

UPSHUR COUNTY

FINANCIAL STATEMENTS

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

WITH INDEPENDENT AUDITOR'S REPORT

UPSHUR COUNTY, TEXAS

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter - Change of Accounting Principle

As discussed in the notes to the financial statements, in the year ending September 30, 2025, the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2026, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Waco, Texas
June 3, 2026

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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UPSHUR COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Upshur County, Texas (the "County") offers this narrative overview and analysis of the financial activities of the primary government for the fiscal year ended September 30, 2025.

FINANCIAL HIGHLIGHTS

- At September 30, 2025, the assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources by \$33,769,914 (its "net position").
- Of this amount, \$24,691,299 is unrestricted, \$4,389,024 is restricted for specific purposes (restricted net position), and \$4,689,591 is invested in capital assets, net of related debt.
- The County's total net position increased by \$2,178,285, or 7%, over the course of this year's operations.
- As of September 30, 2025, the County's governmental funds reported combined fund balances of \$25,909,425, which represents a 9% percent increase from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

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

The Statement of Activities presents information that indicates how net position changed during the 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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, legal, and library.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds. The County does not have any proprietary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds 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 the County's near-term financing requirements.

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

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The County maintains 48 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the major governmental funds. Data from other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found immediately after the basic financial statements in this report.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

A significant portion of the County's current fiscal year net position (14%) reflects its investments in capital assets (e.g. land, improvements, buildings, equipment, infrastructure) less any related debt used to acquire these assets that is outstanding. The main use of these capital assets is to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

One portion of the County's current fiscal year net position (73%) represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors.

UPSHUR COUNTY'S NET POSITION

	Governmental Activities	
	2025	2024
Assets:		
Current and other assets	\$ 32,513,426	\$ 29,403,889
Capital assets	<u>6,640,825</u>	<u>7,763,296</u>
Total assets	<u>39,154,251</u>	<u>37,167,185</u>
Deferred outflows of resources	<u>780,512</u>	<u>791,238</u>
Liabilities:		
Long-term liabilities	3,457,143	3,466,806
Other liabilities	<u>1,982,161</u>	<u>2,550,311</u>
Total liabilities	<u>5,439,304</u>	<u>6,017,117</u>
Deferred inflows of resources	<u>725,545</u>	<u>349,677</u>
Net position:		
Net investment in capital assets	4,689,591	5,236,109
Restricted	4,389,024	3,091,289
Unrestricted	<u>24,691,299</u>	<u>23,264,231</u>
Total net position	<u>\$ 33,769,914</u>	<u>\$ 31,591,629</u>

The following table indicates changes in net position for governmental activities.

UPSHUR COUNTY’S CHANGES IN NET POSITION

	Governmental Activities	
	2025	2024
Revenues:		
Program revenues:		
Charges for services	\$ 2,652,413	\$ 2,469,413
Operating grants and contributions	4,399,585	5,421,794
General revenues:		
Property taxes, levied for general purposes	17,124,994	15,931,430
Sales taxes	2,010,563	1,969,049
Investment earnings	1,171,704	1,364,644
Miscellaneous	991,248	836,088
Total revenues	<u>28,350,507</u>	<u>27,992,418</u>
Expenses:		
General government	8,602,347	7,047,733
Public safety	10,964,185	9,390,465
Public transportation	3,393,750	2,707,654
Legal	2,384,333	2,422,764
Library	234,372	221,798
Interest on long-term debt	76,465	57,212
Total expenses	<u>25,655,452</u>	<u>21,847,626</u>
Change in net position	2,695,055	6,144,792
Net position - beginning	<u>31,591,629</u>	<u>25,446,837</u>
Adjustments	<u>(516,770)</u>	<u>-</u>
Net position - ending	<u>\$ 33,769,914</u>	<u>\$ 31,591,629</u>

FINANCIAL ANALYSIS OF MAJOR FUNDS

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

At September 30, 2025, the County’s governmental funds reported combined fund balances of \$25,909,425, an increase of 9% from the prior year.

The General Fund is the chief operating fund of the County. At September 30, 2025, the General Fund reported revenues of \$24,117,846 and expenditures of \$19,690,683.

The Texas Historical Commission fund reported ending fund balance of \$3,566,253, a \$5,760 decrease from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, actual revenues were more than budgeted estimates by \$1,926,398. Actual expenditures were more than budgeted estimates by \$2,670,442. Actual other financing sources were less than budgeted by \$2,210,736. The net effect resulted in a positive variance of \$2,386,104.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County's investment in capital assets for its governmental activities as of September 30, 2025, amounted to \$6,640,825 (net of accumulated depreciation). This investment in capital assets includes land, buildings, furniture and equipment, and other tangible and right to use assets.

For further information regarding capital assets, see Note 4.

Long-term Debt. At September 30, 2025, the County had total long-term debt outstanding of \$3,457,143. Refer to Note 4 for further information on the County's long-term debt.

ECONOMIC FACTORS

The budget was adopted based on estimated balances that would be available at the end of fiscal year 2025 and estimated revenues to be received in fiscal year 2025. Budgeted revenues to the General Fund total \$22,321,333 and budgeted expenditures total \$22,321,333.

For 2025-2026, the property tax rate is \$0.4990 per \$100 valuation.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the County Auditor's Office, P. O. Box 730, Gilmer, Texas, 75644.

