department				
Personnel services	10,634	10,634	10,577	57
Supplies	200	200	76	124
Other services and charges	34,000	34,000	32,853	1,147
Total subdivision administration department	44,834	44,834	43,506	1,328
Total general administration	8,938,949	8,940,937	8,636,733	304,204
Legal				
District and county court				
Personnel services	654,063	654,063	779,663	(125,600)
Supplies	12,000	11,600	10,963	637
Other services and charges	505,950	506,350	407,567	98,783
Total district and county court	1,172,013	1,172,013	1,198,193	(26,180)
District clerk				
Personnel services	558,384	558,384	517,696	40,688
Supplies	7,500	6,800	2,720	4,080
Other services and charges	40,364	41,064	29,543	11,521
Total district clerk	606,248	606,248	549,959	56,289

MEDINA COUNTY, TEXAS

GENERAL 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
	Original	Final	Actual Amounts	(Negative)
EXPENDITURES				
Legal				
Justices of the peace				
Personnel services	$ 1,055,813	$ 1,055,813	$ 1,002,007	$ 53,806
Supplies	14,750	14,750	13,480	1,270
Other services and charges	32,600	32,600	21,349	11,251
Total justices of the peace	1,103,163	1,103,163	1,036,836	66,327
District attorney				
Personnel services	1,284,837	1,284,837	1,248,830	36,007
Supplies	15,500	15,500	13,315	2,185
Other services and charges	110,900	112,400	76,433	35,967
Total district attorney	1,411,237	1,412,737	1,338,578	74,159
Total legal	4,292,661	4,294,161	4,123,566	170,595
Public safety				
County jail				
Personnel services	2,869,028	2,869,028	2,647,424	221,604
Supplies	475,000	475,000	382,653	92,347
Other services and charges	1,144,000	1,144,000	1,330,342	(186,342)
Total county jail	4,488,028	4,488,028	4,360,419	127,609

MEDINA COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
EXPENDITURES				
Public safety				
Constables				
Personnel services	$ 325,481	$ 325,481	$ 319,894	$ 5,587
Supplies	11,400	11,400	6,411	4,989
Other services and charges	21,010	21,010	13,200	7,810
Total constables	357,891	357,891	339,505	18,386
Sheriff				
Personnel services	6,265,877	6,265,877	5,989,060	276,817
Supplies	127,350	127,350	100,965	26,385
Other services and charges	1,231,150	1,288,950	1,170,098	118,852
Total sheriff	7,624,377	7,682,177	7,260,123	422,054
Juvenile board				
Personnel services	12,524	12,524	12,363	161
Total juvenile board	12,524	12,524	12,363	161
DPS/license and weight				
Personnel services	98,762	98,762	97,802	960
Supplies	6,000	6,000	3,883	2,117
Other services and charges	33,100	33,100	20,337	12,763
Total DPS/license and weight	137,862	137,862	122,022	15,840
Highway patrol				
Personnel services	98,562	98,562	92,628	5,934
Supplies	2,600	2,600	3,538	(938)
Other services and charges	8,600	8,600	5,767	2,833
Total highway patrol	109,762	109,762	101,933	7,829
Emergency management				
Personnel services	197,994	197,994	173,399	24,595
Supplies	7,000	7,000	6,535	465
Other services and charges	143,000	143,000	96,017	46,983
Total emergency management	347,994	347,994	275,951	72,043
Total public safety	13,078,438	13,136,238	12,472,316	663,922

MEDINA COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
EXPENDITURES				
Health and welfare				
Sanitation inspection				
Personnel services	$ 248,800	$ 248,800	$ 239,904	$ 8,896
Supplies	6,000	6,000	1,887	4,113
Other services and charges	26,175	26,175	11,561	14,614
Total sanitation inspection	280,975	280,975	253,352	27,623
Social services and indigent services				
Personnel services	347,426	347,426	308,937	38,489
Supplies	11,000	12,400	9,768	2,632
Other services and charges	32,395	32,795	28,202	4,593
Total social services and indigent services	390,821	392,621	346,907	45,714
Total health and welfare	671,796	673,596	600,259	73,337
Capital outlay	1,010,000	946,137	391,556	554,581
Debt service				
Principal	5,097	5,097	6,383	(1,286)
Interest	14,098	14,098	13,912	186
Total debt service	19,195	19,195	20,295	(1,100)
Total expenditures	28,011,039	28,010,264	26,244,725	1,765,539
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,488,202	1,488,977	4,596,140	3,107,163
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	100,000	100,000	267,104	167,104
Transfers in	130,021	130,021	121,552	(8,469)
Transfers out	(2,645,102)	(3,785,053)	(3,978,129)	(193,076)
Total other financing sources (uses)	(2,415,081)	(3,555,032)	(3,589,473)	(34,441)
NET CHANGE IN FUND BALANCE	(926,879)	(2,066,055)	1,006,667	3,072,722
FUND BALANCE, BEGINNING	15,020,898	15,020,898	15,020,898	-
FUND BALANCE, ENDING	$ 14,094,019	$ 12,954,843	$ 16,027,565	$ 3,072,722

MEDINA COUNTY, TEXAS

NOTES TO BUDGETARY SCHEDULE

SEPTEMBER 30, 2025

A. Budgetary Information

The Commissioners' Court may levy taxes only in accordance with the budget. After final approval of the budget, the Commissioners' Court may spend County funds only in strict compliance with the budget, except in an emergency. The Commissioners' Court may authorize an emergency expenditure as an amendment to the original budget only in a case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonable diligent thought and attention. If the Court amends the original budget to meet an emergency, the Court must file a copy of its order amending the budget with the County Clerk and the Clerk shall attach the copy to the original budget. Only the Commissioners' Court may amend the budget and shift funds from one budget account to another.

The General Fund, the County's main operating fund, is the only fund with a legally adopted budget. The original budget is adopted by the Commissioners' Court and filed with the County Clerk. Amendments are made during the year and approved by the Commissioners' Court. The budget should not be exceeded in any expenditures category under state law. The budget was amended to reflect as closely as possible revenue and expenditures for the 12-month period. Certain categories exceeded the budget estimates. These variances were due to the fluctuations in revenue and expenditures as opposed to the prorated budget estimates.

