



# **HAMILTON COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED  
SEPTEMBER 30, 2025**



HAMILTON COUNTY

COUNTY OFFICIALS

COUNTY JUDGE

JAMES YATES

COUNTY COMMISSIONERS

PRECINCT 1

JOHNNY WAGNER

PRECINCT 2

KEITH ALLEN CURRY

PRECINCT 3

DAVID OGLE

PRECINCT 4

DICKIE CLARY

COUNTY ATTORNEY

MARK HENKES

COUNTY TREASURER

TONYA COX

TAX ASSESSOR-COLLECTOR

TERRY SHORT

COUNTY CLERK

RACHEL GEESLIN

DISTRICT CLERK

ANGELA TUBBS

SHERIFF

BRAD BOULTON

HAMILTON COUNTY  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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INDEPENDENT AUDITOR'S REPORT

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

**Report on the Audit of the Financial Statements**

***Opinions***

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

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

***Basis for Opinions***

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

***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

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

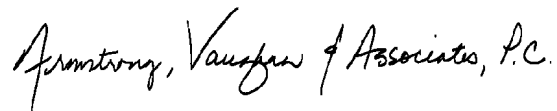
### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hamilton County's financial statements as a whole. The combining and comparative fund statements (as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is 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 March 9, 2026 on our consideration of Hamilton County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Hamilton County's internal control over financial reporting and compliance.



Armstrong, Vaughan & Associates, P.C.  
March 9, 2026

## MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Hamilton County’s annual financial report presents our discussion and analysis of the County’s financial performance during the fiscal year ended September 30, 2025. Please read it in conjunction with the County’s financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

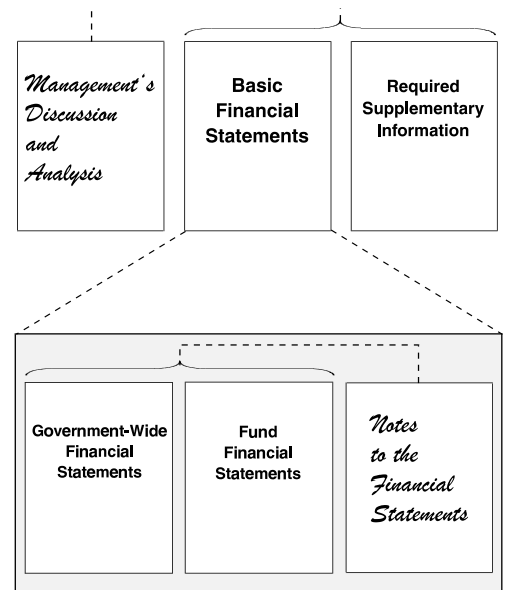
- The County’s total net position was \$12.0 million at September 30, 2025, an increase of \$1.6 million.
- During the year, the County’s governmental activities revenues increased 33% to \$8.7 million from increased property taxes and charges for public safety for the city and hospital.
- The total cost of the County’s programs increased 17% to \$7.1 million. The largest increase was in public safety for the additional personnel to serve the city and hospital.
- The general fund reported a fund balance this year of \$3.6 million, an increase of \$1.0 million. The fund balance represents over 8 months of operating costs.
- The road and bridge fund balance increased \$318 thousand to \$1.2 million. Expenditures were under budget for the year but the fund also started received reimbursements from the Texas Division of Emergency Management for flood events in 2024 and 2025.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the County’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.

Figure A-1, Required Components of the County’s Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

<b>Figure A-2. Major Features of the County's Government-wide and Fund Financial Statements</b>			
<b>Fund Statements</b>			
<i>Type of Statements</i>	Government-wide	Governmental Funds	Fiduciary Funds
<i>Scope</i>	Entire County's government (except fiduciary funds) and the County's component units	The activities of the County that are not proprietary or fiduciary	Activities the County handles for other individuals, organizations, or governments.
<i>Required financial statements</i>	• Statement of net position	• Balance Sheet	• Statement of Fiduciary Net Position
	• Statement of activities	• Statement of revenues, expenditures & changes in fund balances	• Statement of changes in Fiduciary Net Position.
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All additions and deductions during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the County’s financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

### **Government-Wide Statements**

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County’s net position and how they have changed. Net position—the difference between the County’s assets and liabilities—is one way to measure the County’s financial health or *position*.

- Over time, increases or decreases in the County’s net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County, one needs to consider additional non-financial factors such as changes in the County’s tax base.
- The government-wide financial statements of the County include the *Governmental activities*. All of the County’s basic services are included here, such as administration, public safety and public transportation. Property taxes, sales taxes and charges for services finance most of these activities.

## Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant *funds*—not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Commissioners' Court establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The County has the following kinds of funds:

- *Governmental funds*—Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.
- *Fiduciary funds*—The County collects and holds funds for various other entities such as vehicle registrations for the State and court settlements for minors. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the County's government-wide financial statements because they are not resources for the County to use on operations.

## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

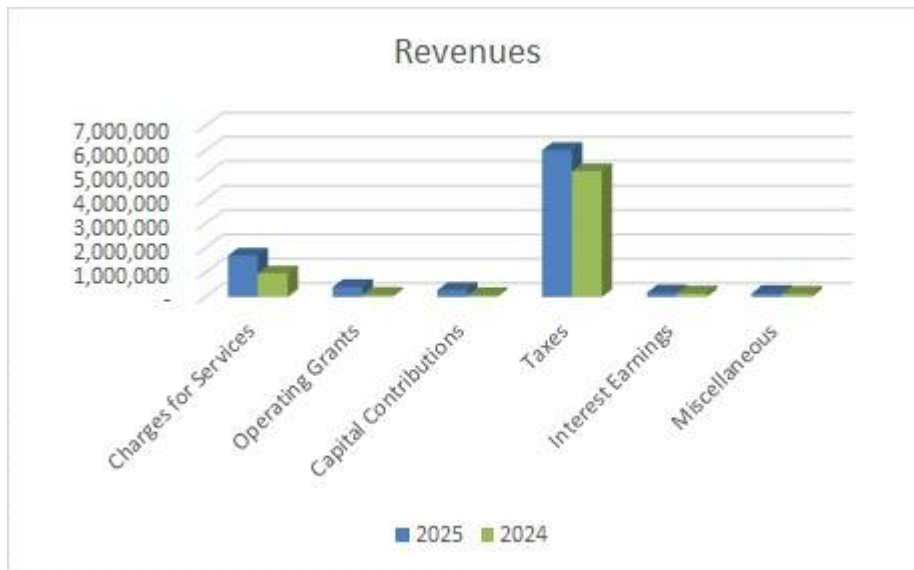
The County's current assets increased from \$4.5 million to \$6.9 million. Part of the increase was from savings in the general fund and also the issuance of \$1.4 million in tax notes for communications tower equipment. The tax notes are expected to be consumed in the 2025-2026 fiscal year. The tax notes are also why long-term liabilities increased.

The County's total net position was \$12.0 million at September 30, 2025. Of this amount, \$7.5 million was invested in capital assets net of related debt. The restricted net position represents resources with external constraints. The balance increased \$752 thousand to \$2.4 million. The balance is concentrated in money set aside for road and bridge maintenance (\$1.2 million) and \$861 thousand in the County's pension plan.

The unrestricted net position represents resources available to fund the programs of the County next year. (See Table A-1).

**Table A-1**  
County's Net Position

	Governmental Activities		Percentage Change
	2025	2024	
<i>Assets:</i>			
Current Assets	\$ 6,897,165	\$ 4,487,876	53.7
Capital and Other Assets	9,500,736	9,007,339	5.5
<i>Total Assets</i>	<u>16,397,901</u>	<u>13,495,215</u>	21.5
<i>Deferred Outflows of Resources:</i>	<u>373,364</u>	<u>307,015</u>	21.6
<i>Liabilities:</i>			
Current Liabilities	1,086,930	972,720	11.7
Long-term Liabilities	2,903,548	1,640,799	77.0
<i>Total Liabilities</i>	<u>3,990,478</u>	<u>2,613,519</u>	52.7
<i>Deferred Inflows of Resources:</i>	<u>731,325</u>	<u>719,224</u>	1.7
<i>Net Position:</i>			
Net Investment in Capital Assets	7,518,363	7,557,210	(0.5)
Restricted	2,445,457	1,693,967	44.4
Unrestricted	2,085,642	1,218,310	71.2
<i>Total Net Position</i>	<u>\$ 12,049,462</u>	<u>\$ 10,469,487</u>	15.1

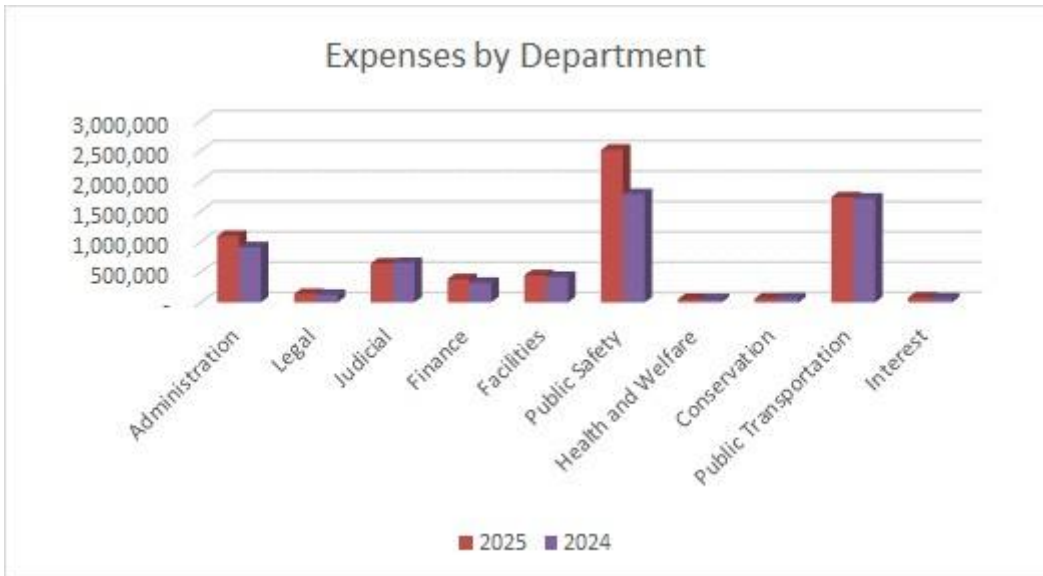


Revenues of the County increased \$2.2 million to \$8.7 million. Charges for services increased because the County absorbed the City of Hamilton police department and now bills the City for those personnel. Grant activity also increased as the Texas Division of Emergency Management has now started reimbursing the County for flood costs and the new rural law enforcement grant from the State. Also, the County increased the tax rate, generating additional property tax revenue. Taxes continue to fund the majority of County operations, representing 69% of total revenues.