**BASIC
FINANCIAL STATEMENTS**

UPSHUR COUNTY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2025

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 26,577,689
Receivables, net of allowances for uncollectibles	2,245,372
Prepaid expenses	337,649
Due from other governments	507,188
Net pension asset	2,845,528
Capital assets:	
Land	460,998
Buildings	9,677,870
Furniture and equipment	7,483,213
Right to use: equipment	2,503,000
Right to use: subscriptions	1,710,930
Less: accumulated depreciation	<u>(15,195,186)</u>
Total capital assets, net of accumulated depreciation	<u>6,640,825</u>
Total assets	<u>39,154,251</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>780,512</u>
Total deferred outflows of resources	<u>780,512</u>
LIABILITIES	
Accounts payable and accrued liabilities	1,865,443
Unearned revenue	116,718
Noncurrent liabilities:	
Due within one year	1,274,257
Due in more than one year	<u>2,182,886</u>
Total liabilities	<u>5,439,304</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>725,545</u>
Total deferred inflows of resources	<u>725,545</u>
NET POSITION	
Net investment in capital assets	4,689,591
Restricted for:	
Net pension asset	2,845,528
Other purposes	1,543,496
Unrestricted	<u>24,691,299</u>
Total net position	<u>\$ 33,769,914</u>

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

UPSHUR COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and
		Charges for Services	Operating Grants and Contributions	Changes in Net Position
				Governmental Activities
Primary Government:				
Governmental activities:				
General government	\$ 8,602,347	\$ 1,881,201	\$ 1,037,962	\$ (5,683,184)
Public safety	10,964,185	99,798	3,126,538	(7,737,849)
Public transportation	3,393,750	-	199,885	(3,193,865)
Legal	2,384,333	641,545	35,200	(1,707,588)
Library	234,372	29,869	-	(204,503)
Interest on long-term debt	<u>76,465</u>	<u>-</u>	<u>-</u>	<u>(76,465)</u>
Total governmental activities	<u>\$ 25,655,452</u>	<u>\$ 2,652,413</u>	<u>\$ 4,399,585</u>	<u>(18,603,454)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				17,124,994
Sales taxes				2,010,563
Investment earnings				1,171,704
Miscellaneous				<u>991,248</u>
Total general revenues				<u>21,298,509</u>
Change in net position				<u>2,695,055</u>
Net position, beginning, as previously reported				31,591,629
Restatement				<u>(516,770)</u>
Net position, beginning, as restated				<u>31,074,859</u>
Net position, ending				<u>\$ 33,769,914</u>

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

UPSHUR COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	<u>General</u>	<u>Texas Historical Commission</u>
ASSETS		
Cash and investments	\$ 21,058,753	\$ 3,862,114
Receivables (net of allowance for uncollectibles)	2,219,052	-
Prepaid expenses	337,649	-
Due from other funds	19,279	-
Due from other governments	<u>23,290</u>	<u>467,812</u>
Total assets	<u>23,658,023</u>	<u>4,329,926</u>
LIABILITIES		
Liabilities:		
Accounts payable and accrued liabilities	1,092,533	763,673
Due to other funds	-	-
Unearned revenue	<u>-</u>	<u>-</u>
Total liabilities	<u>1,092,533</u>	<u>763,673</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	1,458,311	-
Unavailable revenue - court fines and fees	<u>292,587</u>	<u>-</u>
Total deferred inflows of resources	<u>1,750,898</u>	<u>-</u>
FUND BALANCES		
Nonspendable:		
Prepaid items	337,649	-
Restricted for:		
Child protection	-	-
County and district clerk services	-	-
Court security and technology	-	-
District Attorney	-	-
Drug enforcement	-	-
Elections	-	-
Federal and state grants	-	-
Forfeiture	-	-
Judicial education	-	-
Law enforcement	-	-
Debt service	-	-
Other	-	-
Committed for courthouse restoration	-	3,566,253
Assigned for subsequent year budget	500,000	-
Unassigned	<u>19,976,943</u>	<u>-</u>
Total fund balances	<u>20,814,592</u>	<u>3,566,253</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,658,023</u>	<u>\$ 4,329,926</u>

Other Governmental Funds	Total Governmental Funds
\$ 1,656,822	\$ 26,577,689
26,320	2,245,372
-	337,649
-	19,279
<u>16,086</u>	<u>507,188</u>
<u>1,699,228</u>	<u>29,687,177</u>
9,237	1,865,443
19,279	19,279
<u>116,718</u>	<u>116,718</u>
<u>145,234</u>	<u>2,001,440</u>
25,414	1,483,725
-	<u>292,587</u>
<u>25,414</u>	<u>1,776,312</u>
-	337,649
199,713	199,713
562,342	562,342
159,974	159,974
35,005	35,005
558	558
40,887	40,887
142,171	142,171
12,456	12,456
6,360	6,360
140,426	140,426
28,480	28,480
215,124	215,124
-	3,566,253
-	500,000
<u>(14,916)</u>	<u>19,962,027</u>
<u>1,528,580</u>	<u>25,909,425</u>
<u>\$ 1,699,228</u>	<u>\$ 29,687,177</u>

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UPSHUR COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$ 25,909,425
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,640,825
The net pension liability is not an available resource and, therefore, is not reported in the funds.	2,900,495
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,776,312
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(3,457,143)</u>
Net position of governmental activities	<u>\$ 33,769,914</u>
	\$ -

UPSHUR COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>General</u>	<u>Senate Bill 22</u>	<u>Texas Historical Commission</u>
REVENUES			
Taxes	\$ 19,033,707		\$ -
Licenses and permits	1,073,747		-
Intergovernmental	277,642		1,892,261
Charges for services	1,807,179		-
Fines and forfeitures	413,679		-
Interest	1,136,573		-
Miscellaneous	375,319		250
Total revenues	<u>24,117,846</u>		<u>1,892,511</u>
EXPENDITURES			
Current:			
General government	7,667,275		-
Public safety	6,020,590		4,873,319
Public transportation	3,113,960		-
Legal	2,012,110		-
Library	244,227		-
Debt service:			
Principal	557,947		-
Interest	74,574		-
Total expenditures	<u>19,690,683</u>		<u>4,873,319</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,427,163</u>		<u>(2,980,808)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-		2,975,048
Transfers out	(2,200,000)		-
Insurance recoveries	31,264		-
Total other financing sources and (uses)	<u>(2,168,736)</u>		<u>2,975,048</u>
NET CHANGE IN FUND BALANCES	2,258,427		(5,760)
FUND BALANCES, BEGINNING, AS PREVIOUSLY REPORTED	<u>18,556,165</u>	<u>-</u>	<u>3,572,013</u>
ADJUSTMENTS			
Change to or within the financial reporting entity	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING AS RESTATED	<u>18,556,165</u>	<u>-</u>	<u>3,572,013</u>
FUND BALANCES, ENDING	<u>\$ 20,814,592</u>	<u>\$ -</u>	<u>\$ 3,566,253</u>

