

Wilson County, Texas
Annual Financial Report
For the Year Ended
September 30, 2025

Wilson County, Texas

Table of Contents

FINANCIAL SECTION

Independent Auditor's Report.....	1-3
Management Discussion and Analysis.....	4-12

BASIC FINANCIAL STATEMENTS

Statement of Net Position.....	13
Statement of Net Activities.....	14

FUND FINANCIAL STATEMENTS

Balance Sheet – Governmental Funds.....	15-16
Reconciliation of Governmental Funds Balance Sheet – To the Statement of Net Assets.....	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	18-19
Reconciliation of Statement of Revenues, Expenditures, And Changes in Fund Balances of Governmental Funds to the Statements of Activities.....	20
Statement of Fiduciary Position.....	21
Statement of Changes in Fiduciary Fund Net Position.....	22
Notes to Financial Statements.....	23-54

REQUIRED SUPPLEMENTAL INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund – Unaudited.....	55
Schedule of Changes in Net Pension Liability and Related Ratios – Texas County & District Retirement system.....	56
Schedule of Pension Contributions – Texas County & District Retirement System.....	57
Schedule of Changes in Total OPEB Liability and Related Ratios – Texas County & District Retirement System.....	58
Schedule of OPEB Contributions – Texas County & District Retirement System.....	59

REQUIRED SUPPLEMENTAL INFORMATION (cont.)

Schedule of Changes in Total OPEB Liability and Related Ratios –
Texas County & District (Healthcare) Retirement System.....60

Schedule of OPEB Contributions –
Texas County & District (Healthcare) Retirement System.....61

SINGLE AUDIT SECTION

Report on Internal Control Over Financial Reporting and Compliance and Other
Matters Based on an audit of Financial Statements Performed in Accordance with
Government Auditing Standards.....62-63

Report on Compliance with Requirements that could have a Direct and Material
Effect on Each Major Program and on Internal Control over Compliance in
Accordance with Uniform Guidance.....64-65

Schedule of Findings and Questioned Costs.....66-67

Schedule of Status of Prior Findings.....68

Schedule of Expenditures of State Awards69

Notes to Schedule of Expenditures of State Awards.....70

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Independent Auditor's Report

To the Honorable County Judge and
The Commissioners Court
Wilson County, Texas

Qualified and Unmodified Opinions

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
General Fund	Unmodified
Emergency OPS Center Fund	Unmodified
Road & Bridge Funds	Unmodified
Aggregate Remaining Other Non-Major Funds	Unmodified
Custodial Funds	Qualified

Qualified Opinion on Custodial Funds

In our opinion, except for the possible effect of the matter discussed in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Custodial Funds of the County, as of September 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Major Funds and Aggregate Remaining Fund Information

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

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to Qualified Opinion on the Custodial Funds

As indicated in the Schedule of Findings on page 64, Custodial funds' daily transactions and ending balances are not recorded in the general ledger and opening balances could not be reconciled to the previous years audited ending balances.

Emphasis of Matter – Prior Period Adjustments

As further discussed in the Note L, Prior Period Adjustments, prior period adjustments were necessary to correct balances from prior years. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of State awards is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of State awards 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 June 5, 2026 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Seal & Carter, P.C.

San Antonio, Texas
June 5, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights

- The assets of Wilson County, Texas exceeded its liabilities at the close of the most recent fiscal year by \$27,754,799 (net position). Of this amount, \$9,351,701 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$3,554,405. This increase is attributable, in large part, to an increase in General Revenues – Property Taxes of \$2,130,388, an increase in Mixed Beverage and Occupancy Tax of \$821,719, and careful budget management.
- As of the close of the current fiscal year, Wilson County, Texas' governmental funds reported combined ending fund balances of \$18,565,101, a decrease of \$2,750,061 in comparison with the prior year. Approximately 65% of this total amount, \$12,010,858, is available for spending at the government's discretion (unassigned fund balance). This decrease is attributable, in large part, to an increase in public safety and public works expenditures, and careful budget management.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$12,010,858 or 51 percent of total general fund expenditures and the restricted fund balance for the road and bridge fund was \$3,462,773 or 48 percent of total road and bridge fund expenditures.
- Wilson County, Texas' total liabilities decreased by \$4,746,823 (29 percent) during the current fiscal year. The key factor in this decrease was a decrease in unearned revenues of \$4,694,880.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of Wilson County, Texas' finances, in a manner like a private-sector business.

The statement of net position presents information on all of Wilson County, Texas' assets, and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Wilson County, Texas is improving or deteriorating.

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

The government-wide financial statements distinguish functions of Wilson County, Texas that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Wilson County, Texas include general administration, public safety, environmental protection, public transportation, health and welfare, public facilities, legal, elections, financial administration, conservation, capital projects, and culture and recreation. The business-type activities of Wilson County, Texas include an insurance fund.

The government-wide financial statements include only Wilson County, Texas itself (known as the primary government),

The government-wide financial statements can be found on pages 13-14 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Wilson County, Texas, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

Wilson County, Texas maintains fifty four (54) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, The Emergency OPS Center Special Revenue Fund, and the Road and Bridge fund are major funds. Data from the other fifty (51) governmental funds are combined into a single, aggregated presentation.

Wilson County, Texas adopts an annual appropriated budget for its general fund and road and bridge fund. A budgetary comparison statement has been provided for the general fund and the road and bridge fund.

The basic governmental fund financial statements can be found on pages 15-20 of this report. The basic fiduciary fund financial statements can be found on pages 21-22 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-54 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Wilson County, Texas' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 56-59 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Wilson County, Texas, assets exceeded liabilities by \$28,416,523 at the close of the most recent fiscal year.

Wilson County, Texas' consists of unrestricted net position (34 percent) which may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, Wilson County, Texas reported a positive balance in all three parts of the governmental activities net position. For the prior fiscal year, Wilson County, Texas reported a positive balance in all three parts of the governmental activities net position.

WILSON COUNTY, TEXAS NET POSITION

	Governmental Activities		Total	
	2025	2024	2025	2024
Current and Other Assets	\$ 27,848,220	\$ 35,308,832	\$ 27,848,220	\$ 35,308,832
Capital Assets:	16,908,203	11,149,130	16,908,203	11,149,130
Total Assets	44,756,423	46,457,962	44,756,423	46,457,962
Total Deferred Inflows of Resources	1,629,200	1,195,401	1,629,200	1,195,401
Long-Term Liabilities	7,578,036	9,258,018	7,578,036	9,258,018
Other Liabilities	8,761,864	11,828,705	8,761,864	11,828,705
Total Liabilities	16,339,900	21,086,723	16,339,900	21,086,723
Total Deferred Inflows of Resources	2,290,924	2,366,246	2,290,924	2,366,246
Invested in Capital Assets, Net of Related Debt	11,848,855	5,832,764	11,848,855	5,832,764
Restricted	6,554,243	5,399,380	6,554,243	5,399,380
Unrestricted	9,351,701	12,968,250	9,351,701	12,968,250
Total Net Position	\$ 27,754,799	\$ 24,200,394	\$ 27,754,799	\$ 24,200,394

An additional portion of Wilson County, Texas' net position (24 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (43 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment); less any related debt used to acquire those assets that are still outstanding. Wilson County, Texas uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Wilson County, Texas' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**WILSON COUNTY, TEXAS
CHANGE IN NET POSITION**

	Governmental		Total	
	2025	2024	2025	2024
Revenues:				
Program Revenues:				
Charges for Services	\$ 3,098,637	\$ 3,848,662	\$ 3,098,637	\$ 3,848,662
Operating Grants and Contributions	5,707,330	4,079,278	5,707,330	4,079,278
Capital Grants and Contributions	-	-	-	-
General Revenues:				
Property Taxes	23,730,727	21,600,339	23,730,727	21,600,339
Mixed Beverage and Occupancy Tax	1,126,004	304,285	1,126,004	304,285
Investment Earnings	1,525,207	1,706,482	1,525,207	1,706,482
Miscellaneous	492,563	444,495	492,563	444,495
Total Revenue	35,680,468	31,983,541	35,680,468	31,983,541
Expenses:				
General Administration	5,296,488	5,316,675	5,296,488	5,316,675
Judicial	3,604,722	3,268,233	3,604,722	3,268,233
Elections	412,278	394,824	412,278	394,824
Public Safety	11,141,611	9,932,133	11,141,611	9,932,133
Public Works	9,275,904	7,702,852	9,275,904	7,702,852
Culture and Recreation	1,662,791	1,460,115	1,662,791	1,460,115
Debt Service	421,753	187,226	421,753	187,226
Capital Outlay	-	532,599	-	532,599
Total Expenses	31,815,547	28,794,657	31,815,547	28,794,657
Increase in Net Position Before Transfers and Special Terms	3,864,921	3,188,884	3,864,921	3,188,884
Transfers	-	-	-	-
Increase in Net Position	3,864,921	3,188,884	3,864,921	3,188,884
Net Position at 9/30/2024	24,200,394	20,936,082	24,200,394	20,936,082
Prior Period Adjustment	(310,516)	75,428	(310,516)	75,428
Net Position at 9/30/2025	\$ 27,754,799	\$ 24,200,394	\$ 27,754,799	\$ 24,200,394

The government's total net position increased by \$3,554,405 during the current fiscal year. This increase is attributable, in large part, to an increase in General Revenues – Property Taxes of \$2,130,388, an increase in Mixed Beverage and Occupancy Tax of \$821,719, and careful budget management.

Expenses and Program Revenues – Governmental Activities

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Government Activities:			
General Administration	\$ 5,296,488	\$ 1,859,181	\$ 1,312,686
Judicial	3,604,722	185,919	1,084,393
Elections	412,278	-	-
Public Safety	11,141,611	836,632	2,910,738
Public Works	9,275,904	216,905	228,293
Culture and Recreation	1,662,791	-	171,220
Debt Service	421,753	-	-
Capital Outlay	-	-	-
Total Governmental Activities	\$ 31,815,547	\$ 3,098,637	\$ 5,707,330

Revenues by Source - Governmental Activities

	Revenues	%
Charges for Services	\$ 3,098,637	9%
Operating Grants and Contributions	5,707,330	16%
Capital Grants and Contributions	-	0%
Property Taxes	23,730,727	67%
Mixed Beverage and Occupancy Tax	1,126,004	3%
Investment Earnings	1,525,207	4%
Miscellaneous	492,563	1%
	\$ 35,680,468	100%

For the most part, except as provided above, increases, or decreases in expenses closely paralleled inflation, growth in population, the recession, or demand for services.