Table A-2 summarizes the changes in the County’s net position for 2025 and 2024 fiscal years.

**Table A-2**  
Changes in County's Net Position

	Governmental Activities		Percentage Change
	2025	2024	
<i>Program Revenues:</i>			
Charges for Services	\$ 1,689,827	\$ 959,563	76.1
Operating Grants and Contributions	406,595	87,153	366.5
Capital Contributions	279,243	72,427	285.6
<i>General Revenues:</i>			
Taxes	6,017,281	5,149,584	16.8
Interest Earnings	175,749	143,859	22.2
Miscellaneous	154,834	126,785	22.1
<b>TOTAL REVENUES</b>	<b>8,723,529</b>	<b>6,539,371</b>	<b>33.4</b>
<i>Program Expenses:</i>			
Administration	1,093,476	910,183	20.1
Legal	138,400	126,376	9.5
Judicial	640,173	650,967	(1.7)
Finance	381,999	320,607	19.1
Facilities	445,504	419,114	6.3
Public Safety	2,515,250	1,786,867	40.8
Health and Welfare	53,767	49,973	7.6
Extension	63,704	68,036	(6.4)
Public Transportation	1,733,705	1,712,845	1.2
Interest	77,576	66,125	17.3
<b>TOTAL EXPENSES</b>	<b>7,143,554</b>	<b>6,111,093</b>	<b>16.9</b>
 Change in Net Position	 1,579,975	 428,278	 268.9
 Beginning Net Position	 10,469,487	 10,041,209	
Ending Net Position	<b>\$ 12,049,462</b>	<b>\$ 10,469,487</b>	



Expenses of the County increased 17% and were concentrated in public safety. The department was expanded to take on the City and hospital security.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of September 30, 2025, the County had invested \$36.1 million in land, buildings, infrastructure and equipment. In 2025, the County purchased several vehicles and is continuing work on the communications tower equipment. (See Table A-3.)

**Table A-3**  
County's Capital Assets

	Governmental Activities		Total Percentage Change
	2025	2024	
Land	\$ 138,415	\$ 138,415	0.0
Construction in Progress	2,017,842	1,742,702	15.8
Buildings and Improvements	9,250,888	9,163,221	1.0
Infrastructure	17,773,284	17,773,284	0.0
Vehicles and Equipment	6,658,907	6,212,788	7.2
Right of Use Equipment	296,716	296,716	0.0
Totals at Historical Cost	36,136,052	35,327,126	2.3
Accumulated Depreciation	(27,496,305)	(26,755,773)	2.8
Net Capital Assets	<u>\$ 8,639,747</u>	<u>\$ 8,571,353</u>	0.8

More detailed information about the County's capital assets is presented in the notes to the financial statements.

## Long Term Debt

In 2025, the County made payments on equipment notes and leases as scheduled. The County also issued \$1.4 million in tax notes to finance the communications tower equipment. More detailed information about the County's debt is presented in the notes to the financial statements.

**Table A-4**  
County's Long-Term Debt

	Governmental Activities		Total
	2025	2024	Percentage Change
Equipment Notes	\$ 792,129	\$ 897,570	(11.7)
2025 Tax Notes	1,425,000	-	100.0
Leases Payable	40,233	116,573	(65.5)
Total Long-Term Debt	<u>\$ 2,257,362</u>	<u>\$ 1,014,143</u>	122.6

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Revenues from governmental fund types increased from \$6.5 million to \$8.7 million. Property tax increases, grants and public safety charges for services made up the increase. Governmental expenditures increased \$1.7 million to \$7.8 million. The increase was concentrated in public safety for city and hospital services and capital outlay on the communications tower equipment.

The General Fund ended with a fund balance of \$3.6 million, which is approximately 8 months of general fund operating expenditures.

Road and Bridge fund ended the year adding \$318 thousand to its fund balance. The ending Road and Bridge fund balance was \$1.2 million: little over 9 months of operations.

### Budgetary Highlights

The County's actual revenues in the general fund exceeded the budget by \$343 thousand. The revenues are budgeted conservatively to ensure resources are available. Charges for service were short of the budget as the hospital did not utilize as much security as expected. Expenditures were under budget by \$742 thousand. Public safety expenditures were the largest savings and were supported by a new rural law enforcement grant in another fund. Fund balance increased \$1.0 million compared to a budgeted reduction in fund balance of \$52 thousand.

The County's actual revenues in the road bridge fund were \$254 thousand more than budgeted. The Texas Department of Emergency Management started reimbursing the County for 2024 and 2025 flood costs. Because of the delay in receiving these funds and the uncertainty of amounts, the County does not budget for them until they are known. Expenditures were under budget by \$697 thousand across all four precincts. Fund balance increased \$318 thousand compared to a budgeted reduction in fund balance of \$478 thousand.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The 2025-2026 budget decreased property tax rates to from 0.43 per \$100 of valuation to 0.423. Despite the decrease in rates, increasing valuations are expected to result in \$512 thousand in additional property tax revenue. A portion of the tax collections will be allocated to a new debt service fund to pay the 2025 tax notes. Spending in the General Fund is expected to increase about 10% over the 2024-2025 level to fill all vacancies in public safety and provide additional support to road and bridge. The County will be completing the communications tower equipment from the 2025 tax notes in 2026. Otherwise, the County does not anticipate any significant changes to County services or operations.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County at (254)-386-1200.

## BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – Wide Financial Statements
- Fund Financial Statements:
  - Governmental Funds
  - Fiduciary Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

HAMILTON COUNTY  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2025

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 6,173,208
Ad Valorem Taxes Receivable (net)	118,942
Other Receivables (Net of Allowances)	366,488
Prepaid Expenses	238,527
<i>Total Current Assets</i>	<u>6,897,165</u>
 <i>Capital Assets:</i>	
Land	138,415
Construction in Progress	2,017,842
Buildings and Improvements (net)	4,904,308
Vehicles and Equipment (net)	1,477,893
Right of Use Equipment (net)	101,289
Infrastructure (net)	-
<i>Total Capital Assets</i>	<u>8,639,747</u>
 <i>Other Assets:</i>	
Net Pension Asset	860,989
<i>Total Other Assets</i>	<u>860,989</u>
<b>TOTAL ASSETS</b>	<u>16,397,901</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Pension Related Outflows	292,923
Deferred Other Post Employment Benefit Outflows	80,441
<b>TOTAL DEFERRED OUTFLOWS</b>	<u>\$ 373,364</u>

See accompanying notes to basic financial statements.

HAMILTON COUNTY  
STATEMENT OF NET POSITION (CONTINUED)  
SEPTEMBER 30, 2025

	<u>Governmental Activities</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 210,583
Accrued Wages	175,425
Accrued Interest Payable	43,741
Unearned Revenue	135,015
Long-term Liabilities Due Within One Year	
Accrued Compensated Absences	34,219
Long-term Debt	459,569
Total Other Post Employment Benefits Liability	28,378
Long-term Liabilities Due in More Than One Year	
Accrued Compensated Absences	102,657
Long-term Debt	1,797,793
Total Other Post Employment Benefits Liability	<u>1,003,098</u>
<b>TOTAL LIABILITIES</b>	<u><u>3,990,478</u></u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Pension Related Inflows	211,345
Deferred Other Post Employment Benefits Inflows	<u>519,980</u>
<b>TOTAL DEFERRED INFLOWS</b>	<u><u>731,325</u></u>
 <b>NET POSITION</b>	
Net Investment in Capital Assets	7,518,363
Restricted for:	
Net Pension Asset	860,989
Elections	2,665
Legal	45,684
Judicial	189,789
Public Safety	16,201
Records Management	140,722
Road and Bridge Maintenance	1,189,407
Unrestricted	<u>2,085,642</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 12,049,462</u></u>

See accompanying notes to basic financial statements.



HAMILTON COUNTY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenue (Expense) and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total</u>
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
Administration	\$ 1,093,476	\$ 159,932	\$ 29,967	\$ -	\$ (903,577)
Legal	138,400	-	50,421	-	(87,979)
Judicial	640,173	394,979	2,522	-	(242,672)
Finance	381,999	41,788	-	-	(340,211)
Facilities	445,504	-	-	-	(445,504)
Public Safety	2,515,250	617,543	323,685	-	(1,574,022)
Health and Welfare	53,767	-	-	-	(53,767)
Extension	63,704	-	-	-	(63,704)
Public Transportation	1,733,705	475,585	-	279,243	(978,877)
Interest	77,576	-	-	-	(77,576)
<b>Total Primary Government</b>	<u>\$ 7,143,554</u>	<u>\$ 1,689,827</u>	<u>\$ 406,595</u>	<u>\$ 279,243</u>	<u>(4,767,889)</u>
<b>General Revenues:</b>					
Taxes					
Ad Valorem Taxes					5,264,508
Sales Taxes					752,773
Interest and Investment Earnings					175,749
Miscellaneous					154,834
<b>Total General Revenues</b>					<u>6,347,864</u>
Change in Net Position					1,579,975
<b>Net Position at Beginning of Year</b>					10,469,487
<b>Net Position at End of Year</b>					<u>\$ 12,049,462</u>

See accompanying notes to basic financial statements.