The County Judge is, by statute, the Budget Officer of the County. He usually requests and relies on the assistance of the County Auditor to prepare the annual budget. After being furnished budget guidelines by the Commissioners' Court, the County Judge, with the help of the County Auditor, prepares an estimate of revenue and a compilation of requested departmental expenditures and submits this data to the Commissioners' Court.

The Commissioners' Court invites various department heads to appear for a hearing concerning the department's budget request. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the estimate of revenue and available resources. Also, amendments can be made within the above guidelines.

When the budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the Commissioners' Court advised of the condition of the various funds and accounts. Appropriations lapse at year-end.

The level of control is the department. By state law, expenditures can exceed appropriations as long as the amounts do not exceed the available revenue and cash balances. The County prepares its budget on a GAAP basis. Since revenue and expenditures are carefully monitored, it is felt that with the GAAP basis, the County will be in compliance with state law.

MEDINA COUNTY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Plan Year Ended December 31	2024	2023	2022	2021
Total Pension Liability				
Service Cost	$ 2,321,635	$ 2,038,352	$ 1,535,030	$ 1,505,140
Interest on total pension liability	3,553,181	3,231,399	2,934,085	2,743,657
Effect of plan changes	-	-	-	-
Effect of economic/demographic (gains) or losses	70,745	417,732	512,046	(167,452)
Effect of assumption changes or inputs	-	-	-	(51,912)
Benefit payments/refunds of contributions	(1,811,441)	(1,664,842)	(1,483,392)	(1,621,472)
Net change in total pension liability	4,134,120	4,022,641	3,497,769	2,407,961
Total pension liability - beginning	45,319,877	41,297,236	37,799,467	35,391,506
Total pension liability - ending (a)	$ 49,453,997	$ 45,319,877	$ 41,297,236	$ 37,799,467
Plan Fiduciary Net Position				
Employer contributions	$ 1,700,501	$ 1,532,901	$ 1,332,602	$ 973,828
Member contributions	1,224,853	1,085,880	877,674	730,371
Investment income net of investment expenses	4,641,037	4,395,513	(2,498,735)	7,480,874
Benefit payments refunds of contributions	(1,811,441)	(1,664,842)	(1,483,392)	(1,621,473)
Administrative expenses	(27,817)	(23,653)	(23,388)	(22,488)
Other	74,721	63,764	137,076	11,508
Net change in plan fiduciary net position	5,801,854	5,389,563	(1,658,163)	7,552,620
Plan fiduciary net position - beginning	45,298,858	3,909,295	41,567,458	34,014,838
Plan fiduciary net position - ending (b)	$ 51,100,712	$ 45,298,858	$ 39,909,295	$ 41,567,458
Net pension liability/(asset) - ending (a)-(b)	$ (1,646,715)	$ 21,019	$ 1,387,941	$ (3,767,991)
Fiduciary net position as a percentage of total pension liability/(asset)	103.33%	99.95%	96.64%	109.97%
Pensionable covered payroll	$ 20,403,845	$ 18,098,005	$ 14,627,896	$ 12,172,856
Net pension liability/(asset) as a percentage of covered payroll	-8.07%	0.12%	9.49%	-30.95%

2020	2019	2018	2017	2016	2015
$ 1,210,502	$ 1,133,013	$ 1,072,407	$ 1,096,294	$ 1,047,627	$ 965,430
2,542,333	2,363,979	2,215,666	2,058,841	1,860,738	1,739,114
-	-	-	-	-	(215,866)
25,870	10,747	(182,717)	(119,781)	46,951	(283,157)
2,146,373	-	-	155,259	-	275,381
(1,392,640)	(1,374,407)	(1,296,981)	(1,166,783)	(1,020,613)	(961,512)
4,532,438	2,133,332	1,808,375	2,023,830	1,934,703	1,519,390
30,859,068	28,725,736	26,917,361	24,893,531	22,958,828	21,439,438
$ 35,391,506	$ 30,859,068	$ 28,725,736	$ 26,917,361	$ 24,893,531	$ 22,958,828
$ 926,500	$ 825,040	$ 796,819	$ 762,738	$ 711,667	$ 670,857
694,873	618,782	597,615	571,174	533,753	503,059
3,165,355	4,313,836	(496,014)	3,381,770	1,570,996	(125,071)
(1,392,640)	(1,374,407)	(1,296,981)	(1,166,783)	(1,020,613)	(961,512)
(24,889)	(23,346)	(21,099)	(17,747)	(17,127)	(15,282)
9,806	6,848	5,584	2,073	64,365	40,468
3,379,005	4,366,753	(414,076)	3,533,225	1,843,041	112,519
30,635,833	26,269,080	26,683,156	23,149,931	21,306,889	21,194,370
$ 34,014,838	$ 30,635,833	$ 26,269,080	$ 26,683,156	$ 23,149,930	$ 21,306,889
$ 1,376,668	$ 223,235	$ 2,456,656	$ 234,205	$ 1,743,601	$ 1,651,939
96.11%	99.28%	91.45%	99.13%	93.00%	92.80%
$ 11,581,224	$ 10,313,033	$ 9,960,254	$ 9,519,560	$ 8,895,879	$ 8,384,324
11.89%	2.16%	24.66%	2.46%	19.60%	19.70%

MEDINA COUNTY, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2016	$ 725,661	$ 725,661	$ -	$ 9,070,767	8.0%
2017	754,355	754,355	-	9,429,443	8.0%
2018	781,451	781,451	-	9,768,135	8.0%
2019	824,742	824,742	-	10,335,915	8.0%
2020	869,481	869,481	-	10,884,475	8.0%
2021	958,914	958,914	-	12,003,657	8.0%
2022	1,200,881	1,200,881	-	13,592,529	8.8%
2023	1,473,475	1,473,475	-	17,063,589	8.6%
2024	1,681,758	1,681,758	-	20,097,767	8.4%
2025	1,719,607	1,719,925	(318)	20,715,426	8.3%

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contributions rates:

Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	17.0 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 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 refected.
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: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule. 2023: No changes in plan provisions were reflected in the Schedule.