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

American Recovery Plan Grant	Other Governmental Funds	Total Governmental Funds
	\$ -	\$ 19,033,707
	-	1,073,747
	1,617,006	3,786,909
	347,118	2,154,297
	11,095	424,774
	41,971	1,178,544
	<u>197,597</u>	<u>573,166</u>
	<u>2,214,787</u>	<u>28,225,144</u>
	453,052	8,120,327
	622,236	11,516,145
	57	3,114,017
	458,981	2,471,091
	-	244,227
	18,006	575,953
	<u>1,891</u>	<u>76,465</u>
	<u>1,554,223</u>	<u>26,118,225</u>
	<u>660,564</u>	<u>2,106,919</u>
	-	2,975,048
	(775,048)	(2,975,048)
	-	31,264
	<u>(775,048)</u>	<u>31,264</u>
	(114,484)	2,138,183
<u>361,914</u>	<u>1,281,150</u>	<u>23,771,242</u>
<u>(361,914)</u>	<u>361,914</u>	<u>-</u>
<u>-</u>	<u>1,643,064</u>	<u>23,771,242</u>
<u>\$ -</u>	<u>\$ 1,528,580</u>	<u>\$ 25,909,425</u>

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UPSHUR COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

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

Net change in fund balances - total governmental funds	\$ 2,138,183
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(1,122,471)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	526,433
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	125,363
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>1,027,547</u>
Change in net position of governmental activities	<u>\$ 2,695,055</u>

UPSHUR COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 19,161,139	\$ 19,161,139	\$ 19,033,707	\$ (127,432)
Licenses and permits	950,000	950,000	1,073,747	123,747
Intergovernmental	184,100	184,100	277,642	93,542
Charges for services	1,422,840	1,422,840	1,807,179	384,339
Fines	252,300	252,300	413,679	161,379
Interest	78,844	78,844	1,136,573	1,057,729
Miscellaneous	<u>142,225</u>	<u>142,225</u>	<u>375,319</u>	<u>233,094</u>
Total revenues	<u>22,191,448</u>	<u>22,191,448</u>	<u>24,117,846</u>	<u>1,926,398</u>
EXPENDITURES				
Current:				
General government	10,267,320	10,267,320	7,667,275	2,600,045
Public safety	6,188,633	6,188,633	6,020,590	168,043
Public transportation	3,276,370	3,276,370	3,113,960	162,410
Legal	2,122,162	2,122,162	2,012,110	110,052
Library	237,489	237,489	244,227	(6,738)
Debt service:				
Principal	130,954	130,954	557,947	(426,993)
Interest	<u>138,197</u>	<u>138,197</u>	<u>74,574</u>	<u>63,623</u>
Total expenditures	<u>22,361,125</u>	<u>22,361,125</u>	<u>19,690,683</u>	<u>2,670,442</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(169,677)</u>	<u>(169,677)</u>	<u>4,427,163</u>	<u>4,596,840</u>
OTHER FINANCING SOURCES				
Transfers out	(8,000)	(8,000)	(2,200,000)	(2,192,000)
Insurance recoveries	<u>50,000</u>	<u>50,000</u>	<u>31,264</u>	<u>(18,736)</u>
Total other financing sources	<u>42,000</u>	<u>42,000</u>	<u>(2,168,736)</u>	<u>(2,210,736)</u>
NET CHANGE IN FUND BALANCES	(127,677)	(127,677)	2,258,427	2,386,104
FUND BALANCES, BEGINNING	<u>18,556,165</u>	<u>18,556,165</u>	<u>18,556,165</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 18,428,488</u>	<u>\$ 18,428,488</u>	<u>\$ 20,814,592</u>	<u>\$ 2,386,104</u>

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

UPSHUR COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

SEPTEMBER 30, 2025

	<u>Private Purpose Trusts</u>	<u>Custodial Funds</u>
ASSETS		
Cash and investments	\$ 1,603,716	\$ 2,592,189
Total assets	<u>1,603,716</u>	<u>2,592,189</u>
LIABILITIES		
Due to other governments	<u>150,260</u>	<u>274,422</u>
Total liabilities	<u>150,260</u>	<u>274,422</u>
NET POSITION		
Restricted for individuals, organizations, and other governments	<u>1,453,456</u>	<u>2,317,767</u>
Total net position	<u>\$ 1,453,456</u>	<u>\$ 2,317,767</u>

UPSHUR COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Private Purpose Trusts	Custodial Funds
	<u> </u>	<u> </u>
Increases		
Contributions from judgements	\$ -	\$ 124,368
Lease revenue	324,000	-
Interest	69,038	23,431
Deposits held	319,743	41,576,978
Bonds received	<u>-</u>	<u>31,474</u>
 Total increases	 <u>712,781</u>	 <u>41,756,251</u>
Decreases		
Bonds refunded	-	289,328
Commissary purchases	67,339	206,503
Commission paid to inmate welfare-commissary	31,524	-
Sales revenue to inmate welfare-non-commissary	174,932	-
Deposits returned	42,711	59,867
Disbursements to beneficiaries	23,773	41,623,560
School allocations	<u>400,570</u>	<u>-</u>
 Total decreases	 <u>740,849</u>	 <u>42,179,258</u>
 NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	 (28,068)	 (423,007)
 NET POSITION, BEGINNING	 <u>1,481,524</u>	 <u>2,740,774</u>
 NET POSITION, ENDING	 <u>\$ 1,453,456</u>	 <u>\$ 2,317,767</u>