HAMILTON COUNTY  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2025

	Major Funds			Other Nonmajor Funds	Total Governmental Funds
	General Fund	Road & Bridge	2025 Tax Notes		
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,658,495	\$ 994,998	\$ 1,135,979	\$ 383,737	\$ 6,173,209
Ad Valorem Taxes Receivable (net)	118,942	-	-	-	118,942
Other Receivables	128,994	235,872	-	1,622	366,488
Prepaid Items	202,382	26,081	-	10,064	238,527
<b>TOTAL ASSETS</b>	<b>\$ 4,108,813</b>	<b>\$ 1,256,951</b>	<b>\$ 1,135,979</b>	<b>\$ 395,423</b>	<b>\$ 6,897,166</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<i>Liabilities:</i>					
Accounts Payable	\$ 183,986	\$ 26,235	\$ -	\$ 362	\$ 210,583
Accrued Wages	134,116	41,309	-	-	175,425
Unearned Revenue	135,015	-	-	-	135,015
<i>Total Liabilities</i>	<u>453,117</u>	<u>67,544</u>	<u>-</u>	<u>362</u>	<u>521,023</u>
<i>Deferred Inflows of Resources:</i>					
Unavailable Property Tax Revenues	87,200	-	-	-	87,200
<i>Total Deferred Inflows</i>	<u>87,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,200</u>
<i>Fund Balances:</i>					
Nonspendable:					
Prepaid Items	202,382	26,081	-	10,064	238,527
Restricted for:					
Elections	-	-	-	2,665	2,665
Legal	-	-	-	45,684	45,684
Judicial	-	-	-	189,789	189,789
Public Safety	-	-	-	16,201	16,201
Records Management	-	-	-	130,658	130,658
Capital Improvements	-	-	1,135,979	-	1,135,979
Road and Bridge Maintenance	-	1,163,326	-	-	1,163,326
Unassigned	3,366,114	-	-	-	3,366,114
<i>Total Fund Balances</i>	<u>3,568,496</u>	<u>1,189,407</u>	<u>1,135,979</u>	<u>395,061</u>	<u>6,288,943</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 4,108,813</b>	<b>\$ 1,256,951</b>	<b>\$ 1,135,979</b>	<b>\$ 395,423</b>	<b>\$ 6,897,166</b>

See accompanying notes to basic financial statements.

HAMILTON COUNTY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2025

**TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS** \$ 6,288,943

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. 8,639,747

Long-term liabilities (including notes payable and leases) are not due and payable with current financial resources and thus not reported in the governmental funds.

Notes Payable	(2,217,129)	
Leases Payable	(40,233)	
Accrued Interest	<u>(43,741)</u>	(2,301,103)

Net Pension Liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in governmental funds.

Net Pension Asset	860,989	
Pension Related Deferred Outflows	292,923	
Pension Related Deferred Inflows	<u>(211,345)</u>	942,567

Other Post Employment Benefit (OPEB) Liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in governmental funds.

Total Other OPEB Liability	(1,031,476)	
OPEB Related Deferred Outflows	80,441	
OPEB Related Deferred Inflows	<u>(519,980)</u>	(1,471,015)

Other liabilities are not due and payable in the current period, and therefore, not reported in the funds.

Accrued Compensated Absences		(136,876)
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recognized as revenue in the funds.

		<u>87,199</u>
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**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** \$ 12,049,462

See accompanying notes to basic financial statements.

HAMILTON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Major Funds			Other Nonmajor Funds	Total Governmental Funds
	General Fund	Road & Bridge	2025 Tax Notes		
<b>REVENUES</b>					
Ad Valorem Taxes	\$ 4,042,183	\$ 1,208,000	\$ -	\$ -	\$ 5,250,183
Sales Taxes	704,723	-	-	-	704,723
Fines and Forfeitures	569,046	-	-	97,769	666,815
Charges for Services	600,222	-	-	-	600,222
Licenses, Permits, and Fees	-	526,620	-	-	526,620
Interest Income	122,927	21,175	30,421	1,226	175,749
Misc Income	137,916	16,232	-	-	154,148
Grants and Donations	146,869	228,208	-	255,668	630,745
<b>TOTAL REVENUES</b>	<u>6,323,886</u>	<u>2,000,235</u>	<u>30,421</u>	<u>354,663</u>	<u>8,709,205</u>
<b>EXPENDITURES</b>					
Current:					
Administration	1,015,026	-	-	49,313	1,064,339
Legal	153,927	-	-	-	153,927
Judicial	665,063	-	-	39,424	704,487
Finance	402,256	-	-	-	402,256
Facilities	240,168	-	-	-	240,168
Public Safety	2,375,720	-	-	104,284	2,480,004
Health and Welfare	53,767	-	-	-	53,767
Conservation	63,704	-	-	-	63,704
Public Transportation	-	1,531,008	-	-	1,531,008
Capital Outlay	62,623	184,441	275,140	152,858	675,062
Debt Service:					
Principal	158,284	173,497	-	-	331,781
Interest	25,684	18,586	-	-	44,270
Issuance Costs	-	-	44,302	-	44,302
<b>TOTAL EXPENDITURES</b>	<u>5,216,222</u>	<u>1,907,532</u>	<u>319,442</u>	<u>345,879</u>	<u>7,789,075</u>
Excess (Deficiency) in Revenue Over (Under) Expenditures	1,107,664	92,703	(289,021)	8,784	920,130
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Notes Payable	-	150,000	1,425,000	-	1,575,000
Transfer In	-	75,000	-	-	75,000
Transfer Out	(75,000)	-	-	-	(75,000)
<b>TOTAL OFS</b>	<u>(75,000)</u>	<u>225,000</u>	<u>1,425,000</u>	<u>-</u>	<u>1,575,000</u>
Net Change in Fund Balance	1,032,664	317,703	1,135,979	8,784	2,495,130
<b>BEGINNING FUND BALANCE</b>	<u>2,535,832</u>	<u>871,704</u>	<u>0</u>	<u>386,277</u>	<u>3,793,813</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 3,568,496</u>	<u>\$ 1,189,407</u>	<u>\$ 1,135,979</u>	<u>\$ 395,061</u>	<u>\$ 6,288,943</u>

See accompanying notes to basic financial statements.

HAMILTON COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

**NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS**                   \$ 2,495,130

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

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.

Capital Outlay	808,926	
Depreciation Expense	<u>(740,532)</u>	68,394

The issuance of long-term debt (e.g. bonds and leases) provide current financial resources of governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. Also, governmental funds report interest expense and compensated absences when they are due and payable, while the statement of activities recognizes interest expense and compensated absences when incurred.

Principal Payments on Long-term Debt	331,781	
Issuance of Long-term Debt	(1,575,000)	
Change in Accrued Interest	(33,306)	
Change in Compensated Absences	<u>(118,250)</u>	(1,394,775)

Governmental funds report required contributions to employee pensions as expenditures. However, in the Statement of Activities the expense for the pension is recorded based on the actuarially determined cost of the plan. This is the difference between the actuarially determined pension expense and contributions.

347,568

Governmental funds report required contributions to Other Post Employment Benefits (OPEB) as expenditures. However, in the Statement of Activities the expense for the OPEB is recorded based on the actuarially determined cost of the plan. This is the difference between the actuarially determined OPEB expense and contributions.

49,334

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

14,324

**CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES**                   \$ 1,579,975

See accompanying notes to basic financial statements.

HAMILTON COUNTY  
STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2025

	Custodial Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 430,072
Certificates of Deposit	5,248
<b>TOTAL ASSETS</b>	<b>435,320</b>
 <b>LIABILITIES</b>	
Payables to Other Entities	132,818
<b>TOTAL LIABILITIES</b>	<b>132,818</b>
 <b>NET POSITION</b>	
Restricted for:	
Individuals, Organizations and other Governments	302,502
<b>TOTAL NET POSITION</b>	<b>\$ 302,502</b>

See accompanying notes to basic financial statements.

HAMILTON COUNTY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Cash Bonds and Court Fees	\$ 338,561
Motor Vehicle Collections for the State	<u>1,193,913</u>
<b>TOTAL ADDITIONS</b>	<u>1,532,474</u>
 <b>DEDUCTIONS</b>	
Cash Bond Refunds and Forfeitures	931,274
Motor Vehicle Distributions to the State	<u>1,193,913</u>
<b>TOTAL DEDUCTIONS</b>	<u>2,125,187</u>
 Net Increase in Fiduciary Net Position	 (592,713)
 <b>BEGINNING NET POSITION</b>	 <u>895,215</u>
 <b>ENDING NET POSITION</b>	 <u><u>\$ 302,502</u></u>

See accompanying notes to basic financial statements.

HAMILTON COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Hamilton County (“County”) is a public corporation and political subdivision of the State of Texas. The County is governed by four elected Commissioners (divided into precincts) and the elected County Judge. The County provides the following services: general government (administration, judicial, legal, elections, and financial administration), public safety (corrections, and sheriff), public transportation (roads and bridges), health and extension.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. REPORTING ENTITY

*Component Units*

Component units are legally separate entities that are, in substance, part of the government’s operations; thus, data from these units, would be combined with data of the primary government. The County does not have any component units.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the County. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues.

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

Separate **fund financial statements** are provided for governmental, proprietary and fiduciary funds. The General Fund, 2025 Tax Notes and Road and Bridge Fund meet the criteria as **major funds**.

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue types which have been accrued consist of revenue from taxes, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

HAMILTON COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Revenues are classified as *program revenues* and *general revenues*. 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. General revenues include all taxes, grants not restricted to specific programs, investment earnings, and other miscellaneous revenues.