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

MEDINA COUNTY, TEXAS

RETIREE HEALTH INSURANCE PLAN

SCHEDULE OF CHANGES IN OPEB LIABILITY
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Plan Year Ended September 30	**2018**	**2019**	**2020**	**2021**
Total OPEB Liability:				
Service cost	$ 99,715	$ 103,763	$ 103,763	$ 117,706
Interest	113,043	117,513	91,640	68,528
Difference between expected and actual experience	-	(87,951)	(110,995)	(40,751)
Changes in assumptions	-	515,574	(408,330)	568
Benefit payments	(109,342)	(104,078)	(92,328)	(86,572)
Net change in total pension liability	103,416	544,821	(416,250)	59,479
Total OPEB liability - beginning	2,739,270	2,842,686	3,387,507	2,971,257
Total OPEB liability - ending (a)	$ 2,842,686	$ 3,387,507	$ 2,971,257	$ 3,030,736
Covered - employee payroll	$ 4,306,477	$ 4,359,713	$ 3,960,587	$ 3,868,342
Total OPEB liability as a percentage of covered - employee payroll	66.01%	77.70%	75.02%	78.35%

Note: This schedule is required to have 10 years of information, but the information prior to 2018 is not available.

2022	2023	2024	2025
$ 118,907	$ 65,293	$ 57,788	$ 55,364
70,368	115,510	121,106	96,020
(211,955)	28,165	(275,503)	(96,865)
(526,897)	(17,628)	121,389	(58,757)
(72,038)	(105,651)	(131,636)	(156,595)
(621,615)	85,689	(106,856)	(160,833)
3,030,736	2,409,121	2,494,810	2,387,954
$ 2,409,121	$ 2,494,810	$ 2,387,954	$ 2,227,121
$ 4,189,162	$ 3,725,758	$ 3,106,952	$ 2,973,689
57.51%	66.96%	76.86%	74.89%

Valuation date	September 30, 2025
Measurement date	September 30, 2025
Methods and assumptions:	
Actuarial Method	Individual Entry Age Normal Cost Method - Level Percentage of Projected Salary.
Service Cost	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date of expected termination.
Total OPEB Liability	The Actuarial Present Value of Benefits allocated to all periods prior to the valuation year.
Discount Rate	4.50% (2.50% real rate of return plus 2.50% inflation)
Health Care Cost Trend	Level 4.50% for medical and 1.50% for dental
Mortality	RPH-2014 Total Table with Projection MP-2021
Turnover	Rates varying based on gender, age and select and ultimate at 15 year. Rates based on the TCDRS actuarial assumptions form the 2017 retirement plan valuation report.
Disability	None assumed
Retiree Contributions	None for individual coverage. Retiree pays a contribution for family coverage. Effective January 1, 2012, eligible retirees retiring on or after that date are required to contribute $50 or $60 per month for individual medical coverage.
Salary Scale	3.50%
Data Assumptions:	
Coverage	100% of all retirees who currently have healthcare coverage will continue with the same coverage. 100% of all actives who currently have healthcare coverage will continue with employee only coverage upon retirement.

COMBINING
FUND STATEMENTS

MEDINA COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	Special Revenue			
	Road and Bridge No. 1	Road and Bridge No. 2	Road and Bridge No. 3	Road and Bridge No. 4
ASSETS				
Cash and investments	$ 898,970	$ 2,101,127	$ 1,170,289	$ 765,485
Receivables:				
Ad valorem taxes	104,911	99,366	69,589	50,865
Intergovernmental	-	-	-	-
Other	36,177	30,109	29,047	25,342
Due from other funds	-	-	-	-
Prepaid assets	275	275	-	-
Total assets	1,040,333	2,230,877	1,268,925	841,692
LIABILITIES				
Accounts payable	116,403	162,755	90,129	14,592
Payroll liabilities	39,305	34,956	25,103	29,939
Other liabilities	-	-	-	-
Due to other funds	36,798	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	192,506	197,711	115,232	44,531
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	98,192	63,830	62,870	44,147
Total deferred inflows of resources	98,192	63,830	62,870	44,147
FUND BALANCES				
Nonspendable - prepaid assets	275	275	-	-
Restricted	749,360	1,969,061	1,090,823	753,014
Unassigned	-	-	-	-
Total fund balances	749,635	1,969,336	1,090,823	753,014
Total liabilities, deferred inflows and fund balances	$ 1,040,333	$ 2,230,877	$ 1,268,925	$ 841,692

Special Revenue						
WIC	Health Unit	Juvenile Probation Department	Truancy Prevention Diversion	County Attorney Special	County Law Library	Court Reporter
$ -	$ -	$ -	$ 100,489	$ 5,456	$ 4,652	$ 56,668
-	-	-	-	-	-	-
190,714	64,032	181,017	-	-	-	-
-	-	-	3,047	-	6,280	3,761
-	26,432	-	-	-	-	-
500	-	-	-	-	-	-
191,214	90,464	181,017	103,536	5,456	10,932	60,429
19,419	3,437	29,633	-	-	6,505	14,611
30,377	14,921	23,764	-	-	-	-
6,990	-	-	-	-	-	-
99,882	106,770	89,192	-	-	-	-
-	-	-	-	-	-	-
156,668	125,128	142,589	-	-	6,505	14,611
-	-	-	-	-	-	-
-	-	-	-	-	-	-
500	-	-	-	-	-	-
34,046	-	38,428	103,536	5,456	4,427	45,818
-	(34,664)	-	-	-	-	-
34,546	(34,664)	38,428	103,536	5,456	4,427	45,818
$ 191,214	$ 90,464	$ 181,017	$ 103,536	$ 5,456	$ 10,932	$ 60,429