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

UPSHUR COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Upshur County, Texas, (the County) uses a commission form of government under the laws and statutes of the constitution of the State of Texas. The County provides various services to advance the welfare, health, morals, comfort, safety, and convenience of the County and its inhabitants. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

A. Reporting Entity

GASB Statement No. 14, "*The Financial Reporting Entity*," establishes criteria that should be considered and evaluated along with other judgmental factors before a decision is made to include one governmental unit with another governmental unit for the purpose of issuing basic financial statements. The five criteria considered were 1) financial accountability, 2) appointment of voting majority, 3) imposition of will, 4) financial burden to or a burden on a primary government, and 5) financial accountability as a result of fiscal dependency.

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

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

Related Organizations

The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations do not extend beyond making the appointments. The Commissioners' Court or specific committees of the Commissioners' Court appoint members of many organizations. Positions on these boards are appointed in certain instances in entirety, partially, or with Commissioners' Court members.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The government has no business-type activities, or component units.

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

The County reports the following major governmental funds:

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

The **Texas Historical Commission** fund is used to account for grant awards and other funding related to the Texas Historical Commission.

Additionally, the County reports the following fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes.

Debt Service Funds are used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Private-purpose Trust Funds are used to account for investments, interest, rent and royalties for the benefit of various school districts in the County. The revenues are distributed to various school districts.

Custodial Funds are used to account for the assets held by the County as an agent for individuals, private organizations or other governments. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its governmental operations.

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

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

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

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

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

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

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

Cash and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The County pools cash resources of some funds and invests these funds jointly. Each fund owns a pro rata share of the cash and investments. The County is entitled to invest in obligations of the United States, the State of Texas, and certificates of deposit of state or national banks or savings and loan associations within the state. Investments are stated at fair value.

Investment earnings are allocated to the respective funds based on the cash balances outstanding at the end of each month.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 45% of the total tax receivable balance.

Property taxes are levied on October 1 and attach as an enforceable lien on property as of January 1. Statements are mailed on October 1, or as soon thereafter as possible, and are due upon receipt. All unpaid taxes become delinquent if not paid before February 1 of the following year.

Prepaid Items

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net 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:

- Difference between expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Pension contributions after the measurement date – These contributions are deferred and recognized in the following fiscal year.

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

- Unavailable revenue – The governmental funds report unavailable revenues from two sources: property taxes and court fines and fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

- Difference between expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a five-year period

Capital Assets

Capital assets, which include property and equipment, are included in the governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial individual cost of \$5,000 or greater and an estimated useful life in excess of one year. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

Compensated Absences

The County's personnel policy permits employees to accumulate earned but unused vacation, comp and sick leave benefits. A liability is reported in the government-wide statements for management's estimate of the amount more likely than not to be used on historical data.

Leases & Subscriptions

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

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

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

- The County uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate.
- The agreement term includes the non-cancellable period of the lease or SBITA.
- The payments included in the measurement of the liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its leases and SBITAs and will remeasure the assets and liabilities if certain changes occur that are expected to significantly affect the amount of the liabilities.

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

Pensions

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

Net Position Flow Assumption

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

Fund Balance Flow Assumption

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

Fund Balance Classification

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

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by court resolution of the Commissioners' Court, the County's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County Auditor.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

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

Net Position

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

Change in Accounting Principle

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

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Accordingly, the cumulative effect of the accounting change has been recognized in a restatement of beginning net position as of September 30, 2024.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenue, expenditures and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental fund* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this (\$1,122,471) difference are as follows:

Capital outlay	\$ 373,542
Depreciation expense	<u>(1,496,013)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (1,122,471)</u>

Another element of that reconciliation states, "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this \$125,363 difference are as follows:

Unavailable revenue - property taxes	\$ 101,850
Unavailable revenue - court fines and fees	<u>23,513</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 125,363</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Formal budgetary integration is employed as a management control device during the year for the General Fund. Once approved, the Commissioners' Court may amend the legally adopted budget when unexpected modifications are required in estimated revenue and appropriations. Major special revenue funds are not budgeted; thus, budget schedules are not presented for those funds.

B. Deficit Fund Balances

The following funds had deficit equity balances as of September 30, 2025:

<u>Governmental funds</u>	<u>Deficit</u>
Law Library	\$ 13,310
CTIF TxDot Grant	1,206
Rifle Resistant Shield Fund	<u>400</u>
Total	<u>\$ 14,916</u>

If funding from outside sources does not become available to cover these deficit fund balances, the County plans to transfer funds to cover the deficit from the General Fund.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

<u>Investment Type</u>	<u>Net Asset Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ 26,743,991	42

The Public Funds Investment Act (government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

Public Funds Investment Pools

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

TexPool, the Texas Local Government Investment Pool, operates in a manner consistent with GASB No. 79 criteria. The County's investment in TexPool is reported at amortized cost. The pool is subject to regulatory oversight by the Texas State Comptroller, although it is not registered with the Securities and Exchange Commission ("SEC").

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

Credit Risk. It is the County's policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The County's investment pool is rated AAAm by Standard & Poor's Investors Service.

Interest Rate Risk. In accordance with its investment policy, the County manages its exposure to declines in fair market values by limiting the average dollar-weighted maturity of its portfolio to a maximum of 365 days.