**Governmental fund level financial statements** are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

**General Fund** is the general operating fund of the County and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property and sales taxes. Primary expenditures are for general administration, judicial, and public safety.

**Road and Bridge Fund** is used to account for property taxes and licenses committed to road and bridge maintenance in the County.

**2025 Tax Notes Fund** is used to account for debt proceeds to be spent on related capital improvements of communications tower equipment.

**Fiduciary fund level financial statements** are used to account resources held for others. The County's custodial funds hold motor vehicle fees for the State and various other settlements.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the County. For the County, this includes investments in local government investment pools that are liquid and maintain a stable net asset value.

HAMILTON COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

5. INVESTMENTS

State statutes authorize the County to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

Investments in local government investment pools are reported as net asset value of \$1 per share, which approximates fair value. Investments in local government pools are liquid and available on demand. Thus, they are reported in cash and cash equivalents. The County reports investments in certificates of deposit at amortized cost and U.S. Agency debt instruments at fair value.

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the County has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

HAMILTON COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

5. INVESTMENTS (CONT.)

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, while the County believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

6. ACCOUNTS RECEIVABLE/REVENUE RECOGNITION

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2024 and past due after January 31, 2025. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unearned revenue in the fund statements. Receivables are shown net of an allowance for credit losses.

7. PREPAID ITEMS

Payments made for goods and services in advance are recorded as prepaid items on the balance sheet.

8. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund statements.

HAMILTON COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

9. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more and a useful life in excess of two years. Infrastructure assets include County-owned streets, water system, and sewer system. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Estimated Life</u>
Buildings and Improvements	10-35 years
Infrastructure	30 years
Vehicles and Equipment	3-20 years

10. COMPENSATED ABSENCES

Full-time employees earn paid time off (including vacation, compensatory, holiday and sick time) at varying rates depending on length of service. Compensatory time is paid on termination, but no other leave is. Accumulated, unused compensatory time is accrued as incurred in the government-wide statements based on an estimate of the leave more likely than not to be paid out or taken as leave in the future. However, it is only recognized on the governmental fund statements when it is due and payable. The County uses the first in and first out method flows assumption in determining the liability.

11. UNAVAILABLE/UNEARNED REVENUE

Property tax revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue not expected to be available for the current period are reflected as unavailable revenue (a deferred inflow of resources). Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

12. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period, while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

HAMILTON COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

13. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt (including capital leases) and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premiums and discounts are deferred and amortized over the life of the discount. Bond issuance costs are expensed as incurred. 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.

14. PENSIONS

The net pension liability, deferred inflows, and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas County and District Retirement System (TCDRS), and additions to and deductions from TCERS's fiduciary net position have been determined on the same basis as they are reported by TCERS. For this purpose, benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

15. 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 legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

HAMILTON COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

16. FUND BALANCES

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable - Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted - Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed - Represents amounts that can only be used for a specific purpose by a resolution of Commissioners' Court. Committed amounts cannot be used for any other purpose unless Commissioners' Court removes those constraints through the same formal action.

Assigned - Represents amounts which the County intends to use for a specific purpose but do not meet the criteria of restricted or committed. The Commissioners' Court may delegate authority for assignments to other officials in the County.

Unassigned - Represents the residual balance that may be spent on any other purpose of the County.

When an expenditure is incurred for a purpose in which multiple classifications are available, the County considers restricted balances spent first, committed second and assigned third.

17. USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

18. COMPARATIVE DATA/RECLASSIFICATIONS

Comparative data for the prior year (where provided) includes certain reclassifications to conform to the 2025 presentation. These reclassifications had no effect on the changes in fund balance/net position.

HAMILTON COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**NOTE B -- DEPOSITS AND INVESTMENTS**

1. Deposits

The County maintains deposits at one institution that provides a combination of pledged collateral and FDIC insurance to completely collateralize the County's deposits, including certificates.

2. Investments

As of September 30, 2025, the County's investments included \$4.2 million in Logic, a AAAM rated local government investment pool. The investments are reported in cash and equivalents at \$1 per share, which approximates fair value. The pool is available on demand.

The County has materially complied with the provisions of the Public Funds Investment Act, by investing in qualified vehicles, adopting an investment policy, naming an investment officer, and attending the required training.

**NOTE C -- PROPERTY TAX CALENDAR**

The County's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the County. Assessed values are established by the Hamilton County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2024, upon which the fiscal 2025 levy was based, was \$1.22 billion (i.e., market value less exemptions).

The County is permitted by the Constitution of the State of Texas to levy taxes up to \$0.80 per \$100 of taxable assessed valuation for all governmental purposes. Taxes for voter approved debt service are generally unlimited. The tax rate to finance general governmental services for the year ended September 30, 2025 was \$0.43 per \$100 of assessed value. Generally, the County may only increase the maintenance and operations tax levy 3.5% each year without first obtaining voter approval.

**NOTE D -- RECEIVABLES**

Receivables for the County as of September 30, 2025 are as follows:

	<u>General Fund</u>	<u>Road &amp; Bridge</u>	<u>Nonmajor Funds</u>
Ad Valorem Taxes	\$ 206,142	\$ -	\$ -
Allowance for Uncollectibles	(87,200)	-	-
Sales and Mixed Beverage Tax	122,648	-	-
Grant Receivable	-	235,872	-
Other Receivables	<u>6,346</u>	<u>-</u>	<u>1,622</u>
Total Receivables	<u>\$ 247,936</u>	<u>\$ 235,872</u>	<u>\$ 1,622</u>

HAMILTON COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**NOTE E -- CAPITAL ASSETS**

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

	Balance 10/1/2024	Additions	Disposals/ Transfers	Balance 9/30/2025
<i>Governmental Activities</i>				
Land	\$ 138,415	\$ -	\$ -	\$ 138,415
Construction in Progress	1,742,702	275,140	-	2,017,842
Buildings and Improvements	9,163,221	87,667	-	9,250,888
Vehicles and Equipment	6,212,788	446,119	-	6,658,907
Right of Use Equipment	296,716	-	-	296,716
Infrastructure	17,773,284	-	-	17,773,284
	35,327,126	808,926	-	36,136,052
Less Accumulated Depreciation				
Buildings and Improvements	(4,046,439)	(300,141)	-	(4,346,580)
Infrastructure	(17,689,387)	(83,897)	-	(17,773,284)
Vehicles and Equipment	(4,883,863)	(297,151)	-	(5,181,014)
Right of Use Equipment	(136,084)	(59,343)	-	(195,427)
	(26,755,773)	(740,532)	-	(27,496,305)
Governmental Activities, Net	\$ 8,571,353	\$ 68,394	\$ -	\$ 8,639,747

Land and Construction in Progress are not depreciated. Depreciation expense was charged to the governmental functions as follows:

Administration	\$ 19,562
Facilities	246,861
Public Safety	200,986
Public Transportation	273,123
Total Depreciation Expense - Governmental Activities	\$ 740,532

HAMILTON COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**NOTE F -- LONG-TERM DEBT**

Changes in long-term debt were as follows:

	Balance 10/1/2024	Additions	Reductions	Balance 9/30/2025	Due Within One Year
<i>Governmental Activities:</i>					
Notes Payable	\$ 897,570	\$ 150,000	\$ (255,441)	\$ 792,129	\$ 262,750
2025 Tax Notes	-	1,425,000	-	1,425,000	160,000
Leases Payable	116,573	-	(76,340)	40,233	36,819
Compensated Absences	18,626	118,250	-	136,876	34,219
Net Pension Liability (Asset)	(435,986)	793,180	(1,218,183)	(860,989)	-
Total OPEB Liability	949,127	110,727	(28,378)	1,031,476	28,378
<i>Total Government</i>	<u>\$ 1,545,910</u>	<u>\$ 2,597,157</u>	<u>\$ (1,578,342)</u>	<u>\$ 2,564,725</u>	<u>\$ 522,166</u>

The changes in compensated absences is a net figure.

The 2025 Tax Notes were issued for \$1.425 million to finance communications tower equipment. The notes bear interest at rate ranging from 3.75% to 4.35% and mature serially through February, 2032.

The notes payable consist of 9 agreements to finance equipment purchases. Each note requires annual payments, and they bear interest at rates ranging between 3.24% and 6.24%.

The tax notes and notes payable were privately placed at banks but do not include subjective acceleration or events of default with finance-related consequences.

In addition, the County leased several vehicles under two separate agreements. The agreements require monthly payments and bear interest at 6.71% and 9.32%. At lease termination, the value of the vehicles will be compared to the expected value to determine a potential purchase option.

Annual requirements to service these agreements are as follows:

Year Ending September 30,	Notes Payable		Leases		Total
	Principal	Interest	Principal	Interest	
2026	\$ 262,750	\$ 36,083	\$ 36,819	\$ 1,644	\$ 337,296
2027	191,608	24,644	3,414	53	219,719
2028	164,784	16,230	-	-	181,014
2029	139,391	8,701	-	-	148,092
2030	33,596	2,014	-	-	35,610
Total	<u>\$ 792,129</u>	<u>\$ 87,672</u>	<u>\$ 40,233</u>	<u>\$ 1,697</u>	<u>\$ 886,121</u>

HAMILTON COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**NOTE F -- LONG-TERM DEBT (CONT.)**

Year Ending September 30,	Notes Payable		Total
	Principal	Interest	
2026	\$ 160,000	\$ 78,441	\$ 238,441
2027	190,000	48,885	238,885
2028	195,000	41,233	236,233
2029	205,000	33,130	238,130
2030	215,000	24,413	239,413
2031	225,000	15,060	240,060
2032	235,000	5,111	240,111
Total	<u>\$ 1,425,000</u>	<u>\$ 246,273</u>	<u>\$ 951,689</u>

**NOTE G -- PENSION PLAN**

**Plan Description**

The County participates as one of 830 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas County and District Retirement System (TCDRS). TCDRS is an agency created by the state of Texas and administered in accordance with the TCDRS Act as an agent multiple-employer retirement system for County and District employees in the State of Texas. The Board of Trustees of TCDRS is responsible for the administration and management of the system. 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 PO Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the County, within the options available in the state statutes governing TCDRS. Members can retire at age 60 and above with 8 or more years of service or with 20 years regardless of age or when the sum of their age and years of service equals 75 or more. A member is vested after 8 years but must leave his accumulated contributions in the plan. Members who withdraw their personal contributions in a partial lump sum are not entitled to any amounts contributed by the 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 County within the actuarial constraints imposed by the TCDRS Act so 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.