Business-Type Activities

There were no business-type activities since the only internal service fund was blended into the governmental activities.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, Wilson County, Texas' governmental funds reported combined ending fund balances of \$18,565,101, a decrease of \$2,750,061 in comparison with the prior year. Approximately 65% of this total amount, \$12,010,858, is available for spending at the government's discretion (unassigned fund balance). The remainder of fund balance is non- spendable, restricted, or committed.

The general fund is the chief operating fund of Wilson County, Texas. At the end of the current fiscal year, unassigned fund balance and the total fund balance of the general fund was \$12,010,858. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 51 percent of total general fund expenditures, while total fund balance represents 128 percent of that same amount.

The fund balance of Wilson County, Texas' general fund decreased by \$3,904,924 during the current fiscal year.

At the end of the current fiscal year, restricted fund balance and total fund balance of the road and bridge fund was \$3,462,773. As a measure of the road and bridge fund's liquidity, it may be useful to compare both restricted fund balance and total fund balance to total fund expenditures. Restricted fund balance represents 48 percent of total road and bridge fund expenditures, while total fund balance represents 258 percent of that same amount.

The fund balance of Wilson County, Texas' road and bridge fund increased by \$1,668,100 during the current fiscal year.

Budgetary Highlights

The County did amend its budget during fiscal year 2025 but there were no significant changes to the budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Wilson County, Texas' investment in capital assets for its governmental activities as of September 30, 2025, amounts to \$16,908,203 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, vehicles, computer systems, and infrastructure items such as roads, highways, and bridges. The total increase in Wilson County, Texas' investment in capital assets for the current fiscal year was \$5,759,073 or 34 percent.

	Governmental		Total	
	Activities			
	2025	2024	2025	2024
Land	\$ 1,138,251	\$ 866,008	\$ 1,138,251	\$ 866,008
Construction in Progress	5,079,431	-	5,079,431	-
Buildings	20,072,339	20,072,339	20,072,339	20,072,339
Infrastructure	2,733,730	2,733,730	2,733,730	2,733,730
Machinery and Equipment	7,284,988	7,169,259	7,284,988	7,169,259
Vehicles	7,376,864	5,122,863	7,376,864	5,122,863
Computer Systems	1,166,865	1,166,865	1,166,865	1,166,865
Accumulated Depreciation	(27,944,265)	(25,981,934)	(27,944,265)	(25,981,934)
Total	\$ 16,908,203	\$ 11,149,130	\$ 16,908,203	\$ 11,149,130

Additional information on Wilson County, Texas' capital assets can be found in Note F – Capital Assets on the notes to financial statements.

Long-Term Debt:

At the end of the current fiscal year, Wilson County, Texas had the following in bonds and notes payable.

	Beginning			Ending	Due Within	Due After
	Balance	Additions	Reductions	Balance	One Year	One Year
Governmental Activities						
General Obligation Bonds	\$ 4,875,000	\$ -	\$ 405,000	\$ 4,470,000	\$ 420,000	\$ 4,050,000
Note Payable	202,707	364,880	194,382	373,205	123,634	249,571
Grand Total	\$ 5,077,707	\$ 364,880	\$ 599,382	\$ 4,843,205	\$ 543,634	\$ 4,299,571

Additional information on Wilson County, Texas' long-term debt can be found in Note G – Long-Term Debt on the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The annual budget is developed to provide efficient, effective, and economic uses of the County's resources, as well as a means to accomplish the highest priority objectives. Through the budget, the Commissioners Court sets the direction of the county, allocates its resources, and establishes its priorities.

In calculating the taxes for the fiscal year 2026 budget, as of July 25, 2025, Wilson County had a net taxable appraised value, freeze adjusted, of \$5,352,947,840 which was \$308,745,291 more than the previous year.

These indicators were taken into account when adopting the general fund budget for fiscal year 2026. The property tax rate for the fiscal year 2026 budget was set at \$0.0176 more than the No New Revenue tax rate. The tax rate adopted by the Commissioners' Court, \$0.405961 per hundred-dollar valuation, was less than 1% more than the No New Revenue tax rate of \$0.388265 per hundred-dollar valuation. Before the adjustment for newly added property, the effective tax rate adjusts to only allow the county to receive the same tax levy as the previous year. Therefore, additional property tax revenue is generated from new property and tax rate increases in accordance with the State of Texas' Truth-In Taxation laws.

The general operating fund budget increased in the 2025-2026 budget to \$26,237,144 from \$26,060,240 the previous year. This was a 0.68% increase. The increase in the budget was primarily due to a salary increases for all county employees and elected officials due to economic inflation.

In order to help fund current increases, the county adopted a general operating fund budget with the intent that there would be a net decrease in estimated fund balance between budgeted revenues and budgeted expenditures.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with an overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County's Auditor's Office at:

Wilson County, Texas
Office of County Auditor
1420 3rd Street, Suite 109
Floresville, Texas 78114
(830)393-7304

WILSON COUNTY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 17,012,996
Investments - Current	8,650,608
Taxes Receivable, Net	1,605,214
Accounts Receivable, Net	523,684
Due from Others	33
Prepaid Items	55,685
Capital Assets:	
Land Purchase and Improvements	1,138,251
Infrastructure, Net	122,579
Buildings, Net	5,063,684
Furniture and Equipment, Net	5,482,726
Capital Assets, Net	21,532
Construction in Progress	5,079,431
Total Assets	44,756,423
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow Related to Pension Plan	1,298,249
Deferred Outflow Related to OPEB	330,951
Total Deferred Outflows of Resources	1,629,200
LIABILITIES	
Accounts Payable	1,660,878
Wages and Salaries Payable	227,878
Compensated Absences Payable	-1,002,356
Due to Others	25,226
Accrued Interest Payable	36,017
Unearned Revenues - grants -	4,989,655
Notes Payable - Current	126,634
Bonds Payable - Current	420,000
Other Current Liabilities	273,220
Noncurrent Liabilities:	
Due in More Than One Year:	
Bonds Payable - Noncurrent	4,050,000
Loans Payable - Noncurrent	246,571
Unamortized Premiums (Discounts) on Bonds	180,126
Net Pension Liability (Asset)	(401,590)
Net OPEB Liability	3,502,929
Total Liabilities	16,339,900
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflow Related to Pension Plan	495,186
Deferred Inflow Related to OPEB	1,795,738
Total Deferred Inflows of Resources	2,290,924
NET POSITION	
Net Investment in Capital Assets and Lease Assets	11,848,855
Restricted for Other Purposes	6,554,243
Unrestricted	9,351,701
Total Net Position	\$ 27,754,799

TCDRS contributions to retire ment. →

grants 101 - vested sick leave accum. leave now for everyone. last year \$500,000 now for everyone

PS 35.

CAP risk death benefits additional benefits that

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

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

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 5,296,488	\$ 1,859,181	\$ 1,312,686	\$ (2,124,621)
Judicial	3,604,722	185,919	1,084,393	(2,334,410)
Elections	412,278	-	-	(412,278)
Public Safety	11,141,611	836,632	2,910,738	(7,394,241)
Public Works	9,275,904	216,905	228,293	(8,830,706)
Culture and Recreation	1,662,791	-	171,220	(1,491,571)
Debt Service	421,753	-	-	(421,753)
TOTAL PRIMARY GOVERNMENT	\$ 31,815,547	\$ 3,098,637	\$ 5,707,330	(23,009,580)

all funds

(Fines + Fees) (grants)

- also includes depreciation expense

pg 34 depreciation

General Revenues:	
Taxes:	
Property Taxes, Levied for General Purposes	23,730,727
Other Taxes	1,126,004
Grants and Contributions	412
Miscellaneous Revenue	492,151
	<u>1,525,207</u>
Total General Revenues	26,874,501
Change in Net Position	
Net Position - Beginning	24,200,394
Adjustments and Restatements	(310,516)
Net Position - Ending	\$ 27,754,799

** 3mth's working capital*

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

WILSON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	Emergency OPS Center Fund	Road & Bridge Fund
ASSETS			
Cash and Cash Equivalents	\$ 9,756,308	\$ 311,234	\$ 3,790,505
Investments - Current	8,283,940	-	-
Taxes Receivable	1,249,560	-	292,105
Allowance for Uncollectible Taxes (credit)	(30,577)	-	(7,106)
Accounts Receivable, Net	523,489	-	-
Due from Others	-	-	-
Prepaid Items	55,685	-	-
Total Assets	\$ 19,838,405	\$ 311,234	\$ 4,075,504
LIABILITIES			
Accounts Payable	\$ 871,791	\$ 468,104	\$ 293,651
Wages and Salaries Payable	178,182	-	33,184
Due to Others	4,354	-	897
Unearned Revenues	4,970,763	-	-
Other Current Liabilities	59,985	-	-
Total Liabilities	6,085,075	468,104	327,732
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	1,218,983	-	284,999
Deferred Resource Inflow Court Fines	523,489	-	-
Total Deferred Inflows of Resources	1,742,472	-	284,999
FUND BALANCES			
Other Assigned Fund Balance	-	(156,870)	3,462,773
Unassigned Fund Balance	12,010,858	-	-
Total Fund Balances	12,010,858	(156,870)	3,462,773
Total Liabilities, Deferred Inflows & Fund Balances	\$ 19,838,405	\$ 311,234	\$ 4,075,504

Current

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

Other Funds	Total Governmental Funds
\$ 3,154,949	\$ 17,012,996
366,668	8,650,608
103,581	1,645,246
(2,349)	(40,032)
195	523,684
33	33
-	55,685
<u>\$ 3,623,077</u>	<u>\$ 27,848,220</u>
\$ 27,332	\$ 1,660,878
16,512	227,878
19,975	25,226
18,892	4,989,655
213,235	273,220
<u>295,946</u>	<u>7,176,857</u>
78,791	1,582,773
-	523,489
<u>78,791</u>	<u>2,106,262</u>
3,248,340	6,554,243
-	12,010,858
<u>3,248,340</u>	<u>18,565,101</u>
<u>\$ 3,623,077</u>	<u>\$ 27,848,220</u>