MEDINA COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	Special Revenue			
	County Sheriff Forfeiture	Forfeitures Constables	County Clerk Records Management	Records Management
ASSETS				
Cash and investments	$ 78,401	$ 511	$ 621,646	$ 31,583
Receivables:				
Ad valorem taxes	-	-	-	-
Intergovernmental	-	-	-	-
Other	-	-	9,049	1,616
Due from other funds	-	-	-	-
Prepaid assets	-	-	-	-
Total assets	78,401	511	630,695	33,199
LIABILITIES				
Accounts payable	3,040	-	165	-
Payroll liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	3,040	-	165	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES				
Nonspendable - prepaid assets	-	-	-	-
Restricted	75,361	511	630,530	33,199
Unassigned	-	-	-	-
Total fund balances	75,361	511	630,530	33,199
Total liabilities, deferred inflows and fund balances	$ 78,401	$ 511	$ 630,695	$ 33,199

Special Revenue						
Courthouse Security	LEOSE Sheriff	Justice Court Technology	D. A. Federal Forfeiture	Records Management Archival County Clerk	Records Management Archival District Clerk	Justice Court Security
$ 65,871	$ 7,977	$ 13,115	$ 159,267	$ 574,130	$ 96,511	$ 31,090
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,861	-	2,804	-	10,930	5,958	20
-	-	-	-	-	-	-
-	-	-	-	-	-	-
71,732	7,977	15,919	159,267	585,060	102,469	31,110
-	-	-	3	-	-	-
11,567	-	-	352	-	-	-
-	-	-	22,233	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
11,567	-	-	22,588	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
60,165	7,977	15,919	136,679	585,060	102,469	31,110
-	-	-	-	-	-	-
60,165	7,977	15,919	136,679	585,060	102,469	31,110
$ 71,732	$ 7,977	$ 15,919	$ 159,267	$ 585,060	$ 102,469	$ 31,110

MEDINA COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	Special Revenue			
	HAVA (Help America Vote Act)	HAVA Elections	Environmental Health Food Permit	District Clerk Technology
ASSETS				
Cash and investments	$ 285,352	$ -	$ 13,365	$ 15,873
Receivables:				
Ad valorem taxes	-	-	-	-
Intergovernmental	-	7,609	-	-
Other	-	-	200	164
Due from other funds	-	-	-	-
Prepaid assets	-	-	-	-
Total assets	285,352	7,609	13,565	16,037
LIABILITIES				
Accounts payable	30,500	-	-	-
Payroll liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	44,758	-	-
Unearned revenue	-	-	-	-
Total liabilities	30,500	44,758	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES				
Nonspendable - prepaid assets	-	-	-	-
Restricted	254,852	-	13,565	16,037
Unassigned	-	(37,149)	-	-
Total fund balances	254,852	(37,149)	13,565	16,037
Total liabilities, deferred inflows and fund balances	$ 285,352	$ 7,609	$ 13,565	$ 16,037

Special Revenue						
Improvement Districts	Improvement District - Auditor	Improvement District - Treasurer	Improvement District - Tax	Grants	American Rescue Plan	Long Term Grants
$ 225,061	$ 50,371	$ 59,706	$ 74,766	$ -	$ 209,131	$ 194,583
				-		
-	-	-	-	-	-	-
-	-	-	-	292,855	-	-
1,075	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
226,136	50,371	59,706	74,766	292,855	209,131	194,583
-	-	-	9,777	50,690	81,624	55,852
-	486	485	160	-	-	18,797
96,481	-	-	-	-	-	-
-	-	-	-	217,474	-	-
-	-	-	-	2,000	-	-
96,481	486	485	9,937	270,164	81,624	74,649
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
129,655	49,885	59,221	64,829	22,691	127,507	119,934
-	-	-	-	-	-	-
129,655	49,885	59,221	64,829	22,691	127,507	119,934
$ 226,136	$ 50,371	$ 59,706	$ 74,766	$ 292,855	$ 209,131	$ 194,583

MEDINA COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	Special Revenue	Capital Projects		
	Chapter 59 Forfeiture	Certificates of Obligation 2019	TAN Series 2020	TAN Series 2025
ASSETS				
Cash and investments	$ 12,388	$ -	$ -	
Receivables:				
Ad valorem taxes	-	-	-	-
Intergovernmental	-	-	-	-
Other	-	-	-	-
Due from other funds	-	-	36,798	-
Prepaid assets	-	-	-	-
Total assets	12,388	-	36,798	-
LIABILITIES				
Accounts payable	-	-	-	
Payroll liabilities	587	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	36,798	-
Unearned revenue	-	-	-	-
Total liabilities	587	-	36,798	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES				
Nonspendable - prepaid assets	-	-	-	-
Restricted	11,801	-	-	-
Unassigned	-	-	-	-
Total fund balances	11,801	-	-	-
Total liabilities, deferred inflows and fund balances	$ 12,388	$ -	$ 36,798	$ -

Debt Service	Total Nonmajor Governmental
$ 569,559	$ 8,493,393
162,726	487,457
-	736,227
-	171,440
-	63,230
-	1,050
732,285	9,952,797
-	689,135
-	230,799
-	125,704
-	631,672
-	2,000
-	1,679,310
147,991	417,030
147,991	417,030
-	1,050
584,294	7,927,220
-	(71,813)
584,294	7,856,457
$ 732,285	$ 9,952,797