HAMILTON COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**NOTE G -- PENSION PLAN (CONT.)**

**Benefits Provided**

TCDRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the District, within the options available in the state statutes governing TCDRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the County-financed monetary credits with interest were used to purchase an annuity.

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	55
Inactive Employees Entitled to but Not Yet Receiving Benefits	115
Active employees	<u>61</u>
	<u><u>231</u></u>

**Contributions**

The County has elected the annually determined contribution rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The actuarially determined rates were 5.51% and 5.01% for the calendar years of 2024 and 2025, respectively. The County elected to contribute 9.79% for the year ending September 30, 2025.

The contribution rate payable by the employee members is 6% as adopted by the governing body of the County. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. The County has adopted a matching rate of 150%. Employees may not take a partial lump sum on retirement.

HAMILTON COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**NOTE G -- PENSION PLAN (CONT.)**

**Actuarial Assumptions**

The County's net pension liability (NPL) was measured as of December 31, 2024 and the total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date. The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	0.0 Years
Asset Valuation Method	5 Year Smoothed Market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average including inflation
Investment Rate of Return	7.50%, net of administrative and investment expenses
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.

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. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2025 information for a 10-year time horizon. Note that 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 March 2021.

HAMILTON COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**NOTE G -- PENSION PLAN (CONT.)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Geometric Real Rate of Return</u>
U.S. Equities	13.0%	5.35%
Global Equity	4.0%	5.15%
International Developed Markets	6.0%	4.75%
International Emerging Markets	0.0%	4.75%
Investment Grade Bonds	3.0%	2.55%
Strategic Credit	9.0%	3.70%
Direct Lending	16.0%	6.85%
Distressed Debt	4.0%	6.80%
REIT Equities	2.0%	3.95%
Master Limited Partnerships (MLPs)	2.0%	4.95%
Commodities	2.0%	1.00%
Private Real Estate Partnerships	6.0%	5.75%
Private Equity	25.0%	8.15%
Hedge Funds	6.0%	3.60%
Cash Equivalents	2.0%	1.10%
	<u>100%</u>	

The discount rate used to measure the Total Pension Liability (or asset) was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability (or asset).

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

	Discount Rate		
	<u>1% Decrease</u>	<u>7.60%</u>	<u>1% Increase</u>
Net Pension Liability (Asset)	\$ 149,107	\$ (860,989)	\$ (1,706,422)

HAMILTON COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**NOTE G -- PENSION PLAN (CONT.)**

**Changes in the Net Pension Liability**

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

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at December 31, 2023	\$ 8,152,679	\$ 8,588,665	\$ (435,986)
Changes for the year:			
Service Cost	179,815	-	179,815
Interest	613,365	-	613,365
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(175,586)	-	(175,586)
Changes of Assumptions	-	-	-
Refund of Contributions	(76,108)	(76,108)	-
Benefit Payments	(457,462)	(457,462)	-
Administrative Expense	-	(4,952)	4,952
Contributions - Employee	-	73,971	(73,971)
Net Investment Income	-	868,300	(868,300)
Contributions - Employer	-	121,353	(121,353)
Other Changes	-	(16,075)	16,075
Net Changes	<u>84,024</u>	<u>509,027</u>	<u>(425,003)</u>
Balance at December 31, 2024	<u>\$ 8,236,703</u>	<u>\$ 9,097,692</u>	<u>\$ (860,989)</u>

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained on the internet at [www.TCDRS.com](http://www.TCDRS.com).

HAMILTON COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**NOTE G -- PENSION PLAN (CONT.)**

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

For the year ended September 30, 2025, the County recognized pension expense of (\$93,365). Also as of 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	\$ 4,532	\$ 117,057
Changes in Actuarial Assumptions	-	-
Differences Between Projected and Actual Investment Earnings	-	94,288
Contributions Subsequent to the Measurement Date	288,391	-
	\$ 292,923	\$ 211,345

Deferred outflows of resources in the amount of \$288,391 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Plan Year ended December 31,	
2026	\$ (127,831)
2027	66,224
2028	(99,415)
2029	(45,791)
2030	-
Thereafter	-
	\$ (206,813)

**NOTE H -- OTHER POST-EMPLOYMENT BENEFIT**

Eligible retirees of the County may participate in the health insurance plan of the County at the County's cost. Eligible employees are those that attain age 60 or 25 years of service, regardless of age. The retiree must have at least 8 years of continuous coverage under the medical plan prior to the date of eligible retirement. Through age 65 a traditional medical plan is offered and after 65 a medicare supplement is available. The County contributes \$250 per month for eligible retirees with the additional premiums covered by the retiree.

HAMILTON COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**NOTE H -- OTHER POST-EMPLOYMENT BENEFIT (CONT.)**

Membership in the plan at September 30, 2025, the valuation date, consisted of:

Inactive Employees or Beneficiaries Currently Receiving Benefits	8
Inactive Employees Entitled to but Not Yet Receiving Benefits	0
Active employees	<u>52</u>
	<u><u>60</u></u>

This County does not maintain a separate trust for this plan and is not accumulating assets to service the other post-employment benefit. 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 employees attaining eligibility. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows as of the last valuation dated September 30, 2024:

Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.50%
Salary Increases	3.50%
Discount Rate	4.06% (S&P Municipal Bond 20 Year High Grade Index)
Mortality Rates	RPH-2014 Total Table with Projection MP-2021
Turnover	Rates are based on TCDRS assumptions from 2017.
Health Care Trend Rates	Level trend rate of 4.50%
Participation Rates	Assumed 50% of all active employees who currently have coverage and 100% of all retirees currently on the plan will continue with coverage.

The following tables present the sensitivity of the TOL to a 1% swing in the discount rate and health care cost trend rate:

	<u>1% Decrease</u>	Healthcare Trend Rate	<u>1% Increase</u>
Total OPEB Liability	\$ 884,004	\$ 1,031,476	\$ 1,218,155
		<u>Discount Rate</u>	
	<u>1% Decrease</u>	4.06%	<u>1% Increase</u>
Total OPEB Liability	\$ 1,192,779	\$ 1,031,476	\$ 900,645

HAMILTON COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**NOTE H -- OTHER POST-EMPLOYMENT BENEFIT (CONT.)**

The County's Total OPEB Liability (TOL), based on the above actuarial factors, as of September 30, 2025, the measurement date, was calculated as follows:

	Total OPEB Liability
Balance at September 30, 2024	\$ 949,127
Changes for the year:	
Service Cost	63,555
Interest	47,172
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	-
Benefit Payments	(28,378)
Net Changes	82,349
Balance at September 30, 2025	\$ 1,031,476

There is no separate trust maintained to fund this TOL. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.

For the year ended September 30, 2025, the County recognized OPEB expense of (\$20,956). In addition, the following deferred inflows and outflows were reported as of September 30, 2025 related to the benefit:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ 80,441	\$ 185,797
Changes in Experience	-	334,183
Contributions Subsequent to the Measurement Date	-	-
	\$ 80,441	\$ 519,980

HAMILTON COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**NOTE H -- OTHER POST-EMPLOYMENT BENEFIT (CONT.)**

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

For the Plan Year ended September 30,		
2026	\$	(131,683)
2027		(142,526)
2028		(68,763)
2029		(50,305)
2030		(46,262)
Thereafter		-
	<u>\$</u>	<u>(439,539)</u>

**NOTE I – TAX ABATEMENTS**

The County provides tax abatements to incentivize development and provide economic growth in the County. As of September 30, 2025, the County had two such agreements.

The first agreement is for a solar farm that abates 100% of the incremental property taxes in the County in exchange for a payment in lieu of taxes for \$120,000 for ten years (beginning in 2024 and ending in 2033). The payment is reported as part of property taxes in these financial statements. The estimated abated property taxes for the year ending September 30, 2025 were \$320,000.

The second agreement abates 100% of the incremental property taxes in the County for five years. No taxes were abated in these financial statements related to this agreement.

**NOTE J -- RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The County contracts with the Texas Association of Counties Risk Management Pool (“Pool”) to provide insurance coverage for liability, property and casualty, auto liability and workers compensation. The Pool is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the County is generally limited to the contributed amounts for losses up to coverage limits.

HAMILTON COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**NOTE K -- LITIGATION**

The County is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the County's liability in these cases, if decided adversely to the County, will not have a material effect on the County's financial position.

**NOTE L -- COMMITMENT**

The County has entered into a contract for communications tower equipment for an estimated \$1.4 million. As of September 30, 2025, \$275 thousand had been incurred, leaving an estimated commitment of \$1.1 million.



## REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Road and Bridge Fund
- Schedule of Changes - Net Pension Liability and Related Ratios
- Schedule of Contributions – Defined Benefit Pension Plan
- Schedule of Changes – Total Other Post-Employment Benefit Liability and Related Ratios

HAMILTON COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budget Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES</b>				
Ad Valorem Taxes	\$ 4,093,463	\$ 4,093,463	\$ 4,042,183	\$ (51,280)
Sales Taxes	600,000	600,000	704,723	104,723
Fines and Forfeitures	473,400	473,400	569,046	95,646
Charges for Services	705,850	705,850	600,222	(105,628)
Interest Income	18,600	18,600	122,927	104,327
Misc Income	18,000	18,000	137,916	119,916
Grants and Donations	71,700	71,700	146,869	75,169
<b>TOTAL REVENUES</b>	<u>5,981,013</u>	<u>5,981,013</u>	<u>6,323,886</u>	<u>342,873</u>
<b>EXPENDITURES</b>				
<i>Current:</i>				
<i>Administration:</i>				
County Judge	184,244	183,744	177,061	6,683
County Clerk	260,352	240,279	211,382	28,897
Nondepartmental	652,122	647,752	535,065	112,687
Community Service	95,554	96,219	91,518	4,701
<i>Legal:</i>				
County Attorney	159,558	159,558	153,927	5,631
<i>Judicial:</i>				
District Clerk	176,104	176,104	165,532	10,572
Justice of the Peace	237,044	237,963	217,686	20,277
County Court	50,500	50,500	14,448	36,052
District Court	168,807	168,807	102,683	66,124
District Attorney	115,992	118,450	116,604	1,846
Juvenile Court	50,975	50,975	48,110	2,865
<i>Finance:</i>				
County Auditor	170,072	171,772	160,736	11,036
County Treasurer	74,910	75,810	74,447	1,363
Tax Assessor	171,303	171,303	167,073	4,230
<i>Facilities</i>	260,213	276,053	240,168	35,885
<i>Public Safety:</i>				
Volunteer Fire Departments	64,500	64,500	64,500	-
County Sheriff	1,319,251	1,401,540	1,295,533	106,007
Hospital Security	150,000	150,000	80,189	69,811
Jail	417,732	430,705	400,513	30,192
Communications	695,417	683,652	534,985	148,667
<i>Health and Welfare</i>	67,554	66,890	53,767	13,123
<i>Extension</i>	\$ 72,258	\$ 72,258	\$ 63,704	\$ 8,554

HAMILTON COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budget Amounts		Actual Amounts	Variance
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
<i>Capital Outlay</i>	\$ 163,000	\$ 78,974	\$ 62,623	\$ 16,351
<i>Debt Service:</i>				
Principal	155,500	158,315	158,284	31
Interest	28,500	25,685	25,684	1
<b>TOTAL EXPENDITURES</b>	<u>5,961,462</u>	<u>5,957,808</u>	<u>5,216,222</u>	<u>741,586</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	19,551	23,205	1,107,664	1,084,459
<b>OTHER FINANCING SOURCES (OFS)</b>				
Transfer In (Out)	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	-
<b>TOTAL OFS</b>	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	-
<b>NET CHANGE IN FUND BALANCE</b>	(55,449)	(51,795)	1,032,664	1,084,459
<b>BEGINNING FUND BALANCE</b>	<u>2,535,832</u>	<u>2,535,832</u>	<u>2,535,832</u>	-
<b>ENDING FUND BALANCE</b>	<u>\$ 2,480,383</u>	<u>\$ 2,484,037</u>	<u>\$ 3,568,496</u>	<u>\$ 1,084,459</u>

HAMILTON COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL – ROAD AND BRIDGE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budget Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES</b>				
Ad Valorem Taxes	\$ 1,208,000	\$ 1,208,000	\$ 1,208,000	\$ -
Licenses, Permits, and Fees	510,000	510,000	526,620	16,620
Interest Income	8,000	8,000	21,175	13,175
Misc Income	-	-	16,232	16,232
Grants and Donations	20,000	20,000	228,208	208,208
<b>TOTAL REVENUES</b>	<u>1,746,000</u>	<u>1,746,000</u>	<u>2,000,235</u>	<u>254,235</u>
<b>EXPENDITURES</b>				
<i>Current:</i>				
Public Transportation				
Precinct 1	511,400	506,400	398,870	107,530
Precinct 2	537,117	528,617	362,252	166,365
Precinct 3	418,716	418,216	344,343	73,873
Precinct 4	605,015	591,825	425,543	166,282
Capital Outlay	205,000	366,691	184,441	182,250
<i>Debt Service:</i>				
Principal	168,678	173,634	173,497	137
Interest	23,873	18,917	18,586	331
<b>TOTAL EXPENDITURES</b>	<u>2,469,799</u>	<u>2,604,300</u>	<u>1,907,532</u>	<u>696,768</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(723,799)	(858,300)	92,703	951,003
<b>OTHER FINANCING SOURCES (OFS)</b>				
Transfer In	75,000	75,000	75,000	-
Issuance of Note Payable	155,000	305,000	150,000	(155,000)
<b>TOTAL OFS</b>	<u>230,000</u>	<u>380,000</u>	<u>225,000</u>	<u>(155,000)</u>
<b>Net Change in Fund Balance</b>	(493,799)	(478,300)	317,703	796,003
<b>BEGINNING FUND BALANCE</b>	871,704	871,704	871,704	-
<b>ENDING FUND BALANCE</b>	<u>\$ 377,905</u>	<u>\$ 393,404</u>	<u>\$ 1,189,407</u>	<u>\$ 796,003</u>

HAMILTON COUNTY  
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
SEPTEMBER 30, 2025

**Budgetary Information** – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The County maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by Commissioners’ Court and as such is a good management control device. The General Fund and all special revenue funds have legally adopted annual budgets.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

The County uses encumbrances throughout the year, however all encumbrances are closed at year end. Accordingly, no encumbrances are reported in these financial statements.

HAMILTON COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES - NET PENSION LIABILITY AND RELATED RATIOS  
LAST TEN PLAN (CALENDAR) YEARS

	Total Pension Liability			
	2015	2016	2017	2018
Service Cost	\$ 161,122	\$ 174,734	\$ 161,726	\$ 167,879
Interest (on the Total Pension Liability)	415,154	427,875	447,961	470,689
Changes of Benefit Terms	(22,650)	-	-	-
Change of Assumptions	48,748	-	14,527	-
Difference between Expected and Actual Experience	(151,152)	(117,821)	(10,059)	(3,917)
Benefit Payments, Including Refunds of Employee Contributions	(276,928)	(299,630)	(326,642)	(353,293)
Net Change in Total Pension Liability	174,294	185,158	287,513	281,358
Total Pension Liability - Beginning	5,169,340	5,343,634	5,528,792	5,816,305
Total Pension Liability - Ending	<u>\$ 5,343,634</u>	<u>\$ 5,528,792</u>	<u>\$ 5,816,305</u>	<u>\$ 6,097,663</u>
	Plan Fiduciary Net Position			
	2015	2016	2017	2018
Contributions - Employer	\$ 118,979	\$ 122,965	\$ 112,182	\$ 116,121
Contributions - Employee	101,836	101,068	103,394	104,059
Net Investment Income	31,990	367,191	759,004	(110,558)
Benefit Payments, Including Refunds of Employee Contributions	(276,927)	(299,629)	(326,642)	(353,293)
Administrative Expense	(3,618)	(4,002)	(3,894)	(4,500)
Other	(77,053)	(49,298)	(1,526)	(3,378)
Net Change	(104,793)	238,295	642,518	(251,549)
Beginning Plan Fiduciary Net Position	5,078,636	4,973,843	5,212,138	5,854,656
Ending Plan Fiduciary Net Position	<u>\$ 4,973,843</u>	<u>\$ 5,212,138</u>	<u>\$ 5,854,656</u>	<u>\$ 5,603,107</u>
Net Pension Liability (Asset) - Ending	\$ 369,791	\$ 316,654	\$ (38,351)	\$ 494,556
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.08%	94.27%	100.66%	91.89%
Covered Payroll	\$ 1,697,265	\$ 1,684,462	\$ 1,723,226	\$ 1,734,314
Net Pension Liability as a Percentage of Covered Payroll	21.79%	18.80%	-2.23%	28.52%

Total Pension Liability					
2019	2020	2021	2022	2023	2024
\$ 171,013	\$ 176,772	\$ 198,439	\$ 210,722	\$ 183,378	\$ 179,815
493,769	520,848	546,962	568,840	588,628	613,365
-	-	-	-	-	-
-	385,564	(17,209)	-	-	-
21,835	31,801	(75,413)	(111,405)	13,596	(175,586)
(352,392)	(363,966)	(375,826)	(378,633)	(382,305)	(533,570)
334,225	751,019	276,953	289,524	403,297	84,024
6,097,663	6,431,888	7,182,907	7,459,860	7,749,384	8,152,681
<u>\$ 6,431,888</u>	<u>\$ 7,182,907</u>	<u>\$ 7,459,860</u>	<u>\$ 7,749,384</u>	<u>\$ 8,152,681</u>	<u>\$ 8,236,705</u>

Plan Fiduciary Net Position					
2019	2020	2021	2022	2023	2024
\$ 119,284	\$ 153,404	\$ 197,246	\$ 188,285	\$ 179,865	\$ 121,353
107,302	115,013	114,832	115,394	110,238	73,971
920,270	659,857	1,518,255	(485,817)	859,337	868,300
(352,393)	(363,966)	(375,826)	(378,632)	(382,307)	(533,570)
(4,869)	(5,082)	(4,543)	(4,587)	(4,485)	(4,952)
(3,417)	(3,885)	1,797	(3,536)	(1,474)	(16,075)
786,177	555,341	1,451,761	(568,893)	761,174	509,027
5,603,107	6,389,284	6,944,625	8,396,386	7,827,493	8,588,667
<u>\$ 6,389,284</u>	<u>\$ 6,944,625</u>	<u>\$ 8,396,386</u>	<u>\$ 7,827,493</u>	<u>\$ 8,588,667</u>	<u>\$ 9,097,694</u>

\$ 42,604	\$ 238,282	\$ (936,526)	\$ (78,109)	\$ (435,986)	\$ (860,989)
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99.34%	96.68%	112.55%	101.01%	105.35%	110.45%
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\$ 1,788,370	\$ 1,916,888	\$ 1,913,862	\$ 1,923,240	\$ 1,837,298	\$ 1,232,858
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2.38%	12.43%	-48.93%	-4.06%	-23.73%	-69.84%
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HAMILTON COUNTY  
SCHEDULE OF COUNTY CONTRIBUTIONS – PENSION PLAN  
LAST TEN FISCAL YEARS

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 135,947	\$ 266,368	\$ (130,421)	\$ 2,653,799	10.0%
2024	119,360	211,192	(91,832)	2,151,799	9.8%
2023	136,935	198,382	(61,447)	2,184,699	9.1%
2022	124,210	211,009	(86,799)	2,110,090	10.0%
2021	127,090	197,246	(70,156)	1,913,862	10.3%
2020	113,919	153,404	(39,485)	1,916,888	8.0%
2019	116,026	119,284	(3,258)	1,788,370	6.7%
2018	112,182	112,182	-	1,734,314	6.5%
2017	122,965	122,965	-	1,723,226	7.1%
2016	118,979	118,979	-	1,684,462	7.1%

Notes to Schedule of Contributions

Changes in Benefit Terms:

2017: New annuity purchase rates for benefits earned after 2017.