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

Total Fund Balances - Governmental Funds	\$	18,565,101
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.		666,752
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2025 capital outlays and debt principal payments is to increase (decrease) net position.		7,768,919
Deferred outflows and inflows of resources related to pensions and other post employment benefits (OPEB), are applicable to future periods and therefore, are not reported in governmental funds. For Fiscal Year 2025 the net effects is a increase to fund balance..		1,046,530
The 2025 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(2,398,765)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		2,106,262
Net Position of Governmental Activities	\$	27,754,799

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

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

	General Fund	Emergency OPS Center Fund	Road & Bridge Fund
REVENUES:			
Taxes:			
Property Taxes	\$ 18,419,146	\$ -	\$ 4,233,516
Other Taxes	848,414	-	178,382
Licenses and Permits	129,110	-	17,125
Intergovernmental Revenue and Grants	853,728	4,694,880	(53,149)
Charges for Services	145,642	-	-
Fines	1,048,158	-	1,479,633
Investment Earnings	1,518,749	-	-
Contributions & Donations from Private Sources	-	-	-
Other Revenue	341,206	-	151
Total Revenues	23,304,153	4,694,880	5,855,658
EXPENDITURES:			
Current:			
General Government	6,570,024	-	-
Judicial	2,860,746	-	-
Elections	418,446	-	-
Public Safety	10,421,522	5,060,233	-
Public Works	1,503,538	-	6,614,856
Culture and Recreation	760,763	-	-
Debt Service:			
Debt Service	272,849	-	181,614
Capital Outlay:			
Capital Outlay	867,641	-	391,088
Total Expenditures	23,675,529	5,060,233	7,187,558
Excess (Deficiency) of Revenues Over (Under) Expenditures	(371,376)	(365,353)	(1,331,900)
OTHER FINANCING SOURCES (USES):			
Transfers In	-	-	3,000,000
Transfers Out	(3,544,194)	-	-
Total Other Financing Sources (Uses)	(3,544,194)	-	3,000,000
Net Change in Fund Balances	(3,915,570)	(365,353)	1,668,100
Fund Balance - October 1 (Beginning)	15,915,782	-	1,794,673
Adjustments and Restatements	10,646	208,483	-
Fund Balance - September 30 (Ending)	\$ 12,010,858	\$ (156,870)	\$ 3,462,773

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

Other Funds	Total Governmental Funds
\$ 1,172,785	\$ 23,825,447
99,208	1,126,004
83,930	230,165
211,870	5,707,329
-	145,642
195,037	2,722,828
6,458	1,525,207
413	413
150,796	492,153
<u>1,920,497</u>	<u>35,775,188</u>
57,769	6,627,793
257,979	3,118,725
-	418,446
772,742	16,254,497
-	8,118,394
842,960	1,603,723
589,188	1,043,651
<u>300,420</u>	<u>1,559,149</u>
<u>2,821,058</u>	<u>38,744,378</u>
<u>(900,561)</u>	<u>(2,969,190)</u>
544,194	3,544,194
-	(3,544,194)
<u>544,194</u>	<u>-</u>
<u>(356,367)</u>	<u>(2,969,190)</u>
3,604,707	21,315,162
-	219,129
<u>\$ 3,248,340</u>	<u>\$ 18,565,101</u>

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

Total Net Change in Fund Balances - Governmental Funds	\$ (2,969,190)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2025 capital outlays and debt principal payments is to increase (decrease) the change in net position.	8,281,066
Government funds report City pension contributions as expenditures. However in the statement of activities, the cost of pension benefits is reported as pension expense. The Net effect of pension activity for fiscal year 2025 was an increase in Net Position.	1,046,530
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.	(2,398,765)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) the change in net position.	(94,720)
Change in Net Position of Governmental Activities	\$ 3,864,921

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

WILSON COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2025

	Custodial Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 3,292,560
Investments - Current	206,431
Total Assets	<u>3,498,991</u>
LIABILITIES	
Accounts Payable	638
Due to Others	2,752,927
Other Current Liabilities	169,732
Total Liabilities	<u>2,923,297</u>
NET POSITION	
Restricted for Other Purposes	575,694
Total Net Position	<u>\$ 575,694</u>

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

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

	Custodial Funds
ADDITIONS:	
Charges for Services	\$ 107,068,234
Fines	91,560
Investment Earnings	701
Total Additions	107,160,495
DEDUCTIONS:	
Other Operating Costs	107,052,233
Total Deductions	107,052,233
Net Change in Fiduciary Net Position	108,262
Total Net Position - October 1 (Beginning)	467,432
Total Net Position - September 30 (Ending)	\$ 575,694

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

WILSON COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

The more significant of the County's accounting policies are described below:

1. REPORTING ENTITY

Primary Government

Wilson County (the County) is a public corporation and political subdivision of the State of Texas. The Commissioners' Court, which is made up of four commissioners and the County Judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: general government (e.g. administration, judicial & legal, elections administration, and financial administration), public safety (law enforcement and corrections), infrastructure (highways and streets), social services and conservation.

In evaluating how to define the government, for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14, "The Financial Reporting Entity". The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.

The government-wide financial statements include the statement of net assets and the statement of activities. Government-wide statements report information on all of the activities of the County (except for County fiduciary activity). 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 charges for services.

WILSON COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund, Road and Bridge (Special Revenue) Fund, and Emergency OPS Center (Special Revenue) Fund meet the criteria as major governmental funds. Each major fund is reported in separate columns in the fund financial statements. Nonmajor funds include other Special Revenue funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for nonmajor funds are presented within Combining Fund Statements and Schedules.

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

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

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. However, sales tax is considered collectible for only 30 days.

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.

WILSON COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government reports the following major governmental funds:

The 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 taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, social services, and capital acquisition.

Road and Bridge Fund accounts for taxes assessed, along with fines and forfeitures associated with the support of the development and maintenance of County highways, streets and bridges.

Emergency OPS Center Fund accounts for emergency management and preparedness services to the unincorporated areas of Wilson County and to all the cities within its boundaries.

Nonmajor funds include special revenue funds.

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

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business type activities subject to this same limitation. The County has elected not to follow subsequent private sector guidance.

4. CASH AND INVESTMENTS

Cash and investments include amounts in demand deposits, short-term certificates of deposit with a maturity date within three months of the date acquired by the government, and deposits in local government investment pools.

State statutes authorize the government to invest in obligations of the U.S. Government, federal agency and instrumentality obligations, and certificates of deposit collateralized by obligations of the U.S. Treasury. Investments are stated at fair market value, except for deposits in local government investment pools and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. US Treasury investments are stated at amortized cost and local government pools are stated at net asset value.

WILSON COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. CASH AND INVESTMENTS (Continued)

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

5. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 and become due October 1st and past due after January 31st. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible.

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 deferred inflows of resources in the fund statements. Receivables are shown net of an allowance for uncollectibles.

6. 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.

7. INVENTORIES AND PREPAID ITEMS

Inventories of consumable supplies are valued at cost, which approximates market, using the first in/first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. The County does not have inventory as of September 30, 2025.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and in the fund financial statements are offset by a reservation of fund balance which indicates they do not represent "available spendable resources".

**WILSON COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets, such as equipment, are defined as assets with a cost of \$5,000 or more. Infrastructure assets include County owned streets, sidewalks, curbs and bridges. 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 assets lives are not capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

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

<u>ASSETS</u>	<u>YEARS</u>
Infrastructure	50 years
Computer Systems	5 years
Buildings	20-50 years
Machinery and Equipment	5 years
Vehicles	5 years

4. DEFERRED INFLOWS/OUTFLOWS

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

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. The County has deferred pension in OPEB related revenues which will be included in subsequent actuarial valuation. Unavailable revenue is reported only in the governmental funds balance sheet under a modified accrual basis of accounting. Unavailable revenues from property tax and court fines is deferred and recognized as an inflow of resource in the period the amounts become available.

WILSON COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. COMPENSATED ABSENCES

The County permits employees to accumulate earned but unused vacation pay benefits. Upon resignation or termination, a maximum of 5 days of unused accrued vacation leave will be paid. The rate of pay will be determined by the salary rate in effect at the time of separation. Employees may, however, carry over a maximum 10 days of vacation time from year to year. Unused sick leave may be accumulated to certain limits. In the event of termination, no reimbursement is made for accumulated sick leave.

Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

11. UNEARNED REVENUE

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unearned revenue.

12. INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

13. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities. On new bond issues, bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or 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.

WILSON COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. PENSIONS

The net pension liability, deferred outflows and deferred inflows 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 TCDRS' fiduciary net position have been determined on the same basis as they are reported by TCDRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

15. OTHER POST EMPLOYMENT BENEFIT (OPEB)

The Total Other Post Employment Benefit (OPEB), deferred OPEB related inflows and outflows, insurance expense and information on the Retiree Health Insurance fiduciary net position, and additions and deductions have been determined on assumptions in Note I and Note J. For this purpose, insurance payments and refunds are recognized when due and payable according to the actuarial study.

16. FUND EQUITY

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - pre-paid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either externally by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Commissioners' Court - the government's highest level of decision making authority. The Commissioners' Court is the highest level of decision-making authority for the County that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (by adoption of another resolution) to remove or revise the limitation.

WILSON COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

16. FUND EQUITY (Continued)

Assigned fund balance. This classification reflects the amounts constrained by the County's "intent" to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed. Assigned fund balances are established by the County commissioners through adoption or amendment of the budget as intended for specific purpose (such as the purchase of property and equipment, construction, debt service or other purposes).

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the County's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

17. NET POSITION

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. 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 positions are 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. The County is reporting \$6,554,243 as Restricted for Other Purposes as of September 30, 2025.

18. USE OF ESTIMATES

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

WILSON COUNTY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2025

NOTE B - DEPOSITS AND INVESTMENTS

The County's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the County's agent bank approved pledge securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

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) - (d).

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government has an investment policy for custodial credit risk. As of September 30, 2025, the government's bank balance of \$19,562,879 was not exposed to custodial credit risk; The FDIC insures the first \$250,000 of checking accounts for each bank. As of September 30, 2025, the government's deposits were fully collateralized. The collateral is securities held by the pledging financial institution's trust department or agent, in the government's name. The book balance of the deposits was \$17,012,996.

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 at share price, which approximates fair value. All investments are valued using prices quoted in active markets for those securities (Level 1). The County investments are as follows:

	Fair Value
TexPool (Local Government Investment Pool)	8,083,940
Certificate of Deposits	566,668
Total	8,650,608

Investment Rate Risk. The County manages investment rate risk by limiting the weighted average maturity of its investments to less than one year.