B. Receivables

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

	General Fund	Texas Historical Commission	Nonmajor Governmental	Total
Receivables:				
Taxes	\$ 3,220,688	\$ -	\$ 46,740	\$ 3,267,428
Adjudicated fines	5,342,269	-	-	5,342,269
Miscellaneous	1,055	-	-	1,055
Intergovernmental	23,290	467,812	16,086	507,188
Allowance	<u>(6,344,960)</u>	<u>-</u>	<u>(20,420)</u>	<u>(6,365,380)</u>
Total receivables	<u>\$ 2,242,342</u>	<u>\$ 467,812</u>	<u>\$ 42,406</u>	<u>\$ 2,752,560</u>

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 460,998	\$ -	\$ -	\$ 460,998
Total capital assets not being depreciated	<u>460,998</u>	<u>-</u>	<u>-</u>	<u>460,998</u>
Capital assets, being depreciated:				
Buildings	9,677,870	-	-	9,677,870
Furniture and equipment	7,570,357	373,542	(460,686)	7,483,213
Right to use: equipment	2,503,000	-	-	2,503,000
Right to use: subscriptions	<u>1,710,930</u>	<u>-</u>	<u>-</u>	<u>1,710,930</u>
Total capital assets being depreciated	<u>21,462,157</u>	<u>373,542</u>	<u>(460,686)</u>	<u>21,375,013</u>
Less accumulated depreciation:				
Buildings	6,407,133	159,772	-	6,566,905
Furniture and equipment	5,619,729	420,916	(460,686)	5,579,959
Right to use: equipment	1,445,160	395,432	-	1,840,592
Right to use: subscriptions	<u>687,837</u>	<u>519,893</u>	<u>-</u>	<u>1,207,730</u>
Total accumulated depreciation	<u>14,159,859</u>	<u>1,496,013</u>	<u>(460,686)</u>	<u>15,195,186</u>
Total capital assets, being depreciated, net	<u>7,302,298</u>	<u>(1,122,471)</u>	<u>-</u>	<u>6,179,827</u>
Governmental activities capital assets, net	<u>\$ 7,763,296</u>	<u>\$ (1,122,471)</u>	<u>\$ -</u>	<u>\$ 6,640,825</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 791,419
Legal	12,951
Public safety	566,082
Public transportation	<u>125,561</u>
Total depreciation expense - governmental activities	<u>\$ 1,496,013</u>

D. Interfund Receivables, Payables, and Transfers

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

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental	\$ 19,279
Total		<u>\$ 19,279</u>

Balances resulted from the time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures, 2) transactions are recorded in the accounting system, and 3) payment between funds are made.

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

<u>Transfer in</u>	<u>Transfer out</u>	<u>Amount</u>	<u>Explanation</u>
Texas Historical Commission	General fund	\$ 2,200,000	Local match for courthouse grant
Texas Historical Commission	American Recovery Plan Grant	<u>775,048</u>	Local match for courthouse grant
Total		<u>\$ 2,975,048</u>	

E. Long-term Debt

Changes in long-term liabilities for the year ended September 30, 2025, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Lease payable	\$ 1,932,624	\$ -	\$ 266,946	\$ 1,665,678	\$ 330,643
Subscriptions payable	594,563	-	309,007	285,556	285,556
Compensated absences	<u>1,456,389</u>	<u>49,520</u>	<u>-</u>	<u>1,505,909</u>	<u>658,058</u>
Governmental activity long-term liabilities	<u>\$ 3,983,576</u>	<u>\$ 49,520</u>	<u>\$ 575,953</u>	<u>\$ 3,457,143</u>	<u>\$ 1,274,257</u>

The change in compensated absences presented above is the net change for the year.

F. Lease Payable

A summary of leases payable as of September 30, 2025, are as follows for governmental activities:

<u>Purpose of Lease</u>	<u>Interest Rate</u>	<u>Initial Year of Lease</u>	<u>Amount of Initial Liability</u>	<u>Interest Current Year</u>	<u>Amounts Outstanding 09/30/25</u>	<u>Amounts Due Within One Year</u>
Governmental activities:						
Right to Use:						
Copier	0.7120%	2021	\$ 22,403	\$ 57	\$ 5,766	\$ 4,319
Election equipment	3.125%	2021	449,967	8,220	200,282	64,716
Tractor equipment	2.85 - 3.10%	2021	1,077,209	56,828	1,393,135	195,113
Tractor equipment	5.95%	2024	383,045	<u>2,717</u>	<u>66,495</u>	<u>66,495</u>
Total governmental activities				<u>\$ 67,822</u>	<u>\$ 1,665,678</u>	<u>\$ 330,643</u>

The annual requirements to pay principal and interest on the lease liabilities outstanding as of September 30, 2025, are as follows:

<u>Year Ended September 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2026	\$ 330,643	\$ 59,017	\$ 389,660
2027	988,581	48,335	1,036,916
2028	108,228	18,669	126,897
2029	<u>238,226</u>	<u>15,148</u>	<u>253,374</u>
Totals	<u>\$ 1,665,678</u>	<u>\$ 141,169</u>	<u>\$ 1,806,847</u>

G. Subscriptions Payable

A summary of subscriptions payable as of September 30, 2025, are as follows for governmental activities:

Subscriptions	Interest Rate	Initial Year of Lease	Amount of Initial Liability	Interest Current Year	Amounts Outstanding 09/30/25	Amounts Due Within One Year
Governmental activities:						
Right to Use:						
Zuercher Software	3.135%	2022	\$ 192,690	\$ 4,545	\$ 51,336	\$ 51,336
Tyler Tech Enterprise Case Manage	3.107%	2024	682,393	-	234,220	234,220
Total governmental activities				<u>\$ 4,545</u>	<u>\$ 285,556</u>	<u>\$ 285,556</u>

The annual requirements to pay principal and interest on the lease liabilities outstanding as of September 30, 2025, are as follows:

Year Ended September 30,	Governmental Activities		
	Principal	Interest	Total Requirements
2026	<u>\$ 285,556</u>	<u>\$ 1,609</u>	<u>\$ 287,165</u>
Totals	<u>\$ 285,556</u>	<u>\$ 1,609</u>	<u>\$ 287,165</u>

H. Adjustments and Restatements

Change in accounting principle

During fiscal year 2025, the County adopted GASB Statement 101, *Compensated Absences*. In the prior year, the County reported a compensated absences liability of \$939,619. With the adoption of the new GASB standard during the reporting period, the beginning compensated absences liability for fiscal year 2025 was \$1,465,389 per the County's analysis of historical leave earned and used by employees.