Changes in Assumptions:

2015: New inflation, mortality and other assumptions  
2017: New mortality assumptions  
2019: New inflation, mortality and other assumptions  
2022: New investment return and inflation assumptions

HAMILTON COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES – TOTAL OTHER POST-EMPLOYMENT BENEFIT LIABILITY AND  
RELATED RATIOS  
RETIREE INSURANCE  
LAST EIGHT FISCAL YEARS

	Total OPEB Liability			
	2018	2019	2020	2021
Service Cost	\$ 69,039	\$ 71,842	\$ 71,842	\$ 71,842
Interest	50,511	50,963	57,206	35,381
Changes of Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience	-	-	(47,357)	-
Changes in Assumptions or Other Inputs	-	-	124,194	-
Benefit Payments	(39,381)	(39,381)	(42,409)	(42,409)
Net Change in Total Pension Liability	80,169	83,424	163,476	64,814
Total OPEB Liability - Beginning	1,194,774	1,274,943	1,358,367	1,521,843
Total OPEB Liability - Ending	<u>\$ 1,274,943</u>	<u>\$ 1,358,367</u>	<u>\$ 1,521,843</u>	<u>\$ 1,586,657</u>
 Covered Employee Payroll	 \$ 1,723,236	 \$ 1,734,314	 \$ 1,788,370	 \$ 1,916,888
 Total OPEB Liability as a Percentage of Covered Employee Payroll	 73.99%	 78.32%	 85.10%	 82.77%
 Discount Rate	 4.06%	 4.06%	 2.25%	 2.25%
	Total OPEB Liability			
	2022	2023	2024	2025
Service Cost	\$ 105,546	\$ 63,555	\$ 63,555	\$ 63,555
Interest	37,657	55,585	59,706	47,172
Changes of Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience	(48,869)	-	(436,055)	-
Changes in Assumptions or Other Inputs	(523,617)	-	87,963	-
Benefit Payments	(37,089)	(37,089)	(28,378)	(28,378)
Net Change in Total Pension Liability	(466,372)	82,051	(253,209)	82,349
Total OPEB Liability - Beginning	1,586,657	1,120,285	1,202,336	949,127
Total OPEB Liability - Ending	<u>\$ 1,120,285</u>	<u>\$ 1,202,336</u>	<u>\$ 949,127</u>	<u>\$ 1,031,476</u>
 Covered Employee Payroll	 \$ 1,913,862	 \$ 1,923,240	 \$ 1,917,546	 \$ 1,917,546
 Total OPEB Liability as a Percentage of Covered Employee Payroll	 58.54%	 62.52%	 49.50%	 53.79%
 Discount Rate	 4.77%	 4.77%	 4.06%	 4.06%

HAMILTON COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES – TOTAL OTHER POST-EMPLOYMENT BENEFIT LIABILITY AND  
RELATED RATIOS  
RETIREE INSURANCE (CONTINUED)  
LAST SEVEN FISCAL YEARS

**Notes to OPEB Schedule**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.

Changes in Assumptions:

2024    New participation rate assumptions based on change in benefits  
          Discount rate reduced from 4.77% to 4.06%

Changes in Benefits:

None.

Information for this schedule is being accumulated prospectively until a rolling ten year period is available.

## SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Combining Statements – Nonmajor Funds
- Comparative Statements
  - General Fund
  - Road and Bridge Fund

HAMILTON COUNTY  
 COMBINING BALANCE SHEET – NONMAJOR FUNDS  
 SEPTEMBER 30, 2025

	Special Revenue				
	Vital Statistics	Records Management & Archival	Rural Law Enforcement	Court Reporter	Court Technology & Security
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 12,416	\$ 118,242	\$ -	\$ 31,834	\$ 138,295
Other Receivables	-	-	-	-	-
Prepaid Items	-	10,064	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 12,416</b>	<b>\$ 128,306</b>	<b>\$ -</b>	<b>\$ 31,834</b>	<b>\$ 138,295</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<i>Liabilities:</i>					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 362
<i>Total Liabilities</i>	-	-	-	-	362
<i>Fund Balances:</i>					
Nonspendable:					
Prepaid Items	-	10,064	-	-	-
Restricted for:					
Elections	-	-	-	-	-
Legal	-	-	-	-	-
Judicial	-	-	-	31,834	137,933
Public Safety	-	-	-	-	-
Records Management	12,416	118,242	-	-	-
<i>Total Fund Balances</i>	12,416	128,306	-	31,834	137,933
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 12,416</b>	<b>\$ 128,306</b>	<b>\$ -</b>	<b>\$ 31,834</b>	<b>\$ 138,295</b>

HAMILTON COUNTY  
 COMBINING BALANCE SHEET – NONMAJOR FUNDS (CONTINUED)  
 SEPTEMBER 30, 2025

	Special Revenue				
	Probate Fees	Election Funds	LEOSE Training	Law Library	Sheriff Forfeitures
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 17,478	\$ 1,043	\$ 2,983	\$ 40,733	\$ 13,218
Other Receivables	-	1,622	-	-	-
Prepaid Items	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 17,478</b>	<b>\$ 2,665</b>	<b>\$ 2,983</b>	<b>\$ 40,733</b>	<b>\$ 13,218</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<i>Liabilities:</i>					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Total Liabilities</i>	-	-	-	-	-
<i>Fund Balances:</i>					
Nonspendable:					
Prepaid Items	-	-	-	-	-
Restricted for:					
Elections	-	2,665	-	-	-
Legal	-	-	-	40,733	-
Judicial	17,478	-	-	-	-
Public Safety	-	-	2,983	-	13,218
Records Management	-	-	-	-	-
<i>Total Fund Balances</i>	17,478	2,665	2,983	40,733	13,218
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 17,478</b>	<b>\$ 2,665</b>	<b>\$ 2,983</b>	<b>\$ 40,733</b>	<b>\$ 13,218</b>



HAMILTON COUNTY  
 COMBINING BALANCE SHEET – NONMAJOR FUNDS (CONTINUED)  
 SEPTEMBER 30, 2025

	Special Revenue		Total Nonmajor Funds
	County	Jury	
	Attorney Hot Check	Fund	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,951	\$ 2,544	\$ 383,737
Other Receivables	-	-	1,622
Prepaid Items	-	-	10,064
<b>TOTAL ASSETS</b>	<b>\$ 4,951</b>	<b>\$ 2,544</b>	<b>\$ 395,423</b>
 <b>LIABILITIES AND FUND BALANCES</b>			
<i>Liabilities:</i>			
Accounts Payable	\$ -	\$ -	\$ 362
<i>Total Liabilities</i>	-	-	362
 <i>Fund Balances:</i>			
Nonspendable:			
Prepaid Items	-	-	10,064
Restricted for:			
Elections	-	-	2,665
Legal	4,951	-	45,684
Judicial	-	2,544	189,789
Public Safety	-	-	16,201
Records Management	-	-	130,658
<i>Total Fund Balances</i>	4,951	2,544	395,061
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,951</b>	<b>\$ 2,544</b>	<b>\$ 395,423</b>

HAMILTON COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCE – NONMAJOR FUNDS  
 FOR THE YEAR ENDING SEPTEMBER 30, 2025

	Special Revenue				
	Vital Statistics	Records Management & Archival	Rural Law Enforcement	Court Reporter	Court Technology & Security
<b>REVENUES</b>					
Fines and Fees	\$ 1,413	\$ 49,186	\$ -	\$ 6,373	\$ 23,135
Interest Income	-	-	1,226	-	-
Grants and Donations	-	-	250,000	-	-
<b>TOTAL REVENUES</b>	<u>1,413</u>	<u>49,186</u>	<u>251,226</u>	<u>6,373</u>	<u>23,135</u>
<b>EXPENDITURES</b>					
Current:					
Administration	817	46,238	-	-	-
Judicial	-	-	-	-	31,074
Public Safety	-	-	102,555	-	-
Capital Outlay	-	-	148,671	-	4,187
<b>TOTAL EXPENDITURES</b>	<u>817</u>	<u>46,238</u>	<u>251,226</u>	<u>-</u>	<u>35,261</u>
Net Change in Fund Balance	596	2,948	-	6,373	(12,126)
<b>FUND BALANCE</b>					
<b>BEGINNING</b>	<u>11,820</u>	<u>125,358</u>	<u>-</u>	<u>25,461</u>	<u>150,059</u>
<b>ENDING</b>	<u>\$ 12,416</u>	<u>\$ 128,306</u>	<u>\$ -</u>	<u>\$ 31,834</u>	<u>\$ 137,933</u>