WILSON COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk. The County's investment policy limits investments to obligations of the United States or its instrumentalities; direct obligation of the State of Texas, the principle and interest that are unconditionally guaranteed or insured by this state or state rated as to investment quality of not less than AAA by a nationally recognized investment rating firm.

The County may also invest its funds in state law authorized government investment pools provided the pool maintains an AAA rating, the pool maintains a stable asset value, and the average dollar weighted maturity does not exceed 90 days, and Commissioners' Court must approve of the investment. As of September 30, 2025, the investment in TexPool was rated AAAM.

The County may also invest in certificates of deposit, money markets or share certificates issued by a depository institution which has its main office or a branch office in this state and is guaranteed or insured by FDIC or the NCUSIC, or is secured by collateral or other method provided for by state law.

Custodial Credit Risk- Investment. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2025, the County's investments were held in government investment pools.

NOTE C - RECEIVABLES

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

	General	Emergency OPS Center Fund	Road and Bridge	Other Governmental Funds	Total
<u>Receivables</u>					
Property Taxes	1,249,560	-	292,105	103,581	1,645,246
Court Fines and Receiv	3,489,925	-	-	-	3,489,925
Other Receivables	-	-	-	195	195
Occupance Taxes	-	-	-	22,441	22,441
Total Receivables	4,739,485	-	292,105	126,217	5,157,807
Less: Allowance for Uncollectibles	2,997,014	-	7,106	2,349	3,006,469
Net Total Receivables	1,742,471	-	284,999	123,868	2,151,338

WILSON COUNTY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2025

NOTE D - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers: transfers are used to 1) move unrestricted general fund revenues to finance various programs that the County must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

In the year ended September 30, 2025, the County made the following non-recurring transfers – the transfers were for operating expenses:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 3,544,194
Emergency OPS Center Fund	-	-
Road and Bridge	3,000,000	-
Other Nonmajor Funds	544,194	-
	\$ 3,544,194	\$ 3,544,194

NOTE E - PROPERTY TAX CALENDAR

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are payable in full by the following January 31. The County bills and collects its own property taxes and also the taxes for several other taxing agencies. The County acts only as an intermediary in the collection and distribution of property taxes to other entities. Tax collections deposited for the County are distributed as collected to the General, Road and Bridge, Library and Debt Service Funds of the County. The distribution is based upon the tax rate established for each fund by Commissioners' Court for the tax year for which the collections are made.

The County is authorized by the tax laws for the State of Texas to levy taxes up to .80 per \$100 of the assessed valuation for general government invoices and the payment of principal and interest on certain permanent improvement long-term debt. Taxes may be levied in unlimited amounts for the payment of principal and interest on road bond long-term debt issued under article 3, Section 52 of the Texas Constitution. Net taxes receivable at the end of the fiscal year are treated as deferred outflows of resources.

The combined tax rate assessed on the 2024 tax roll (Wilson County, Lateral Road, and Library) to finance operations and debt service for the fiscal year ended September 30, 2025, was \$.414748 per \$100 assessed valuation. The total tax levy for the fiscal year 2024 was \$24,923,543 of which \$550,921 remained outstanding in delinquent taxes as of September 30, 2025.

WILSON COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE F - CAPITAL ASSETS

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

	Balance 10/1/2024	Additions/ Transfers	Disposals/ Transfers	Balance 9/30/2025
Capital Assets Not Being Depreciated:				
Land	\$ 866,008	272,243	-	\$ 1,138,251
Construction in Progress	-	5,079,431	-	5,079,431
Total Capital Assets Not Being Depreciated:	866,008	5,351,674	-	6,217,682
Capital Assets Being Depreciated:				
Buildings	20,072,339	-	-	20,072,339
Infrastructure	2,733,730	-	-	2,733,730
Machinery and Equipment	7,169,259	152,500	(36,771)	7,284,988
Vehicles	5,122,863	2,653,664	(399,663)	7,376,864
Computer Systems	1,166,865	-	-	1,166,865
Total Depreciable Assets	36,265,056	2,806,164	(436,434)	38,634,786
Less: Accumulated Depreciation for:				
Buildings	(13,854,105)	(1,154,550)	-	(15,008,655)
Infrastructure	(2,608,391)	(2,760)	-	(2,611,151)
Machinery and Equipment	(5,068,521)	(617,675)	36,771	(5,649,425)
Vehicles	(3,327,115)	(602,249)	399,663	(3,529,701)
Computer Systems	(1,123,802)	(21,531)	-	(1,145,333)
Total Accumulated Depreciation	(25,981,934)	(2,398,765)	436,434	(27,944,265)
Total Capital Assets Depreciated, Net	10,283,122	407,399	-	10,690,521
Governmental Activities Capital Assets, Net	\$ 11,149,130	\$ 5,759,073	\$ -	\$ 16,908,203

Land is not depreciated.

Depreciation was charged to the governmental functions as follows:

General Administration	\$ 45,002
Judicial	553,328
Public Safety	489,031
Public Works	1,221,883
Culture and Recreation	81,938
Health and Welfare	7,583
Conservation - Agriculture	-
Total Depreciation Expense - Governmental Activities	\$ 2,398,765

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WILSON COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE G - LONG-TERM DEBT

The County had the following changes in long-term debt outstanding for the year ended September 30, 2025:

	Balance Outstanding			Balance Outstanding		
	10/1/2024	Additions	Reductions	9/30/2025	Due Within One Year	Due After One Year
<u>Governmental Activities:</u>						
General Obligation Bonds	4,875,000	-	(405,000)	4,470,000	420,000	4,050,000
Bond Issuance Premium	202,642	-	(22,516)	180,126	-	180,126
Note Payable	202,707	364,880	(194,382)	373,205	123,634	249,571
Compensated Absences	356,419	1,002,356	(356,519)	1,002,256	1,002,256	-
Total Governmental Long Term Debt	<u>5,636,768</u>	<u>1,367,236</u>	<u>(978,417)</u>	<u>6,025,587</u>	<u>1,545,890</u>	<u>4,479,697</u>

The annual requirements for principal and interest on the outstanding certificates obligation and tax notes are as follows broken down between debt with and without private borrowings or placement:

Certificates of Obligation	Balance at 9/30/2025	Due Within One Year
Tax & Revenue Note, Series 2014		
Original issue amount of \$8,215,000,		
interest rate varies between 2.50-4.00%,		
with final maturity date of February 1, 2034	\$ 4,470,000	\$ 420,000
Total Certificates of Obligation	<u>\$ 4,470,000</u>	<u>\$ 420,000</u>

September 30,	Principal	Interest	Annual Requirements
2025	\$ 420,000	\$ 169,350	\$ 589,350
2026	440,000	153,200	593,200
2027	455,000	135,300	590,300
2028	475,000	116,700	591,700
2029	495,000	97,300	592,300
2030-2034	<u>2,185,000</u>	<u>179,100</u>	<u>2,364,100</u>
	<u>\$ 4,470,000</u>	<u>\$ 850,950</u>	<u>\$ 5,320,950</u>

WILSON COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE G - LONG-TERM DEBT (Continued)

The County has entered into several notes payable to finance the acquisition of machinery and equipment and vehicles for the public transportation department.

The annual requirements for principal and interest on the outstanding notes payable are as follows:

September 30,	Principal	Interest	Annual Requirements
2026	\$ 123,634	\$ 3,826	\$ 127,460
2027	83,190	8,512	91,702
2028	83,190	8,512	91,702
2029	83,191	8,512	91,703
2030	-	-	-
	\$ 373,205	\$ 29,362	\$ 402,567

NOTE H - EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The County provides retirement, disability, death and survivor benefits for all of its eligible employees through a nontraditional defined benefit pension plan in the statewide Texas County and County Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system which consists of 890 nontraditional defined benefit pension plans. TCDRS, in the aggregate, issues a Comprehensive Annual Financial Report (CAFR) on a calendar year basis. The CAFR is available online www.tcdrs.org.

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

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

At December 31, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	141
Inactive employees entitled to but not yet receiving benefits	305
Active employees	244
Total	690

WILSON COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE H - EMPLOYEES' RETIREMENT SYSTEM (Continued)

Funding Policy

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 employer is actuarially determined annually. The County contributed using the actuarially determined rate of 10.31% of covered payroll for the months of the calendar year in 2024, and 9.55% of covered payroll for the months of the calendar year in 2025.

The deposit rate payable by all employee members for the calendar years 2024 and 2025 is 7% 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.

Methodology For Determining Employer Contributions Rates

The TCDRS board hires independent outside consulting actuaries to conduct an annual valuation to measure the funding status and to determine the required employer contribution rate for each employer plan. In order to calculate the employer contribution rate, the actuary does the following:

1. Studies each employer's adopted plan of benefits and the profile of its plan participants, and uses assumptions established by the board to estimate future benefit payments.
2. Discounts the estimate of future benefit payments to the present based on the long-term rate of investment return to determine the present value of future benefits.
3. Compares the present value of future benefits with the plan's assets to determine the difference that needs to be funded based on the funding policy

Brief Description of Benefit Terms

- 1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
- 2) The plan provides retirement, disability, and survivor benefits.
- 3) TCDRS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 180%) and is then converted to an annuity.
- 4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
- 5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.

WILSON COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE H - EMPLOYEES' RETIREMENT SYSTEM (Continued)

Net Pension Liability / (Asset)

	December 31, 2024
Total pension liability	39,527,266
Fiduciary net position	39,928,858
Net pension liability/ (asset)	(401,592)
Fiduciary net position as a % of total pension liability	101.02%
Pensionable covered payroll	11,802,048
Net pension liability/ (asset) as a % of covered payroll	-3.40%

Actuarial Assumptions

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

Valuation Date: Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	15.8 years (based on contribution rate calculated in 12/31/2024 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.70% average over career including inflation
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, Both projected with 100% of the MP-2021 Ultimate scale after 2010
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New annuity purchase rates were reflected for benefits earned after 2017. 2018: Employer contributions reflect that the current service matching rate was increased to 180% 2019: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: Employer contributions reflect that a 30% CPI COLA was adopted. 2024: No changes in plan provision were reflected in the Schedule.