Change within financial reporting entity

During fiscal year 2025, the County reported a change in its financial reporting entity. The County previously reported the Senate Bill 22 and American Recovery Plan funds as major funds. In the previous year, that classification was based on certain quantitative factors the fund exceeded, in addition to management conclusion that the funds were significant enough to merit presentation as major funds for qualitative purposes. However, the quantitative threshold was not surpassed in the current year which resulted in the funds being reclassified as non-major funds.

The effect on beginning fund balance and net position is reflected in the table below:

	9/30/2024	Change in	Change within	
	As Previously	Accounting	Financial	9/30/2024
	Reported	Principle	Reporting Entity	As Restated
Governmental activities	\$ 939,619	\$ 516,770	\$ -	\$ 1,456,389
Total governmental activities	<u>\$ 939,619</u>	<u>\$ 516,770</u>	<u>\$ -</u>	<u>\$ 1,456,389</u>
Governmental Funds				
Major Funds:				
General Fund	\$ 18,556,165	\$ -	\$ -	\$ 18,556,165
Senate Bill 22	-	-	-	-
Texas Historical Commission	3,572,013	-	-	3,572,013
American Recovery Plan Grant	361,914	-	(361,914)	361,914
Nonmajor funds	<u>1,281,150</u>	<u>-</u>	<u>361,914</u>	<u>1,281,150</u>
Total governmental funds	<u>\$ 23,771,242</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,771,242</u>

V. OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County participates in a risk management program through the Texas Association of Counties for workers' compensation coverage.

The County has not had any significant reductions in insurance coverage from coverage in the prior year. The number of settlements has not exceeded insurance coverage in any of the previous three years.

During the year ended September 30, 1990, the County established an employee medical benefit plan (the Plan) to self-insure claims up to \$75,000 per year for each individual covered; claims above \$75,000 are covered by a stop-loss insurance policy. The County and its covered employees contribute to the fund to pay claims and stop-loss insurance premiums. At September 30, 2025, officials believe that the County has made sufficient provisions to cover estimated claims, including claims incurred, but not yet reported.

The County is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the management, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and accordingly, no provision for losses has been recorded.

The County participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at September 30, 2025, may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

B. Retirement Plan

Plan Description

The County participates in a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent, multiple-employer, public employee retirement system consisting of non-traditional defined benefit pension plans. TCDRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tcdrs.org. All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in temporary positions are not eligible for membership.

Benefits Provided

TCDRS provides retirement, disability and survivor benefits for all eligible employees. Benefit terms are established by the TCDRS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

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

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. By law, employee accounts earn 7% interest. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	183
Inactive employees entitled to but not yet receiving benefits	289
Active employees	<u>220</u>
	<u>692</u>

Contributions

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

Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the County were 8.30% and 7.44% in the calendar years 2024 and 2025, respectively. The County's contributions to TCDRS for the year ended September 30, 2025, were \$776,227, and were equal to the required contributions.

Net Pension Liability

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

Actuarial Assumptions

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

Inflation	2.50% per year
Overall payroll growth	4.7% per year
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

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

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

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

All actuarial assumptions that determined the total pension liability as of December 31, 2024 were based on the results of an actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB 68. The economic assumptions were reviewed at the March 2023 TCDRS Board of Trustees meeting and revised assumptions were adopted. These revisions included reductions in the investment return, wage growth, and maximum payroll growth assumptions. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

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

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2023 information for a 10-year time horizon. The valuation assumption for long-term expected return is reassessed at a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2023 meeting.

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

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

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

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.2%, per Cliffwater's 2025 capital market assumptions.

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

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

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

Discount Rate

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

Changes in the Net Pension Liability/ (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at 12/31/2023	\$ 47,585,835	\$ 49,017,222	\$ (1,431,387)
Changes for the year:			
Service cost	1,058,212	-	1,058,212
Interest on total pension liability ⁽¹⁾	3,590,137	-	3,590,137
Effect of plan Changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	323,482	-	323,482
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(100,078)	(100,078)	-
Benefit payments	(2,763,145)	(2,763,145)	-
Administrative expenses	-	(28,601)	28,601
Member contributions	-	709,104	(709,104)
Net investment income	-	4,967,725	(4,967,725)
Employer contributions	-	799,295	(799,295)
Other ⁽³⁾	-	(61,551)	61,551
Balance at 12/31/2024	<u>\$ 49,694,443</u>	<u>\$ 52,539,971</u>	<u>\$ (2,845,528)</u>

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not 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/(asset) of the County, calculated using the discount rate of 7.6%, as well as what the County's net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.6%) or 1-percentage-higher (8.6%) than the current rate:

	1% Decrease	Current	1% Increase
	6.6%	Discount Rate 7.6%	8.6%
Total pension liability	\$ 55,603,013	\$ 49,694,443	\$ 44,712,936
Fiduciary net position	<u>52,539,971</u>	<u>52,539,971</u>	<u>52,539,971</u>
Net pension liability/(asset)	<u>\$ 3,063,042</u>	<u>\$ (2,845,528)</u>	<u>\$ (7,827,035)</u>

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2025, the County recognized pension expense of \$(1,027,547). At September 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 215,655	\$ 165,372
Difference between projected and actual investment earnings	-	560,173
Contributions subsequent to the measurement date	<u>564,857</u>	<u>-</u>
Total	<u>\$ 780,512</u>	<u>\$ 725,545</u>

\$564,857 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expenses as follows:

<u>For The Year</u> <u>Ended September 30,</u>	
2026	\$ (513,428)
2027	841,392
2028	(578,590)
2029	(259,264)

VI. Significant Forthcoming Standards

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the entity include the following:

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

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this statement requires intangible assets other than those three types to be disclosed separately by major class.

This statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

GASB Statement No. 105, *Subsequent Events* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of subsequent events. This Statement defines subsequent events as transactions or other events that occur after the date of the financial reporting statements but before the date the financial statements are available to be issued and clarifies the categories of subsequent events, when recognition is required, and when note disclosure is required. This Statement will become effective for reporting periods beginning after June 15, 2026, and the impact has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

UPSHUR COUNTY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

SEPTEMBER 30, 2025

Measurement Date December 31,	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total Pension Liability				
Service Cost	\$ 1,058,212	\$ 980,922	\$ 1,011,144	\$ 836,547
Interest total pension liability	3,590,137	3,501,783	3,382,118	3,198,101
Effect of plan changes	-	-	-	808,289
Effect of assumption changes or inputs	-	-	-	(180,481)
Effect of economic/demographic (gains) or losses	323,482	(496,116)	(56,800)	95,089
Benefit payments/refunds of contributions	<u>(2,863,223)</u>	<u>(2,938,048)</u>	<u>(2,532,784)</u>	<u>(2,489,719)</u>
Net change in total pension liability	2,108,608	1,048,541	1,803,678	2,267,826
Total pension liability - beginning	<u>47,585,835</u>	<u>46,537,294</u>	<u>44,733,614</u>	<u>42,465,788</u>
Total pension liability - ending (a)	<u>\$ 49,694,443</u>	<u>\$ 47,585,835</u>	<u>\$ 46,537,292</u>	<u>\$ 44,733,614</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 799,295	\$ 705,468	\$ 782,681	\$ 559,372
Member contributions	709,104	627,483	598,120	613,522
Investment income net of investment expenses	4,967,725	5,006,910	(2,822,562)	9,095,634
Benefit payments refunds of contributions	(2,863,223)	(2,938,048)	(2,532,784)	(2,489,719)
Administrative expenses	(28,601)	(25,595)	(26,783)	(26,956)
Other	<u>(61,551)</u>	<u>(61,839)</u>	<u>(120,551)</u>	<u>(25,713)</u>
Net change in plan fiduciary net position	3,522,749	3,314,379	(4,121,879)	7,726,140
Plan fiduciary net position - beginning	<u>49,017,222</u>	<u>45,702,843</u>	<u>49,824,722</u>	<u>42,098,582</u>
Plan fiduciary net position - ending (b)	<u>52,539,971</u>	<u>49,017,222</u>	<u>45,702,843</u>	<u>49,824,722</u>
Net pension liability / (asset), ending (a) - (b)	<u>\$ (2,845,528)</u>	<u>\$ (1,431,387)</u>	<u>\$ 834,449</u>	<u>\$ (5,091,108)</u>
Fiduciary net position as a percentage of total pension liability	105.73%	103.01%	98.21%	111.38%
Pensionable covered payroll	\$ 9,630,051	\$ 8,964,042	\$ 8,544,570	\$ 8,764,603
Net pension liability/(asset) as a percentage of covered payroll	-29.55%	-15.97%	9.77%	-58.09%

2020	2019	2018	2017	2016	2015
\$ 788,631	\$ 744,513	\$ 776,007	\$ 767,721	\$ 820,431	\$ 788,144
3,153,007	3,027,537	2,914,987	2,822,134	2,664,959	2,547,645
-	-	-	-	-	(73,696)
2,201,707	-	-	131,632	-	348,733
(603,957)	(26,743)	(187,960)	(530,616)	47,927	(178,427)
<u>(2,375,718)</u>	<u>(2,110,270)</u>	<u>(2,054,863)</u>	<u>(2,050,881)</u>	<u>(1,869,364)</u>	<u>(1,860,913)</u>
3,163,670	1,635,037	1,448,171	1,139,990	1,663,953	1,571,486
<u>39,302,118</u>	<u>37,667,081</u>	<u>36,218,910</u>	<u>35,078,920</u>	<u>33,414,998</u>	<u>31,843,512</u>
<u>\$ 42,465,788</u>	<u>\$ 39,302,118</u>	<u>\$ 37,667,081</u>	<u>\$ 36,218,910</u>	<u>\$ 35,078,951</u>	<u>\$ 33,414,998</u>
\$ 523,586	\$ 463,768	\$ 494,592	\$ 430,934	\$ 457,678	\$ 450,549
547,032	530,454	524,568	495,692	486,893	463,120
4,067,766	5,725,049	(694,168)	4,799,450	2,341,438	(114,861)
(2,375,718)	(2,110,270)	(2,054,863)	(2,050,881)	(1,869,364)	(1,860,914)
(30,804)	(30,025)	(27,996)	(24,367)	(25,427)	(23,151)
<u>(34,715)</u>	<u>(32,722)</u>	<u>(27,176)</u>	<u>(15,296)</u>	<u>(75,068)</u>	<u>(15,765)</u>
2,697,147	4,546,254	(1,785,043)	3,635,532	1,316,150	(1,101,022)
<u>39,401,435</u>	<u>34,855,181</u>	<u>36,640,224</u>	<u>33,004,692</u>	<u>31,688,573</u>	<u>32,789,595</u>
<u>42,098,582</u>	<u>39,401,435</u>	<u>34,855,181</u>	<u>36,640,224</u>	<u>33,004,723</u>	<u>31,688,573</u>
<u>\$ 367,206</u>	<u>\$ (99,317)</u>	<u>\$ 2,811,900</u>	<u>\$ (421,314)</u>	<u>\$ 2,074,228</u>	<u>\$ 1,726,425</u>
99.14%	100.25%	92.53%	101.16%	94.09%	94.83%
\$ 7,814,736	\$ 7,577,915	\$ 7,493,833	\$ 7,029,861	\$ 6,955,616	\$ 6,615,994
4.70%	-1.31%	37.52%	-5.99%	29.82%	26.09%