MEDINA COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue			
	Road and Bridge No. 1	Road and Bridge No. 2	Road and Bridge No. 3	Road and Bridge No. 4
REVENUES				
Property taxes	$ 1,940,792	$ 2,244,577	$ 1,484,334	$ 1,118,267
Other taxes	52,173	37,545	39,909	30,071
Licenses and permits	257,392	255,041	255,421	253,840
Intergovernmental	-	-	-	-
Fines and forfeitures	164,849	164,849	164,849	164,849
Charges for services	-	-	-	-
Interest	22,156	64,654	33,715	23,537
Miscellaneous	(125)	3,836	4,984	94
Total revenues	2,437,237	2,770,502	1,983,212	1,590,658
EXPENDITURES				
Current:				
General administration	-	-	-	-
Legal	-	-	-	-
Public safety	-	-	-	-
Public transportation	2,091,858	1,846,483	1,250,609	1,154,475
Health and welfare	-	-	-	-
Capital outlay	3,650	171,195	160,382	151,018
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	2,095,508	2,017,678	1,410,991	1,305,493
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	341,729	752,824	572,221	285,165
OTHER FINANCING SOURCES (USES)				
Proceeds from debt issue	-	-	-	-
Proceeds from sale of assets	2,025	-	2,160	10,350
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	2,025	-	2,160	10,350
NET CHANGE IN FUND BALANCES	343,754	752,824	574,381	295,515
FUND BALANCE - BEGINNING	405,881	1,216,512	516,442	457,499
FUND BALANCES, ENDING	$ 749,635	$ 1,969,336	$ 1,090,823	$ 753,014

Special Revenue						
WIC	Health Unit	Juvenile Probation Department	Truency Prevention Diversion	County Attorney Special	County Law Library	Court Reporter
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,034,645	412,332	491,198	21,564	-	-	-
-	-	-	-	135	30,838	-
1	-	-	-	-	-	22,267
-	-	-	-	-	-	-
-	-	95,460	-	-	-	-
1,034,646	412,332	586,658	21,564	135	30,838	22,267
-	-	-	-	-	-	-
-	-	462,076	-	683	-	64,720
-	-	761,560	-	-	66,284	-
-	-	-	-	-	-	-
993,214	423,386	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
993,214	423,386	1,223,636	-	683	66,284	64,720
41,432	(11,054)	(636,978)	21,564	(548)	(35,446)	(42,453)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	10,351	744,662	-	-	24,000	50,000
(29,427)	-	-	-	4	-	-
(29,427)	10,351	744,662	-	4	24,000	50,000
12,005	(703)	107,684	21,564	(544)	(11,446)	7,547
22,541	(33,961)	(69,256)	81,972	6,000	15,873	38,271
$ 34,546	$ (34,664)	$ 38,428	$ 103,536	$ 5,456	$ 4,427	$ 45,818

MEDINA COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue			
	County Sheriff Forfeiture	Forfeitures Constables	County Clerk Records Management	Records Management
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeitures	31,782	-	130,428	7,779
Charges for services	-	-	-	-
Interest	441	2	13,029	-
Miscellaneous	22	-	-	-
Total revenues	32,245	2	143,457	7,779
EXPENDITURES				
Current:				
General administration	-	-	38,113	-
Legal	-	-	-	-
Public safety	14,761	-	-	-
Public transportation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	94,998	-	15,827	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	109,759	-	53,940	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(77,514)	2	89,517	7,779
OTHER FINANCING SOURCES (USES)				
Proceeds from debt issuance	-	-	-	-
Proceeds from sale of assets	79,000	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	79,000	-	-	-
NET CHANGE IN FUND BALANCES	1,486	2	89,517	7,779
FUND BALANCE - BEGINNING	73,875	509	541,013	25,420
FUND BALANCES, ENDING	$ 75,361	$ 511	$ 630,530	$ 33,199

Special Revenue						
Courthouse Security	LEOSE Sheriff	Justice Court Technology	D. A. Federal Forfeiture	Records Management Archival County Clerk	Records Management Archival District Clerk	Justice Court Security
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	10,093	-	-	-	-	-
21,301	-	22,166	-	127,195	21,760	-
21,055	-	-	30,150	-	-	257
-	-	-	414	13,034	-	-
-	-	-	-	-	-	-
42,356	10,093	22,166	30,564	140,229	21,760	257
-	-	-	-	-	-	-
-	-	46,200	6,264	-	-	-
299,886	7,335	-	-	-	-	20,134
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	4,073	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
299,886	7,335	46,200	6,264	4,073	-	20,134
(257,530)	2,758	(24,034)	24,300	136,156	21,760	(19,877)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
250,000	-	32,645	-	-	-	-
-	-	-	-	-	-	-
250,000	-	32,645	-	-	-	-
(7,530)	2,758	8,611	24,300	136,156	21,760	(19,877)
67,695	5,219	7,308	112,379	448,904	80,709	50,987
$ 60,165	$ 7,977	$ 15,919	$ 136,679	$ 585,060	$ 102,469	$ 31,110

MEDINA COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue			
	HAVA (Help America Vote Act)	HAVA Elections	Environmental Health Food Permit	District Clerk Technology
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	3,700	-
Intergovernmental	-	-	-	-
Fines and forfeitures	-	-	-	504
Charges for services	52,421	-	-	-
Interest	1,249	-	-	-
Miscellaneous	-	-	-	-
Total revenues	53,670	-	3,700	504
EXPENDITURES				
Current:				
General administration	10,584	30,976	-	5,311
Legal	-	-	-	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	11,474	13,782	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	22,058	44,758	-	5,311
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	31,612	(44,758)	3,700	(4,807)
OTHER FINANCING SOURCES (USES)				
Proceeds from debt issuance	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Transfers in	-	7,609	-	-
Transfers out	(7,609)	-	-	-
Total other financing sources (uses)	(7,609)	7,609	-	-
NET CHANGE IN FUND BALANCES	24,003	(37,149)	3,700	(4,807)
FUND BALANCE - BEGINNING	230,849	-	9,865	20,844
FUND BALANCES, ENDING	$ 254,852	$ (37,149)	$ 13,565	$ 16,037

Special Revenue						
Improvement Districts	Improvement District - Auditor	Improvement District - Treasurer	Improvement District - Tax	Grants	American Rescue Plan	Long Term Grants
$ 882,331	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	733,856	313,441	775,000
-	-	-	-	-	-	-
1,235,142	21,333	21,333	21,333	-	-	-
2,842	205	254	357	-	15,890	2,440
-	-	-	-	-	-	-
2,120,315	21,538	21,587	21,690	733,856	329,331	777,440
2,093,020	18,123	16,448	15,539	-	50,538	504,096
-	-	-	-	-	-	-
-	-	-	-	363,841	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	13,389	350,493	332,228	153,333
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,093,020	18,123	16,448	28,928	714,334	382,766	657,429
27,295	3,415	5,139	(7,238)	19,522	(53,435)	120,011
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	11,016	-	-
-	-	-	-	-	-	-
-	-	-	-	11,016	-	-
27,295	3,415	5,139	(7,238)	30,538	(53,435)	120,011
102,360	46,470	54,082	72,067	(7,847)	180,942	(77)
$ 129,655	$ 49,885	$ 59,221	$ 64,829	$ 22,691	$ 127,507	$ 119,934