WILSON COUNTY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2025

NOTE H - EMPLOYEES' RETIREMENT SYSTEM (Continued)

Discount Rate

	<u>December 31, 2024</u>
Discount rate	7.60%
Long-term expected rate of return, net of investment expense	7.60%
Municipal bond rate	Does not apply

Other Key Actuarial Assumptions

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by Milliman and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were recommended by Milliman and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2024. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

	Beginning Date	Ending Date
Valuation Date	December 31, 2023	December 31, 2024
Measurement Date	December 31, 2023	December 31, 2024
Employer's fiscal Year	October 1, 2024	September 30, 2025

WILSON COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE H - EMPLOYEES' RETIREMENT SYSTEM (Continued)

Long-Term Expected Rate of Return

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.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (2)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	13.00%	5.35%
Global Equities	MSCI World (net) Index	4.00%	5.15%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	6.00%	4.75%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	0.00%	4.75%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.55%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.70%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.85%
Distressed Debt	Cambridge Associates Distressed Securities Index (3)	4.00%	6.80%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.95%
Master Limited Partnerships	Alerian MLP Index	2.00%	4.95%
Commodities	Bloomberg Commodities Index	2.00%	1.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.00%	5.75%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (5)	25.00%	8.15%
Hedge Funds	Hedge Fund Research, Inc (HFRI) Fund of Funds Composite Index	6.00%	3.60%
Cash Equivalents	90-Day U.S. Treasury	2.00%	1.10%
		100.00%	

(1) Target asset allocation adopted at the March 2025 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.35%, per Cliffwater's 2025 capital market assumptions.

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

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

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

WILSON COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE H - EMPLOYEES' RETIREMENT SYSTEM (Continued)

Depletion of Plan Assets/ GASB Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) Pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. The funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act are such that a depletion is not projected to occur.

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

WILSON COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE H - EMPLOYEES' RETIREMENT SYSTEM (Continued)

Changes in Net Pension Liability / (Asset)

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/ (Asset)
	(a)	(b)	(a) - (b)
Balance at December 31, 2023	\$ 37,037,607	\$ 36,608,490	\$ 429,117
Changes for the year:			-
Service Cost	1,566,716	-	1,566,716
Interest on total pension liability (1)	2,843,842	-	2,843,842
Effect of plan changes (2)	-	-	-
Effect on economic/demographic gains or losses	494,021	-	494,021
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(126,348)	(126,348)	-
Benefit payments	(2,288,572)	(2,288,572)	-
Administrative expense	-	(21,736)	21,736
Member contributions	-	826,143	(826,143)
Net investment income	-	3,723,722	(3,723,722)
Employer contributions	-	1,216,792	(1,216,792)
Other (3)	-	(9,634)	9,634
Net Changes	2,489,659	3,320,367	(830,709)
Balance at December 31, 2024	<u>\$ 39,527,266</u>	<u>\$ 39,928,857</u>	<u>\$ (401,592)</u>

- (1) Reflects the change in the liability due to the time value of money. TCDRS does charge fees or interest.
- (2) No plan changes valued.
- (3) Relates to allocation of system-wide items.

Sensitivity Analysis

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

	1% Decrease in		1% Increase in	
	Discount Rate		Discount Rate	
	(6.60%)	(7.60%)	(8.60%)	
Total pension liability	\$ 44,439,660	\$ 39,527,266	\$ 35,413,690	
Fiduciary net position	\$ 39,928,858	\$ 39,928,858	\$ 39,928,858	
Net pension liability / (asset)	\$ 4,510,802	\$ (401,592)	\$ (4,515,168)	

WILSON COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE H - EMPLOYEES' RETIREMENT SYSTEM (Continued)

<u>Pension Expense/(Income)</u>	<u>January 1, 2024 to December 31, 2024</u>
Service Cost	1,566,716
Interest on Total Pension Liability (1)	2,843,842
Effect of Plan Changes	-
Administrative Expenses	21,736
Member Contributions	(826,143)
Expected Investment Return Net of Investment Expenses	(2,767,198)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/ demographic gains or losses	34,910
Recognition of assumption changes or inputs	-
Recognition of investments gains or losses	(432,733)
Other (2)	9,634
Pension Expense/ (Income)	<u>\$ 450,764</u>

(1) Reflects the change in the liability due to the time value of money. TCDRS does charge fees or interest.

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

Deferred Inflows / Outflows of Resources

As of December 31, 2024, the deferred inflows and outflows of resources are as follows

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences Between Expected and Actual Experience	\$ 370,516	\$ 106,624
Changes in Assumptions	-	-
Net Difference Between Projected and Actual Earnings	-	388,562
Contributions made subsequent to the Measurement Date	927,733	-
Totals	<u>\$ 1,298,249</u>	<u>\$ 495,186</u>

WILSON COUNTY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2025

NOTE H - EMPLOYEES' RETIREMENT SYSTEM (Continued)

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year Ended			
December 31:			
2025	\$		(279,022)
2026			647,368
2027			(301,712)
2028			(191,304)
2029			-
Thereafter			-
	<u>\$</u>		<u>(124,670)</u>

NOTE I – OTHER POST-EMPLOYMENT BENEFITS - GROUP TERM LIFE FUND

a. Plan Description

Wilson County participates in the retiree Group Term Life program for the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system.

b. A brief description of the benefit terms:

- 1) All full-time and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the OPEB Plan.
- 2) The plan provides a \$5,000 post-retirement death benefit to beneficiaries of service retirees of employers that have elected participation in the retiree GTL program.
- 3) The OPEB benefit is a fixed \$5,000 lump-sum benefit.
- 4) No future increases are assumed in the \$5,000 benefit amount.
- 5) Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 of each year.

c. Membership information is shown in the chart below.

d. Contributions made to the retiree GTL Program are held in the GTL Fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB Statement 75, as the assets of the GTL fund can be used to pay GTL benefits which are not a part of the OPEB Plan.

e. Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out (or opt into) coverage as of January 1 each year. The county's contribution rate for the entire GTL program is calculated on an actuarial basis and is equal to the cost of providing a one-year death benefit equal to \$5,000.

WILSON COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE I – OTHER POST-EMPLOYMENT BENEFITS - GROUP TERM LIFE FUND (Continued)

Membership Information

	December 31, 2023	December 31, 2024
Number of inactive employees entitled to but not yet receiving benefits (i)	52	56
Number of active employees	237	244
Average age of active employees	46.20	45.70
Average length of service in years for active employees	7.91	8.31
Inactive Employees Receiving Benefits (i)	-	-
Number of Benefit Recipients	115	120

(i)– “Receiving benefits” indicates the member is retired and receiving monthly pension benefits, and his or her beneficiary is eligible for the \$5,000 lump sum upon the retiree’s death.

	Changes in Total OPEB Liability
Balance at December 31, 2023	\$ 556,734
Changes for the year:	
Service Cost	21,732
Interest on Total OPEB Liability (1)	18,553
Change of Benefit Terms (2)	-
Effect of Economic/ Demographic Experience	3,839
Effect of Assumptions Changes or Inputs (3)	(72,022)
Benefit Payments	(18,883)
Other Changes	-
Balance at December 31, 2024	\$ 509,953

- (1) Reflects the change in the liability due to the time value of money. TCDRS does charge fees or interest.
- (2) No plan changes valued.
- (3) Relates to change in discount rate.

The total OPEB liability as of December 31, 2024, was \$509,953 and was determined by an annual valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

Discount Rate

	December 31, 2023	December 31, 2024
Discount Rate	3.26%	4.08%
Long-Term expected rate of return, net of investment expense	Does not apply	Does not apply
Municipal Bond Rate	3.26%	4.08%

WILSON COUNTY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2025

NOTE I – OTHER POST-EMPLOYMENT BENEFITS - GROUP TERM LIFE FUND (Continued)

All actuarial assumptions that the total OPEB liability as December 31, 2024 were based on the results of an actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB 75. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

	Beginning Date	Ending Date
Valuation Date	December 31, 2023	December 31, 2024
Measurement Date	December 31, 2023	December 31, 2024
Employer’s fiscal Year	October 1, 2024	September 30, 2025

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported
Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method	
Recognition of economic/ demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Note, salary increases do not affect benefits but are used in the allocation of costs under the actuarial cost method.
Investment Rate of Return (Discount rate)	4.08% 20 Year Bond GO index published by the bondbuyer.com as of December 26, 2024.
Cost of Living Adjustment	Does not apply
Disability	The rates of disability used in this valuation were based on a custom table based on TCDRS experience.
Mortality	
Depositing members	135% of the Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries Non-depositing members	135% of the Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010
Disabled Retirees	160% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Retirement	Members eligible for service retirement are assumed to retire at rates based on TCDRS experience as compiled in its customized Table.

WILSON COUNTY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2025

NOTE I – OTHER POST-EMPLOYMENT BENEFITS - GROUP TERM LIFE FUND (Continued)

GASB Discount Rate

The TCDRS GTL program is treated as unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 4.08% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2024.

Employer OPEB Contributions to the Plan

Employers in the TCDRS Group Term Life (GTL) Program make a combined contribution for both the active and retiree coverage; however, only the retiree coverage is considered an OPEB plan and therefore only the contributions associated with retiree covered are included under GASB 75. For GASB 75 purposes, the OPEB plan is not a cost sharing plan as the employer's benefit payments for the year are treated as being equal to its annual retiree GTL contributions.

2024 Employer OPEB Contributions and Benefit Payments

The following shows a breakdown of the employer's contributions to the GTL program for the calendar year 2022. The contributions for retiree GTL coverage are assigned to the OPEB plan under GASB 75 and are used to determine the benefit payments shown on the exhibit on the next page. The contributions for active coverage are not considered an OPEB benefit under GASB 75.