HAMILTON COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCE – NONMAJOR FUNDS (CONTINUED)  
 FOR THE YEAR ENDING SEPTEMBER 30, 2025

	Special Revenue				
	Probate Fees	Election Funds	LEOSE Training	Law Library	Sheriff Forfeitures
<b>REVENUES</b>					
Fines and Fees	\$ 1,010	\$ -	\$ -	\$ 7,816	\$ 6,682
Interest Income	-	-	-	-	-
Grants and Donations	-	-	3,146	-	-
<b>TOTAL REVENUES</b>	<u>1,010</u>	<u>-</u>	<u>3,146</u>	<u>7,816</u>	<u>6,682</u>
<b>EXPENDITURES</b>					
Current:					
Administration	-	-	-	2,258	-
Judicial	-	-	-	-	-
Public Safety	-	-	1,729	-	-
Capital Outlay	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>1,729</u>	<u>2,258</u>	<u>-</u>
Net Change in Fund Balance	1,010	-	1,417	5,558	6,682
<b>FUND BALANCE</b>					
<b>BEGINNING</b>	<u>16,468</u>	<u>2,665</u>	<u>1,566</u>	<u>35,175</u>	<u>6,536</u>
<b>ENDING</b>	<u>\$ 17,478</u>	<u>\$ 2,665</u>	<u>\$ 2,983</u>	<u>\$ 40,733</u>	<u>\$ 13,218</u>



HAMILTON COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCE – NONMAJOR FUNDS (CONTINUED)  
 FOR THE YEAR ENDING SEPTEMBER 30, 2025

	Special Revenue		Total Nonmajor Funds
	County		
	Attorney Hot Check	Jury Fund	
<b>REVENUES</b>			
Fines and Fees	\$ -	\$ 2,154	\$ 97,769
Interest Income	-	-	1,226
Grants and Donations	-	2,522	255,668
<b>TOTAL REVENUES</b>	-	4,676	354,663
 <b>EXPENDITURES</b>			
Current:			
Administration	-	-	49,313
Judicial	-	8,350	39,424
Public Safety	-	-	104,284
Capital Outlay	-	-	152,858
<b>TOTAL EXPENDITURES</b>	-	8,350	345,879
 Net Change in Fund Balance	-	(3,674)	8,784
 <b>FUND BALANCE</b>			
<b>BEGINNING</b>	4,951	6,218	386,277
<b>ENDING</b>	\$ 4,951	\$ 2,544	\$ 395,061

HAMILTON COUNTY  
 COMPARATIVE BALANCE SHEETS –GENERAL FUND  
 SEPTEMBER 30, 2025 AND 2024

	2025	2024
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 3,658,495	\$ 2,458,128
Ad Valorem Taxes Receivable (net)	118,942	129,665
Other Receivables	128,994	111,195
Prepaid Items	202,382	180,714
<b>TOTAL ASSETS</b>	<b>\$ 4,108,813</b>	<b>\$ 2,879,702</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 183,986	\$ 187,974
Accrued Wages	134,116	83,020
Unearned Revenue	135,015	-
<i>Total Liabilities</i>	453,117	270,994
<i>Deferred Inflows of Resources:</i>		
Unavailable Revenues - Property Taxes	87,200	72,876
<i>Total Deferred Inflows</i>	87,200	72,876
<i>Fund Balances:</i>		
Nonspendable:		
Prepaid Items	202,382	180,714
Unassigned	3,366,114	2,355,118
<i>Total Fund Balances</i>	3,568,496	2,535,832
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 4,108,813</b>	<b>\$ 2,879,702</b>

HAMILTON COUNTY  
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCE – GENERAL FUND  
 FOR THE YEARS ENDING SEPTEMBER 30, 2025 AND 2024

	2025	2024
<b>REVENUES</b>		
Ad Valorem Taxes	\$ 4,042,183	\$ 3,292,967
Sales Taxes	704,723	639,965
Fines and Forfeitures	569,046	475,891
Charges for Services	600,222	10,400
Interest Income	122,927	117,206
Misc Income	137,916	121,749
Grants and Donations	146,869	77,814
<b>TOTAL REVENUES</b>	<b>6,323,886</b>	<b>4,735,992</b>
<b>EXPENDITURES</b>		
Current:		
Administration	1,015,026	909,904
Legal	153,927	143,171
Judicial	665,063	679,653
Finance	402,256	340,384
Facilities	240,168	176,514
Public Safety	2,375,720	1,747,845
Health and Welfare	53,767	49,973
Extension	63,704	68,036
Capital Outlay	62,623	1,482
Debt Service:		
Principal	158,284	150,019
Interest	25,684	33,948
<b>TOTAL EXPENDITURES</b>	<b>5,216,222</b>	<b>4,300,929</b>
Excess (Deficiency) in Revenue Over (Under) Expenditures	1,107,664	435,063
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfer Out	(75,000)	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>(75,000)</b>	<b>-</b>
Net Change in Fund Balance	1,032,664	435,063
<b>BEGINNING FUND BALANCE</b>	<b>2,535,832</b>	<b>2,100,769</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 3,568,496</b>	<b>\$ 2,535,832</b>

HAMILTON COUNTY  
 COMPARATIVE BALANCE SHEETS – ROAD AND BRIDGE FUND  
 SEPTEMBER 30, 2025 AND 2024

	2025	2024
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 994,998	\$ 915,326
Other Receivables	235,872	28,132
Prepaid Items	26,081	26,081
<b>TOTAL ASSETS</b>	<b>\$ 1,256,951</b>	<b>\$ 969,539</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 26,235	\$ 61,060
Accrued Wages	41,309	36,775
<i>Total Liabilities</i>	67,544	97,835
 <i>Fund Balances:</i>		
<i>Nonspendable:</i>		
<i>Prepaid Items</i>		
Precinct 1	5,992	5,992
Precinct 2	6,597	6,597
Precinct 3	6,330	6,330
Precinct 4	7,162	7,162
<i>Restricted for:</i>		
Road and Bridge Maintenance		
Precinct 1	213,135	216,586
Precinct 2	290,146	239,999
Precinct 3	125,134	58,478
Precinct 4	266,011	271,694
Common	268,900	58,866
<i>Total Fund Balances</i>	1,189,407	871,704
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 1,256,951</b>	<b>\$ 969,539</b>

HAMILTON COUNTY  
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -- ROAD AND BRIDGE  
 FOR THE YEARS ENDING SEPTEMBER 30, 2025 AND 2024

	Precinct 1	Precinct 2	Precinct 3	Precinct 4	Common	Totals	
						2025	2024
<b>REVENUES</b>							
Ad Valorem Taxes	\$ 302,000	\$ 302,000	\$ 302,000	\$ 302,000	\$ -	\$ 1,208,000	\$ 1,140,000
Licenses, Permits, and Fees	131,655	131,655	124,693	138,617	-	526,620	501,602
Interest Income	4,189	2,586	-	7,106	7,294	21,175	26,653
Misc Income	4,064	4,064	4,040	4,064	-	16,232	-
Grants and Donations	5,117	5,117	5,117	5,117	207,740	228,208	20,515
<b>TOTAL REVENUES</b>	<u>447,025</u>	<u>445,422</u>	<u>435,850</u>	<u>456,904</u>	<u>215,034</u>	<u>2,000,235</u>	<u>1,688,770</u>
<b>EXPENDITURES</b>							
Current:							
Public Transportation	398,870	362,252	344,343	425,543	-	1,531,008	1,517,058
Capital Outlay	3,060	3,191	-	178,190	-	184,441	36,913
Debt Service:							
Principal	62,568	44,870	40,205	25,854	-	173,497	159,446
Interest	5,978	4,962	4,646	3,000	-	18,586	21,741
<b>TOTAL EXPENDITURES</b>	<u>470,476</u>	<u>415,275</u>	<u>389,194</u>	<u>632,587</u>	<u>-</u>	<u>1,907,532</u>	<u>1,735,158</u>
Excess (Deficiency) in Revenue Over (Under) Expenditures	(23,451)	30,147	46,656	(175,683)	215,034	92,703	(46,388)
<b>OTHER FINANCING SOURCES (USES)</b>							
Issuance of Notes Payable	-	-	-	150,000	-	150,000	48,666
Sale of Capital Assets	-	-	-	-	-	-	5,000
Transfer In (Out)	20,000	20,000	20,000	20,000	(5,000)	75,000	-
<b>TOTAL OTHER FINANCING</b>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>170,000</u>	<u>(5,000)</u>	<u>225,000</u>	<u>53,666</u>
Net Change in Fund Balance	<u>\$ (3,451)</u>	<u>\$ 50,147</u>	<u>\$ 66,656</u>	<u>\$ (5,683)</u>	<u>\$ 210,034</u>	317,703	7,278
<b>BEGINNING FUND BALANCE</b>						871,704	864,426
<b>ENDING FUND BALANCE</b>						<u>\$ 1,189,407</u>	<u>\$ 871,704</u>



## COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT

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*

County Commissioners  
Hamilton County, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hamilton County as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise Hamilton County's basic financial statements, and have issued our report thereon dated March 9, 2026.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Hamilton County's internal control over financial reporting (internal control) to determine the 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 Hamilton County's internal control. Accordingly, we do not express an opinion on the effectiveness of Hamilton County's internal control.

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

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

### ***Report on Compliance and Other Matters***

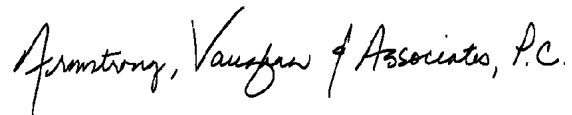
As part of obtaining reasonable assurance about whether Hamilton County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

We noted certain matters that we have reported to management of the County in a separate letter dated March 9, 2026.

### **Purpose of this Report**

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

March 9, 2026