MEDINA COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue	Capital Projects		
	Chapter 59 Forfeiture	Certificates of Obligation 2019	TAN Series 2020	TAN Series 2025
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeitures	15,752	-	-	-
Charges for services	-	-	-	-
Interest	90	-	1	
Miscellaneous	-	-	-	-
Total revenues	15,842	-	1	-
EXPENDITURES				
Current:				
General administration	-	-	-	-
Legal	-	-	-	-
Public safety	19,170	-	-	-
Public transportation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	820,916	-	
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	
Total expenditures	19,170	820,916	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,328)	(820,916)	1	-
OTHER FINANCING SOURCES (USES)				
Proceeds from debt issuance	-	-	-	
Proceeds from sale of assets	-	-	-	-
Transfers in	-	1,481,515	-	-
Transfers out	-	-	(208,352)	-
Total other financing sources (uses)	-	1,481,515	(208,352)	-
NET CHANGE IN FUND BALANCES	(3,328)	660,599	(208,351)	-
FUND BALANCE - BEGINNING	15,129	(660,599)	208,351	-
FUND BALANCES, ENDING	$ 11,801	$ -	$ -	$ -

Debt Service	Total Nonmajor Governmental
$ 3,122,374	$ 10,792,675
-	159,698
-	1,025,394
-	3,792,129
-	1,069,036
-	1,425,292
8,470	202,780
-	104,271
3,130,844	18,571,275
-	2,782,748
-	579,943
-	1,552,971
-	6,343,425
-	1,416,600
-	2,296,758
1,950,000	1,950,000
702,780	702,780
2,652,780	17,625,225
478,064	946,050
-	-
-	93,535
-	2,611,798
-	(245,384)
-	2,459,949
478,064	3,405,999
106,230	4,450,458
$ 584,294	$ 7,856,457

MEDINA COUNTY, TEXAS

DEBT SERVICE FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Property taxes	$ 2,648,670	$ 2,648,670	$ 3,122,374	$ 473,704
Interest	-	-	8,470	8,470
Total revenues	2,648,670	2,648,670	3,130,844	482,174
EXPENDITURES				
Debt service				
Principal	1,950,000	1,950,000	1,950,000	-
Interest	702,380	702,380	702,780	(400)
Total expenditures	2,652,380	2,652,380	2,652,780	(400)
NET CHANGE IN FUND BALANCE	(3,710)	-	478,064	482,574
FUND BALANCE, BEGINNING	106,230	106,230	106,230	-
FUND BALANCE, ENDING	$ 102,520	$ 106,230	$ 584,294	$ 482,574

MEDINA COUNTY, TEXAS

ROAD AND BRIDGE NO. 1

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
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Taxes	$ 1,950,163	$ 1,950,163	$ 1,940,792	$ (9,371)
Other taxes	15,001	15,001	52,173	37,172
Licenses and permits	233,616	233,616	257,392	23,776
Fines and forfeitures	135,583	135,583	164,849	29,266
Interest	10,000	10,000	22,156	12,156
Miscellaneous	(20,000)	(20,000)	(125)	19,875
Total revenues	2,324,363	2,324,363	2,437,237	112,874
EXPENDITURES				
Public transportation	2,570,078	2,570,078	2,091,858	478,220
Capital outlay	185,000	185,000	3,650	181,350
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	2,755,078	2,755,078	2,095,508	659,570
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(430,715)	(430,715)	341,729	772,444
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	-	2,025	2,025
Total other financing sources (uses)	-	-	2,025	2,025
NET CHANGE IN FUND BALANCE	(430,715)	(430,715)	343,754	774,469
FUND BALANCE, BEGINNING	405,881	405,881	405,881	-
FUND BALANCE, ENDING	$ (24,834)	$ (24,834)	$ 749,635	$ 774,469

MEDINA COUNTY, TEXAS

ROAD AND BRIDGE NO. 2

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes	$ 2,242,400	$ 2,242,400	$ 2,244,577	$ 2,177
Other taxes	10,795	10,795	37,545	26,750
Licenses and permits	233,616	233,616	255,041	21,425
Fines and forfeitures	135,583	135,583	164,849	29,266
Interest	25,000	25,000	64,654	39,654
Miscellaneous	20,000	20,000	3,836	(16,164)
Total revenues	2,667,394	2,667,394	2,770,502	103,108
EXPENDITURES				
Public transportation	3,106,502	3,106,502	2,017,678	1,088,824
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	3,106,502	3,106,502	2,017,678	1,088,824
NET CHANGE IN FUND BALANCE	(439,108)	(439,108)	752,824	1,191,932
FUND BALANCE, BEGINNING	1,216,512	1,216,512	1,216,512	-
FUND BALANCE, ENDING	$ 777,404	$ 777,404	$ 1,969,336	$ 1,191,932

MEDINA COUNTY, TEXAS

ROAD AND BRIDGE NO. 3

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes	$ 1,491,722	$ 1,491,722	$ 1,484,334	$ (7,388)
Other taxes	11,475	11,475	39,909	28,434
Licenses and permits	233,616	233,616	255,421	21,805
Fines and forfeitures	135,583	135,583	164,849	29,266
Interest	8,000	8,000	33,715	25,715
Miscellaneous	20,000	20,000	4,984	(15,016)
Total revenues	1,900,396	1,900,396	1,983,212	82,816
EXPENDITURES				
Public transportation	2,250,729	2,250,729	1,250,609	1,000,120
Capital outlay	250,000	250,000	160,382	89,618
Total expenditures	2,500,729	2,500,729	1,410,991	1,089,738
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	-	2,160	2,160
Total other financing sources (uses)	-	-	2,160	2,160
NET CHANGE IN FUND BALANCE	(600,333)	(600,333)	574,381	1,174,714
FUND BALANCE, BEGINNING	516,442	516,442	516,442	-
FUND BALANCE, ENDING	$ (83,891)	$ (83,891)	$ 1,090,823	$ 1,174,714