Coverage Type	2024 GTL Rate	Amount	Financial Reporting
Active Member GTL Benefit	0.16%	\$18,883	No Change from prior year
Retiree GTL Benefit	0.16%	\$18,883	GASB 75

Employer OPEB Contributions made Subsequent to Measurement Date

Employer OPEB contributions made in the fiscal year, but subsequent to the measurement date of December 31, 2024 should be reflected as a deferred outflow. As previously noted, only contributions to the GTL program for retiree coverage should be included under GASB 75. Therefore, once the total GTL contributions made subsequent to the measurement date have been determined, this amount should be multiplied by the portion attributable to retiree coverage to determine the OPEB contributions made subsequent to the measurement date that should be reported under GASB 75. This proportion is 46.15385%, allocated as follows:

Coverage Type	2025 GTL Rate	Proportion	Financial Reporting
Active Member GTL Benefit	0.14%	53.84615%	No Change from prior year
Retiree GTL Benefit	0.12%	46.15385%	GASB 75

WILSON COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE I – OTHER POST-EMPLOYMENT BENEFITS - GROUP TERM LIFE FUND (Continued)

Sensitivity Analysis

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 4.08%, as well as what the Wilson County Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) or 1 percentage point higher (5.08%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown:

	1% Decrease in Discount Rate (3.08%)	Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
Total OPEB Liability	\$ 599,876	\$ 509,953	\$ 439,427

	January 1, 2024 to December 31, 2024
Service Cost	21,732
Interest on Total OPEB Liability (1)	18,553
Effect of Plan Changes	-
Recognition of deferred inflows/outflows of resources	
Recognition of economic/ demographic gains or losses	301
Recognition of assumption changes or inputs	(2,709)
Other	-
OPEB Expense/ (income)	\$ 37,877

(1) Reflects the change in the liability due to the time value of money. TCDRS does charge fees or interest.

The total OPEB Expense for September 30, 2025 was \$34,748.

As of December 31, 2024, the deferred inflows and outflows of resources are as follows:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences Between Expected and Actual Experience	\$ 15,898	\$ 13,513
Changes in Assumptions	41,274	144,203
Contributions made subsequent to the Measurement Date	25,260	-
Totals	\$ 82,432	\$ 157,716

Contributions subsequent to the measurement date of \$25,260 reported as deferred outflows of resources related to OPEB will be recognized as a reduction of the OPEB liability for the year ending September 30, 2025.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

WILSON COUNTY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2025

NOTE I – OTHER POST-EMPLOYMENT BENEFITS - GROUP TERM LIFE FUND (Continued)

Year Ended	
December 31:	
2025	\$ (18,223)
2026	(29,790)
2027	(29,789)
2028	(6,502)
2029	(6,503)
Thereafter	(9,737)
	\$ (100,544)

NOTE J - WILSON COUNTY RETIREE HEALTH OTHER POST-EMPLOYMENT BENEFIT PLAN

In addition to the TCDRS OPEB, The County administers a single-employer defined benefit healthcare plan for retirees, established under legal authority of the County Charter. The County is the only employer participating in the Plan. The Plan does not issue a publicly available financial report.

The County provides certain health care benefits through a single employer defined benefit OPEB plan. Permanent full-time employees who retire under TCDRS eligibility rules are eligible to participate in the County’s health care plan as a retiree at their own expense. The retiree pays 100% of the premiums for the insurance. Members are eligible at any age with 20 years of service or at age 60 with 8 years of service or when the retirees age plus years of service equals 75. Spouses and dependents of retirees are also eligible. As of the date of the latest actuarial valuation, the County has 174 active employees and 10 retirees participating in the plan.

When a regular, full-time employee retires and is currently enrolled in the health care plan, they are eligible to continue to participate in the County’s group health insurance and prescription plans. Members who terminate employment prior to retirement are not eligible for retiree health care benefits. Texas Local Government Code Section 157.101 assigns the authority to establish and amend benefit provisions to the Commissioners Court. The plan is not administered by a trust and there are no assets accumulated in a trust.

Contributions

The funding policy of the plan is to ensure that adequate resources are available to meet the required insurance premiums for the upcoming year. It is not the intent of the funding policy to pre-fund retiree health insurance during employees’ entire careers.

Benefits Provided

Retirees may purchase retiree health care coverage through the County’s health care plan as a retiree and for eligible spouses and dependents at their own expense. Surviving spouses and dependents of deceased retired members may continue retiree health care coverage up to age 65 for spouses and to age 25 for dependents. Spouse and/or dependent must be on the plan prior to retirement of the employee. Retirees are required to enroll in Medicare Parts A and B once eligible.

WILSON COUNTY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2025

**NOTE J - WILSON COUNTY RETIREE HEALTH OTHER POST-EMPLOYMENT BENEFIT PLAN
 (Continued)**

Inactive Employees or Beneficiaries Currently Receiving Benefits	10
Inactive Employees Entitled but Not Yet Receiving Benefits	0
Active Employees	174
	184

Plan Provisions

Medical Benefits

Eligibility Retirement through TCDRS at the earlier of (a) age 60 with 8 years of service or (b) have at least 20 years of service or (c) the sum of age plus service equals 75.

Dependent Eligibility Spouse covered at time of retirement for at least one year.

Postretirement Contributions The retiree pays the full contribution for additional dependent coverage. The County pays for 75% of the active individual base plan premium rate for retirees. The retiree pays any extra premium for the buy up plan.

Medical Plan Benefit
 Schedule – Base Plan

	Medical	Network	Non-Network
Deductible	\$2,000		50%
Copayment		80%	50%
OOP	\$4,000		50%

Other Benefits The retiree pays the full cost of dependent coverage plus any extra cost of the buy up plan.

Change in Plan Provisions These benefits continue to age 65.
 None

Methods and Assumptions

Actuarial Method Individual Entry Age Normal Cost Method- Level Percentage of Projected Salary

Service Cost Determined for each employee as the actuarial present value of benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participants service between date of hire and date of expected termination.

Total OPEB Liability The actuarial present value of benefits allocated to all periods prior to the valuation year.

Discount Rate 4.50% (2.00% real rate of return plus 2.50% inflation)

Health Care Cost Trend Level 4.50%

WILSON COUNTY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2025

**NOTE J - WILSON COUNTY RETIREE HEALTH OTHER POST-EMPLOYMENT BENEFIT PLAN
 (Continued)**

Mortality Turnover	RPH- 2014 Total Table with Projection MP-2021 Rates vary based on gender, age and select and ultimate at 15 years. Rates are based on the TCDRS actuarial assumptions from the 2017 retirement plan valuation report.
Disability Retiree Contributions	None assumed. 25% for individual coverage. Retiree pays the additional contribution for dependent coverage and for the buy up plan, if elected.
Salary Scale	3.50%

Data Assumptions

Coverage	100% of all retirees who currently have healthcare coverage will continue with the same coverage. 100% of all actives who currently have healthcare coverage with employee only coverage upon retirement.
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Valuation Methodology and Terminology

We have used GASB accounting methodology to determine the postretirement medical benefit obligations.

Valuation Date	September 30, 2025
Measurement Date	September 30, 2025

Net OPEB Liability (NOL)

The Net OPEB Liability is the difference between the Total OPEB liability and the Plan Fiduciary Net Position. The Plan Fiduciary Net Position is zero for plans with no dedicated plan assets. To be included as assets of the plan the assets must be held in irrevocable trust for the exclusive purpose of providing post-retirement benefits. Changes in benefit terms are recognized immediately. Changes in assumptions and experience gains/losses are amortized over the average remaining service of active employees an inactive participants. Investments gains/losses are amortized over five years.

WILSON COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE J - WILSON COUNTY RETIREE HEALTH OTHER POST-EMPLOYMENT BENEFIT PLAN (Continued)

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Total OPEB Liability October 1, 2024	\$ 2,635,398	\$ -	\$ 2,635,398
Changes for the year:			-
Service Cost	217,750	-	217,750
Interest Cost	113,153	-	113,153
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	293,734	-	293,734
Changes in Assumptions	(134,799)	-	(134,799)
Other Changes	-	-	-
Contributions- Employer	-	-	-
Net Investment Income	-	-	-
Benefit Payments	(132,260)	-	(132,260)
Administrative Expense	-	-	-
Net Change in Total OPEB Liability	357,578	-	357,578
Total OPEB Liability September 30, 2025	<u>\$ 2,992,976</u>	<u>\$ -</u>	<u>\$ 2,992,976</u>

Total OPEB Expense

This expense includes the service cost, interest cost and amortized amount of each basis required by GASB 75.

	FY 2025
Service Cost as of October 1, 2024	217,750
Interest Cost	113,153
Changes of Benefit Terms	-
Current Recognized Deferred Outflows/ (Inflows)	
Difference Between Expected and Actual Experience	(327,872)
Changes in Assumptions or Other Inputs	(137,767)
Other Changes, if significant	-
Difference of Projected Investment Earnings	
Total OPEB Expense as of September 30, 2025	<u>\$ (134,736)</u>

For the year ended September 30, 2025, the County recognized OPEB expense of \$134,736.

WILSON COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

**NOTE J - WILSON COUNTY RETIREE HEALTH OTHER POST-EMPLOYMENT BENEFIT PLAN
(Continued)**

Also, as of September 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences Between Expected and Actual Experience	\$ 248,264	\$ 1,202,186
Changes in Assumptions	255	435,834
Net Difference between Projected and Actual Investments	-	-
Totals	<u>\$ 248,519</u>	<u>\$ 1,638,020</u>

Projection of Net Outflows (Inflows)

Year Ended	
December 31:	
2026	\$ (442,675)
2027	(370,471)
2028	(334,801)
2029	(192,717)
2030	(60,154)
Thereafter	<u>11,317</u>
	<u>\$ (1,389,501)</u>

Sensitivity Analysis of the Trend and Discount Rate

The sensitivity is plus or minus 1% from the base rates used in the valuation. The values shown are as of September 30, 2025.

Trend	Total OPEB Liability	% Difference
1% Decrease (3.50%)	2,621,250	-12.4%
Current Trend 4.50%	2,992,976	
1% Increase (5.50%)	3,440,965	15.0%
Discount Rate	Total OPEB Liability	% Difference
1% Increase (5.06%)	2,710,036	-9.5%
Current Trend 4.06%	2,992,976	
1% Decrease (3.06%)	3,308,743	10.6%

WILSON COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE K - COMMITMENTS AND CONTINGENCIES

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.

Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County carries commercial insurance for all such risks. During the year ended September 30, 2025, settled claims resulting from these risks did not exceed commercial insurance coverage.

NOTE L – PRIOR PERIOD ADJUSTMENTS

The beginning balance of the Net Position reported within the accompanying Government-wide Statement of Net Position was revised down by a net \$(310,516) which consisted of \$ 219,129 within the Governmental Funds to correct opening balances and \$(529,645) on the Government-wide Statements, to implement GASB 101, compensated absences.

NOTE M - SUBSEQUENT EVENT

Subsequent events are evaluated by the County's management through June 5, 2026, the date which the financial statements were available to be issued.

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

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 17,917,546	\$ 17,917,546	\$ 18,419,146	\$ 501,600
Other Taxes	950,000	950,000	848,414	(101,586)
Licenses and Permits	94,000	94,000	129,110	35,110
Intergovernmental Revenue and Grants	1,037,427	1,037,427	853,728	(183,699)
Charges for Services	173,100	173,100	145,642	(27,458)
Fines	890,917	890,917	1,048,158	157,241
Investment Earnings	500,000	500,000	1,518,749	1,018,749
Other Revenue	497,250	497,250	341,206	(156,044)
Total Revenues	<u>22,060,240</u>	<u>22,060,240</u>	<u>23,304,153</u>	<u>1,243,913</u>
EXPENDITURES:				
Current:				
General Government	12,233,126	12,233,126	6,570,024	5,663,102
Judicial	1,748,834	1,748,834	2,860,746	(1,111,912)
Elections	522,079	522,079	418,446	103,633
Public Safety	10,135,868	10,135,868	10,421,522	(285,654)
Public Works	1,321,133	1,321,133	1,503,538	(182,405)
Culture and Recreation	99,200	99,200	760,763	(661,563)
Debt Service:				
Debt Service	-	-	272,849	(272,849)
Capital Outlay:				
Capital Outlay	-	-	867,641	(867,641)
Total Expenditures	<u>26,060,240</u>	<u>26,060,240</u>	<u>23,675,529</u>	<u>2,384,711</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,000,000)</u>	<u>(4,000,000)</u>	<u>(371,376)</u>	<u>3,628,624</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	4,000,000	4,000,000	-	(4,000,000)
Transfers Out	-	-	(3,544,194)	(3,544,194)
Total Other Financing Sources (Uses)	<u>4,000,000</u>	<u>4,000,000</u>	<u>(3,544,194)</u>	<u>(7,544,194)</u>
Net Change	-	-	(3,915,570)	(3,915,570)
Fund Balance - October 1 (Beginning)	15,915,782	15,915,782	15,915,782	-
Adjustments and Restatements	-	-	10,646	10,646
Fund Balance - September 30 (Ending)	<u>\$ 15,915,782</u>	<u>\$ 15,915,782</u>	<u>\$ 12,010,858</u>	<u>\$ (3,904,924)</u>

Wilson County, Texas
Schedule of Changes in Net Pension Liability and Related Ratios
Texas County & District Retirement System

	Year Ended December 31,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total pension liability										
Service Cost	\$ 782,314	\$ 906,702	\$ 862,352	\$ 949,458	\$ 991,370	\$ 1,056,860	\$ 1,128,715	\$ 1,291,003	\$ 1,233,325	\$ 1,566,716
Interest on the total pension liability	1,530,935	1,644,965	1,804,050	2,019,137	2,166,931	2,306,549	2,447,420	2,612,334	2,712,837	2,843,842
Effect of plan changes	(109,795)	-	1,122,366	-	-	-	288,057	-	-	-
Effect of assump. changes or inputs	231,245	-	137,325	-	-	1,737,609	(118,037)	-	-	-
Effect of economic/demographic (gains) or losses	(41,228)	73,163	(191,506)	115,576	(149,031)	77,288	124,356	(282,260)	(72,119)	494,021
Benefit payments/ refunds	(970,097)	(1,004,855)	(1,155,345)	(1,177,711)	(1,430,132)	(1,268,872)	(1,785,489)	(1,943,139)	(2,549,972)	(2,414,920)
Net change in total pension liability	1,423,374	1,619,975	2,579,242	1,906,460	1,579,138	3,909,434	2,085,022	1,677,938	1,324,071	2,489,659
Total pension liability - beginning	18,932,954	20,356,328	21,976,303	24,555,545	26,462,004	28,041,142	31,950,576	34,035,598	35,713,536	37,037,607
Total pension liability - ending (a)	\$ 20,356,328	\$ 21,976,303	\$ 24,555,545	\$ 26,462,005	\$ 28,041,142	\$ 31,950,576	\$ 34,035,598	\$ 35,713,536	\$ 37,037,607	\$ 39,527,266
Fiduciary net position										
Employer contributions	\$ 600,753	\$ 620,359	\$ 638,007	\$ 770,869	\$ 788,264	\$ 871,008	\$ 862,960	\$ 1,035,184	\$ 1,017,932	\$ 1,216,792
Member contributions	472,503	487,923	501,804	540,692	571,349	608,488	624,041	641,832	704,800	826,143
Investment income net of inv exp	(12,710)	1,400,245	3,003,556	(437,254)	3,815,758	2,785,709	6,543,045	(2,097,608)	3,704,118	3,723,722
Benefit payments/ refunds	(970,097)	(1,004,855)	(1,155,345)	(1,177,711)	(1,430,132)	(1,268,872)	(1,785,489)	(1,943,139)	(2,549,972)	(2,414,920)
Administrative expenses	(13,548)	(15,240)	(15,662)	(18,663)	(20,545)	(21,911)	(19,568)	(19,795)	(19,116)	(21,736)
Other	155,307	154,763	(356)	6,355	1,340	8,905	(210)	(7,242)	(27,864)	(9,634)
Net change in plan fiduciary net position	232,208	1,643,195	2,972,004	(315,712)	3,726,034	2,983,327	6,224,779	(2,390,768)	2,829,898	3,320,367
Fiduciary net position - beginning	18,703,525	18,935,733	20,578,928	23,550,932	23,235,220	26,961,254	29,944,581	36,169,360	33,778,592	36,608,490
Fiduciary net position - ending (b)	\$ 18,935,733	\$ 20,578,928	\$ 23,550,932	\$ 23,235,220	\$ 26,961,254	\$ 29,944,581	\$ 36,169,360	\$ 33,778,592	\$ 36,608,490	\$ 39,928,857
Net pension liability = (a) - (b)	\$ 1,420,595	\$ 1,397,375	\$ 1,004,613	\$ 3,226,785	\$ 1,079,888	\$ 2,005,995	\$ (2,133,762)	\$ 1,934,944	\$ 429,117	\$ (401,591)
Fiduciary net position as a percentage of the total pension liability	93.02%	93.64%	95.91%	87.81%	96.15%	93.72%	106.27%	94.58%	98.84%	101.02%
Pensionable covered payroll	\$ 6,750,040	\$ 6,970,323	\$ 7,168,622	\$ 7,724,177	\$ 8,162,135	\$ 8,692,692	\$ 8,914,878	\$ 9,169,033	\$ 10,068,566	\$ 11,802,048
Net pension liability as a percentage of covered payroll	21.05%	20.05%	14.01%	41.78%	13.23%	23.08%	-23.93%	21.10%	4.26%	-3.40%

Wilson County, Texas
Schedule of Employer Contributions - Pension
Texas County & District Retirement System

	Year Ended December 31,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially Determined Contribution	\$ 573,753	\$ 572,264	\$ 536,930	\$ 770,869	\$ 786,014	\$ 871,008	\$ 862,960	\$ 1,035,184	\$ 1,017,932	\$ 1,216,792
Contributions in relation to the actuarially determined contribution	600,753	620,359	638,007	770,869	788,264	871,008	862,960	1,035,184	1,017,932	1,216,792
Contribution Deficiency (Excess)	\$ (27,000)	\$ (48,095)	\$ (101,077)	\$ -	\$ (2,250)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 6,750,040	\$ 6,970,323	\$ 7,168,622	\$ 7,724,177	\$ 8,162,135	\$ 8,692,692	\$ 8,914,878	\$ 9,169,033	\$ 10,068,566	\$ 11,802,048
Contributions as a Percentage of Covered Employee Payroll	8.90%	8.90%	8.90%	9.98%	9.66%	10.02%	9.68%	11.29%	10.11%	10.31%

Wilson County, Texas
Schedule of Changes in Total OPEB Liability and Related Ratios
Texas County & District Retirement System

	Year Ended December 31,							
	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB liability								
Service Cost	\$ 13,945	\$ 16,405	\$ 14,742	\$ 24,250	\$ 26,836	\$ 28,184	\$ 18,974	\$ 21,732
Interest on the total OPEB liability	16,128	14,843	16,725	14,437	12,972	13,286	19,410	18,553
Effect of plan changes	-	-	-	-	-	-	-	-
Effect of assumption changes or inputs	16,865	(44,075)	99,823	61,404	12,439	(164,943)	39,975	(72,022)
Effect of economic/demographic (gains) or losses	(29,319)	7,600	(4,955)	(1,843)	(4,230)	25,216	(17,303)	3,839
Benefit payments	(14,337)	(16,221)	(17,140)	(16,516)	(15,155)	(17,421)	(14,096)	(18,883)
Net change in total OPEB liability	3,282	(21,448)	109,195	81,732	32,862	(115,678)	46,960	(46,781)
Total OPEB liability - beginning	419,829	423,111	401,663	510,858	592,590	625,452	509,774	556,734
Total OPEB liability - ending	\$ 423,111	\$ 401,663	\$ 510,858	\$ 592,590	\$ 625,452	\$ 509,774	\$ 556,734	\$ 509,953
Pensionable covered payroll	\$ 7,168,622	\$ 7,724,177	\$ 8,162,135	\$ 8,692,692	\$ 8,914,878	\$ 9,169,033	\$ 10,068,566	\$ 11,802,048
Total OPEB liability/ (asset) as a percentage of covered payroll	5.90%	5.20%	6.26%	6.82%	7.02%	5.56%	5.53%	4.32%

Note: Only eight years of data is presented in accordance with GASBS #75, since this is the only information available that is measureable in accordance with this statement.

Wilson County, Texas
Schedule of Contributions - Other Postemployment (Group Term Life)
Texas County & District Retirement System

	Year Ended December 31,							
	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially Determined Contribution	\$ 14,337	\$ 16,221	\$ 17,140	\$ 16,516	\$ 15,155	\$ 17,421	\$ 14,096	\$ 18,883
Contributions in relation to the actuarially determined contribution	14,337	16,221	17,140	16,516	15,155	17,421	14,096	18,883
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 7,168,622	\$ 7,724,177	\$ 8,162,135	\$ 8,692,692	\$ 8,914,878	\$ 9,169,033	\$ 10,068,566	\$ 11,802,048
Contributions as a Percentage of Covered Employee Payroll	0.20%	0.21%	0.21%	0.19%	0.17%	0.19%	0.14%	0.16%

Note: Only eight years of data is presented in accordance with GASB #75, since this is the only information available that is measureable in accordance with this statement.