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MEDINA COUNTY, TEXAS

ROAD AND BRIDGE NO. 4

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes	$ 1,124,015	$ 1,124,015	$ 1,118,267	$ (5,748)
Other taxes	8,646	8,646	30,071	21,425
Licenses and permits	233,616	233,616	253,840	20,224
Fines and forfeitures	135,583	135,583	164,849	29,266
Interest	6,000	6,000	23,537	17,537
Miscellaneous	20,000	20,000	94	(19,906)
Total revenues	1,527,860	1,527,860	1,590,658	62,798
EXPENDITURES				
Public transportation	1,720,756	1,721,656	1,154,475	567,181
Capital outlay	275,000	274,100	151,018	123,082
Total expenditures	1,995,756	1,995,756	1,305,493	690,263
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	-	10,350	10,350
Total other financing sources (uses)	-	-	10,350	10,350
NET CHANGE IN FUND BALANCE	(467,896)	(467,896)	295,515	763,411
FUND BALANCE, BEGINNING	457,499	457,499	457,499	-
FUND BALANCE, ENDING	$ (10,397)	$ (10,397)	$ 753,014	$ 763,411

MEDINA COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2025

	Custodial Funds				
	State Taxes	County Clerk	District Clerk	Unclaimed Money	Tax Office
ASSETS					
Cash and investments	$ 214,133	$ 390,594	$ 802,161	$ 26,561	$ 9,185,327
Total assets	214,133	390,594	802,161	26,561	9,185,327
LIABILITIES					
Due to other governments	-	39,532	399,977	-	2,561,769
Total liabilities	-	39,532	399,977	-	2,561,769
NET POSITION					
Restricted for individuals, organizations and other governments	214,133	351,062	402,184	26,561	6,623,558
Total net position	$ 214,133	$ 351,062	$ 402,184	$ 26,561	$ 6,623,558

Custodial Funds							
County Sheriff	LEOSE	Cafeteria Plan	4th Court of Appeals	Medina County Elected Official Escrow	D.A. Pretrial Diversion Program	Forfeiture	Total Custodial Funds
$ 426,569	$ 52,822	$ 25,887	$ 2,346	$ 238,142	$ 91,909	$ 12,494	$ 11,468,945
426,569	52,822	25,887	2,346	238,142	91,909	12,494	11,468,945
22,540	(37,301)	-	1,133	168,174	79	(46,066)	3,109,837
22,540	(37,301)	-	1,133	168,174	79	(46,066)	3,109,837
404,029	90,123	25,887	1,213	69,968	91,830	58,560	8,359,108
$ 404,029	$ 90,123	$ 25,887	$ 1,213	$ 69,968	$ 91,830	$ 58,560	$ 8,359,108

MEDINA COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Custodial Funds				
	State Taxes	County Clerk	District Clerk	Unclaimed Money	Tax Office
ADDITIONS					
Contributions from judgements	$ -	$ 14,760	$ 255,379	$ -	$ -
Commissions income	-	-	-	-	-
Taxes and fees collected	-	-	-	-	166,506,651
Bonds received	-	39,787	306,958	-	-
Deposits held	614,416	3,489	-	-	-
Interest income	-	153	1,407	-	35,965
Seizure	-	-	-	-	-
Total additions	614,416	58,189	563,744	-	166,542,616
DEDUCTIONS					
Bonds refunded	-	28,636	929,492	-	-
Disbursements on behalf of contracting entities	-	-	-	-	165,347,233
Buy money	-	-	-	-	-
Judgments	-	-	-	-	-
Tax sale fee	-	-	-	-	-
Deposits returned	-	3,492	-	-	-
Disbursements to beneficiaries	602,265	6,537	87,746	-	-
Other	-	-	-	-	-
Total deductions	602,265	38,665	1,017,238	-	165,347,233
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	12,151	19,524	(453,494)	-	1,195,383
NET POSITION, BEGINNING	201,982	331,538	855,678	26,561	5,428,175
NET POSITION, ENDING	$ 214,133	$ 351,062	$ 402,184	$ 26,561	$ 6,623,558

Custodial Funds							
County Sheriff	LEOSE	Cafeteria Plan	4th Court of Appeals	Medina County Elected Official Escrow	D.A. Pretrial Diversion Program	Forfeiture	Total Custodial Funds
$ 15,769	$ -	$ -	$ 4,390	$ -	$ 30,311	$ -	$ 320,609
40,718	50,790	-	-	-	-	-	91,508
340,338	-	-	-	-	-	-	166,846,989
38,946	-	-	-	-	-	-	385,691
362,487	-	159,220	-	39,308,590	-	15,858	40,464,060
419	-	-	-	-	-	-	37,944
564	-	-	-	-	-	-	564
799,241	50,790	159,220	4,390	39,308,590	30,311	15,858	208,147,365
42,657	-	-	-	-	-	-	1,000,785
7,203	-	-	-	-	-	-	165,354,436
2,000	-	-	-	-	-	-	2,000
75,010	-	-	-	-	-	27,000	102,010
297,158	-	-	-	-	-	-	297,158
27,125	-	-	-	39,238,622	3,936	-	39,273,175
225,011	-	164,752	3,257	-	-	-	1,089,568
-	9,748	-	-	-	-	-	9,748
676,164	9,748	164,752	3,257	39,238,622	3,936	27,000	207,128,880
123,077	41,042	(5,532)	1,133	69,968	26,375	(11,142)	1,018,485
280,952	49,081	31,419	80	-	65,455	69,702	7,340,623
$ 404,029	$ 90,123	$ 25,887	$ 1,213	$ 69,968	$ 91,830	$ 58,560	$ 8,359,108

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COMPLIANCE SECTION

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

Honorable County Judge and
Commissioners' Court
Hondo, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Medina County, Texas (the "County"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise Medina County, Texas' basic financial statements, and have issued our report thereon dated April 6, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Medina 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 Medina County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Medina 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 Medina County, Texas' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Medina County, Texas' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Waco, Texas
April 6, 2026

PATTILLO, BROWN & HILL, L.L.P.
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Waco, Texas 76710
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND THE STATE OF TEXAS GRANT MANAGEMENT STANDARDS

Honorable County Judge and
Commissioners' Court
Hondo, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Medina County, Texas' (the "County") compliance with the types of compliance requirements identified as subject to audit in the *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 Program

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*); and 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, the Uniform Guidance, and TxGMS 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 program. 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 the 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 and TxGMS, 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 or state program 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 or state program 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 or state program 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 have not been 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and TxGMS. Accordingly, this report is not suitable for any other purpose.

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

Waco, Texas
April 6, 2026

MEDINA 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	Agency or Pass-through Number	Expenditures
FEDERAL AWARDS			
U. S. Department of Agriculture			
Pass-through Texas Health and Human Services Commission:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	HHS000805300001	$ 1,015,370
Supplemental Nutrition Assistance Program - (SNAP) Cluster	10.561	HHS000805300001	19,276
Total passed through the Texas Health and Human Services Commission			1,034,646
Total U. S. Department of Agriculture			1,034,646
U. S. Department of Housing and Urban Development			
Direct Program:			
TDA CDBG - East Medina SUD	14.228	CDV23-0125	19,200
Total U. S. Department of Housing and Urban Development			19,200
U. S. Department of Justice			
Direct Programs:			
State Criminal Alien Assistance Program	16.606	15PBJA-24-RR-05977-SCAA	4,075
Bulletproof Vest Program	16.607	N/A	9,604
Total U. S. Department of Justice			13,679
U. S. Department of Treasury			
Direct programs:			
COVID-19 - American Rescue Plan Act (ARPA)	21.027	ARP 2021	312,809
Total U.S. Department of Treasury			312,809
U. S. Secretary of State			
Pass-through TX Secretary of State			
HAVA Election Security	90.404	TXHAVA-ES2025-163	37,149
Total passed through TX Secretary of State			37,149
Total U. S. Secretary of State			37,149
U. S. Department of Health and Human Services			
Pass-through Texas Department of State Health Services:			
Public Health Emergency Preparedness (PHEP)	93.069	HHS001311200040	74,271
Public Health Emergency Preparedness (PHEP)	93.069	HHS001439500026	20,825
Total Assistance Listing Number 93.069			95,096
Immunization Cooperative Agreements	93.268	HHS001331300046	59,592
STLT Response to Public Health	93.391	HHS001057600032	29,368
Public Health Grant	93.967	HHS001312600001	112,638
Preventative Health and Health Services Block Grant	93.991	HHS001324900035	26,233
Preventative Health and Health Services Block Grant	93.991	HHS001588400035	4,093
Total Assistance Listing Number 93.991			30,326
Total passed through the Texas Department of State Health Services:			327,020
Total U. S. Department of Health and Human Services			327,020
Federal Emergency Management Agency			
Pass-through Texas Water Development Board:			
FEMA TWDB FMA Scoping	97.029	TWDB 2200012804	257,653
Total passed through Texas Water Development Board			257,653
Pass-through Texas Division of Emergency Management			
HMAP TDEM Grant	97.029	FIPS #325-99325-00	74,813
Total passed through Texas Division of Emergency Management			74,813
Total Assistance Listing Number 97.029			
Total Federal Emergency Management Agency			332,466
Total Federal Awards			$ 2,076,969

MEDINA 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	Agency or Pass-through Number	Expenditures
STATE AWARDS			
Texas Indigent Defense Commission			
Indigent Defense Hill Country Public Defense Office	N/A	SG-25-008	2,354,119
Total Texas Indigent Defense Commission			2,354,119
Office of the Texas Comptroller			
Rural Sheriff's Office Salary Assistance Grant	N/A	IA-0000000700	500,000
Rural Prosecutor's Office Salary Assistance Grant	N/A	IA-0000000796	275,000
Total Office of the Texas Comptroller			775,000
Texas Department of State Health Services			
Immunization Cooperative Agreements	N/A	HHS001331300046	69,761
Preventative Health and Health Services Block Grant	N/A	HHS001324900035	15,331
Total Texas Department of State Health Services			85,092
Texas Office of the Attorney General			
VINE Grant	N/A	C-01764	18,751
Total Texas Office of the Attorney General			18,751
Texas Office of the Governor			
Operation Lone Star	N/A	4578102	100,919
Operation Lone Star	N/A	4578103	549,916
Rifle Resistent Body Armor	N/A	5081101	13,977
Body Worn Cameras	N/A	5162401	5,853
Total Texas Office of the Governor			670,665
Total State Awards			$ 3,903,627

MEDINA COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

1. GENERAL

The accompanying schedule of expenditures of federal and state awards presents the activity of all applicable federal and state awards of Medina County, Texas. The County's reporting entity is defined in Note 1 to the County's basic financial statements. Federal and State awards received directly from federal and state agencies as well as federal and state awards passed through other government agencies are included in the respective schedule.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal and state awards is presented using modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

3. INDIRECT COSTS

The County has elected to use the de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

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.

MEDINA 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 and State 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 Uniform Guidance or TxGMS	None

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster:
10.557	Special Supplemental Nutrition Program for Woman, Infants, and Children
State	Texas Indigent Defense Commission Hill Country Regional Public Defender Office

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?	No

Findings Related 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

MEDINA COUNTY, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

None

APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $ _________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
28 Liberty Street, 59th Floor
New York, New York 10005
Telecopy:
212-962-1524 (attention: Claims)

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Financial Advisory Services
Provided By:

SAMCO Capital