Wilson County, Texas
Schedule of Changes in Total OPEB Liability and Related Ratios
Retiree Health Care Plan
Texas County & District Retirement System

	Fiscal Year							
	2018	2019	2020	2021	2022	2023	2024	2025
Service Cost	\$ 312,635	\$ 325,328	\$ 473,352	\$ 391,297	\$ 338,314	\$ 338,314	\$ 217,380	\$ 217,750
Interest	140,343	155,299	121,268	120,792	99,438	105,275	189,717	113,153
Plan Amendments	-	-	-	-	-	-	-	-
Experience (Gain) / Loss	-	(95,663)	(40,764)	(461,837)	-	(583,552)	(1,187,236)	293,734
Assumption Changes	-	288,398	(370,127)	1,210	-	(330,687)	(201,441)	(134,799)
Benefit Payments	(119,031)	(75,551)	(99,509)	(139,610)	(139,610)	(219,416)	(122,522)	(132,260)
TOL @ BOY	3,203,594	3,537,541	4,135,352	4,219,572	4,131,424	4,429,566	3,739,500	2,635,398
TOL @ EOY (a)	3,537,541	4,135,352	4,219,572	4,131,424	4,429,566	3,739,500	2,635,398	2,992,976
FNP @ BOY	-	-	-	-	-	-	-	-
FNP @ EOY (b)	-	-	-	-	-	-	-	-
NOL (a) - (b)	3,537,541	4,135,352	4,219,572	4,131,424	4,429,566	3,739,500	2,635,398	2,992,976
FNP as Percentage of NOL	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	6,716,993	7,207,345	6,979,268	6,574,024	6,574,024	6,730,809	8,245,031	10,213,547
NOL as Percentage of Payroll	52.67%	57.38%	60.46%	62.84%	67.38%	55.56%	31.96%	29.30%

Note: Only eight years of data is presented in accordance with GASBS #75, since this is the only information available that is measureable in accordance with this statement.

Wilson County, Texas
Schedule of Contributions - Other Postemployment (Healthcare)
Texas County & District Retirement System

	Fiscal Year							
	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially Determined Contribution	\$ 119,031	\$ 75,551	\$ 99,509	\$ 139,610	\$ 139,610	\$ 219,416	\$ 122,522	\$ 132,260
Contributions in relation to the actuarially determined contribution	119,031	75,551	99,509	139,610	139,610	219,416	122,522	132,260
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	6,716,993	7,207,345	6,979,268	6,574,024	6,574,024	6,730,809	8,245,031	10,213,547
Contributions as a Percentage of Covered Employee Payroll	1.77%	1.05%	1.43%	2.12%	2.12%	3.26%	1.49%	1.29%

Note: Only eight years of data is presented in accordance with GASB #75, since this is the only information available that is measureable in accordance with this statement.

LEAL & CARTER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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ROBERTO CARTER, CPA, SENIOR PARTNER
NORMA L. LITTLE, CPA, PARTNER
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**Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance
And Other Matters Based On An Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Honorable Judge and Members of Commissioner's Court
Wilson County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Wilson County, Texas, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which comprise the Wilson County, Texas' basic financial statements, and have issued our report thereon dated June 5, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. (Findings 2025-01)

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**Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance
And Other Matters Based On An Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Honorable Judge and Members of Commissioner's Court
Wilson County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Wilson County, Texas, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which comprise the Wilson County, Texas' basic financial statements, and have issued our report thereon dated June 5, 2026.

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**Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required By
The State of Texas Single Audit Circular and Uniform Grant Management Standards**

To the Honorable Judge and Members of Commissioners Court
Wilson County, Texas

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Wilson County, Texas' compliance with the types of compliance requirements identified as subject to audit in the State of Texas Single Audit Circular and Uniform Grant Management Standards (UGMS) that could have a direct and material effect on each of Wilson County, Texas' major state programs for the year ended September 30, 2025. Wilson County, Texas' major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the State of Texas Single Audit Circular and Uniform Grant Management Standards (UGMS). Our responsibilities under those standards and the State of Texas Single Audit Circular and Uniform Grant Management Standards (UGMS) are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Wilson County, Texas and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Wilson County, Texas' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Wilson County, Texas' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State of Texas Single Audit Circular and Uniform Grant Management Standards (UGMS) will always detect material noncompliance when it exists. The risk of not

detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Wilson County, Texas' compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State of Texas Single Audit Circular and Uniform Grant Management Standards (UGMS), we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Wilson County, Texas' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Wilson County, Texas' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State of Texas Single Audit Circular and Uniform Grant Management Standards (UGMS) but not for the purpose of expressing an opinion on the effectiveness of Wilson County, Texas' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State of Texas Single Audit Circular and Uniform Grant Management Standards (UGMS). Accordingly, this report is not suitable for any other purpose.

San Antonio, Texas
June 5, 2026

Seal & Carter, P.C.

WILSON COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Section I - Summary of Auditors Results

1. The auditor's report expresses a qualified and unmodified opinions on whether the financial statements of the Wilson County, Texas were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Wilson County, Texas, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major state award programs disclosed during the audit.
5. The auditor's report on compliance for the major state award programs for Wilson County, Texas expresses an unmodified opinion on all major state programs.
6. The audit did not disclose audit findings that are required to be reported in accordance with the State of Texas Single Audit Circular and Uniform Grant Management Standards (UGMS).
7. The programs tested as major programs:

State Major Programs

<u>Grant Number</u>	<u>Name of State Program</u>
CMD#24-7762BG	Rural Law Enforcement Salary Assistance Program

8. The threshold used for distinguishing between Type A and B state programs was \$1,000,000.
9. Wilson County did qualify as a low-risk auditee.

Section II-Findings Related to Financial Statement Audit

Finding 2025-01 Custodial Fund Accounting Procedures

Criteria: The County's general ledger should reflect all financial transactions including these of the Custodial Fund.

It appears some of the Custodial funds' daily transactions and ending balances are not recorded in the general ledger. The resulting activity, related to receipts, to the County's governmental funds is recorded in the general ledger, however reconciliation of the transfers from the Custodial funds is not reflected in the general ledger.

Due to the significant amount of funds processed through these accounts we recommend the County improve controls over these funds by recording Custodial fund transactions in the general ledger on a regular and current basis as transactions occur.

Status: Corrective action is in progress in Fiscal Year 2025.

Section II-Findings Related to Financial Statement Audit (Continued)

Finding 2025-01 Custodial Fund Accounting Procedures (continued)

View of Responsible Official: County Auditor is in agreement, custodial funds need to be recorded in the County's general ledger.

Section III- Findings and Questioned Costs – Major State Awards Program Audit

None

WILSON COUNTY, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

FINDING RELATED TO FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*:

Finding 2024-001: Custodial Fund Accounting Procedures

It appears some of the Custodial funds' daily transactions and ending balances are not recorded in the general ledger. The resulting activity, related to receipts, to the County's governmental funds is recorded in the general ledger, however reconciliations of the transfers from the Custodial funds is not reflected in the general ledger.

Due to the significant amount of funds processed through these accounts we recommend the County improve controls over these funds by recording Custodial fund transactions in the general ledger on a regular and current basis as transactions occur.

Status – Corrective action is still in progress in Fiscal Year 2025.

WILSON COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

STATE GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	ASSISTANCE LISTING NUMBER (ALN)	GRANT NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASS- THROUGH TO SUB- RECIPIENTS	TOTAL STATE EXPENDI- TURES
NON-FEDERAL					
TEXAS COMPTROLLER OF PUBLIC ACCOUNTS					
Rural Law Enforcement Salary Assistance Program	N/A	CMD#24-7762BG	N/A	N/A	470,005
Total Texas Comptroller of Public Accounts					<u>470,005</u>
TEXAS GENERAL LAND OFFICE					
Passed Through					
Community Development and Revitalization: CDBG-MIT Funds					
Local Hazard Mitigation Planning Program	N/A	GLO 24-065-188-F332	N/A	N/A	63,407
Total Texas General Land Office					<u>63,407</u>
TEXAS OFFICE OF THE GOVERNOR					
Passed Through					
Homeland Security Grants Division (HSGD)					
BD- Operation Lone Star Grant Program	N/A	4385203; 4385204	N/A	N/A	315,626
Total Texas Office of the Governor					<u>315,626</u>
TEXAS OFFICE OF THE ATTORNEY GENERAL					
Passed Through					
Statewide Automated Victim Notification Service (SAVNS)					
Total Texas Office of the Attorney General	N/A	C-02213	N/A	N/A	18,571
					<u>18,571</u>
OFFICE OF COURT ADMINISTRATION					
Passed Through					
Texas Indigent Defense Commission					
Indigent Defense Coordinator Program	N/A	212-25-C14; 212-26-C10	N/A	N/A	135,371
Indigent Defense Improvement Grant (Coordinator/Techshare)	N/A	212-21-247	N/A	N/A	34,381
Total Office of Court Administration					<u>169,752</u>
TEXAS VETERAN COMMISSION					
Fund for Veteran Assistance Grant Program					
Total Texas Veteran Commission	N/A	VCO25-F-016	N/A	N/A	9,500
					<u>9,500</u>
TEXAS STATE LIBRARY AND ARCHIVES COMMISSION					
Texas Digital Navigators Grant Program					
Total Texas State Library and Archives Commission	N/A	TDN-22009	N/A	N/A	2,040
					<u>2,040</u>
TOTAL NON-FEDERAL ASSISTANCE					<u><u>1,048,901</u></u>

See Accompanying Notes to Schedule of Expenditures of State Awards

WILSON COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE A-BASIS OF PRESENTATION

The accompanying schedule of expenditures of state awards (the Schedule) includes the state grant activity of Wilson County, Texas. The information in this Schedule is presented in accordance with the requirements of the *State of Texas Single Audit Circular* and Uniform Grant Management Standards (UGMS). Because the Schedule presents only a selected portion of the operations of Wilson County, Texas, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Wilson County, Texas.

NOTE B-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *State of Texas Single Audit Circular* and Uniform Grant Management Standards (UGMS) wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C-INDIRECT COST RATE

Wilson County, Texas has not elected to use the 10% de minimis indirect cost rate as allowed under the *State of Texas Single Audit Circular* and Uniform Grant Management Standards (UGMS).

NOTE D-SUBRECIPIENTS

During the year ending September 30, 2025, the County did not provide any state awards to subrecipients.