UPSHUR COUNTY, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

SEPTEMBER 30, 2025

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a % of Covered Payroll
2016	\$ 457,380	\$ 457,380	\$ -	\$ 6,892,415	6.6%
2017	433,992	433,992	-	6,951,911	6.2%
2018	482,898	482,898	-	7,446,203	6.5%
2019	466,266	466,266	-	7,472,296	6.2%
2020	513,633	513,633	-	7,836,933	6.6%
2021	556,108	556,108	-	8,629,065	6.4%
2022	537,280	707,193	169,913	8,355,802	6.4%
2023	732,033	732,033	-	8,928,705	8.2%
2024	902,117	902,117	-	11,003,836	8.2%
2025	776,227	776,227	-	10,138,793	8.0%

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

UPSHUR COUNTY, TEXAS

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

SEPTEMBER 30, 2025

Valuation Date:	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
<u>Methods and assumptions used to determine contributions rates:</u>	
Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	16.1 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. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: Employer contributions reflect that the current service matching rate was increased to 150% for future benefits 2023: No changes in plan provisions were reflected in the Schedule. 2024: No changes in plan provisions were reflected in the Schedule.

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

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COMBINING FUND STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues that are legally restricted for expenditure for particular purposes. The County's Special Revenue Funds are as follows:

CETRZ

Sheriff's Special

District Clerk Records

D. A. Forfeiture

Records Management Fee

Records Management and Other

County Clerk Records Management and Other

District Clerk Records Management and Other

Courthouse Security

Local Law Enforcement Block Grant

County and District Court Preservation

Family Violence Intervention Program

Project Lifesaver

County and District Technology

Law Library

D. A. Art 53.08 Fees

Law Enforcement Education

Judicial Education

Child Protection Fee

Arson Task Force

Election Refund

FEMA

Drug Interdiction

Justice of the Peace Court Technology

District Clerk Record Archive

JP Courthouse Security

Records Archive Fee

Victims' Assistance Grant

Court Initiated Guardianship

Court Facility

Language Access

County Jury

Justice Court Support

Asset Forfeiture DEA

Jail Commissary Stipends

Pretrial Intervention Program

County Dispute Resolution Fund

Tax Office VIT Interest Fund

Rifle Resistant Shield Fund

Union Grove Water Grant

HAVA Grant

CTIF TxDot Grant

Senate Bill 22

American Rescue Plan Grant

Gorman Oaks Road Reserve

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DEBT SERVICE FUND

The ***Debt Service Fund*** is used to account for the accumulation of resources and payment of certificate of obligation principal and interest from governmental resources.

UPSHUR COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	Special Revenue				
	104	271	222	250	224
	CETRZ	Sheriff's Special	District Clerk Records	D.A. Forfeiture	Records Management Fee
ASSETS					
Cash and investments	\$ 30,942	\$ 125,581	\$ 20,292	\$ 10,026	\$ 328,432
Receivables (net of allowance for uncollectibles)	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	<u>30,942</u>	<u>125,581</u>	<u>20,292</u>	<u>10,026</u>	<u>328,432</u>
LIABILITIES					
Accounts payable	-	81	-	-	1,610
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>81</u>	<u>-</u>	<u>-</u>	<u>1,610</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Child protection	-	-	-	-	-
County and district clerk services	-	-	20,292	-	326,822
Court security and technology	-	-	-	-	-
District Attorney	-	-	-	10,026	-
Drug enforcement	-	-	-	-	-
Elections	-	-	-	-	-
Federal and state grants	-	-	-	-	-
Forfeiture	-	-	-	-	-
Judicial education	-	-	-	-	-
Law enforcement	-	125,500	-	-	-
Debt service	-	-	-	-	-
Other	30,942	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>30,942</u>	<u>125,500</u>	<u>20,292</u>	<u>10,026</u>	<u>326,822</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 30,942</u>	<u>\$ 125,581</u>	<u>\$ 20,292</u>	<u>\$ 10,026</u>	<u>\$ 328,432</u>

Special Revenue

201 Records Management and Other	215 County Clerk Records Management and Other	216 District Clerk Records Management and Other	200 Courthouse Security	276 Local Law Enforcement Block Grant	220 County and District Court Preservation	300 Family Violence Intervention Program
\$ 84,893	\$ 16,005	\$ 42,800	\$ 78,205	\$ 1,127	\$ 3,307	\$ -
-	-	-	-	-	-	-
<u>84,893</u>	<u>16,005</u>	<u>42,800</u>	<u>78,205</u>	<u>1,127</u>	<u>3,307</u>	<u>6,031</u>
-	-	226	513	-	-	909
-	-	-	-	-	-	4,363
<u>-</u>	<u>-</u>	<u>226</u>	<u>513</u>	<u>-</u>	<u>-</u>	<u>5,272</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
84,893	16,005	42,574	-	-	3,307	-
-	-	-	77,692	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,127	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	759
-	-	-	-	-	-	-
<u>84,893</u>	<u>16,005</u>	<u>42,574</u>	<u>77,692</u>	<u>1,127</u>	<u>3,307</u>	<u>759</u>
\$ 84,893	\$ 16,005	\$ 42,800	\$ 78,205	\$ 1,127	\$ 3,307	\$ 6,031

UPSHUR COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	Special Revenue				
	274	221	202	255	272
	Project Lifesaver	County and District Technology	Law Library	D.A. Art 53.08 Fees	Law Enforcement Education
ASSETS					
Cash and investments	\$ 5,048	\$ 12,596	\$ -	\$ 1,042	\$ 59,981
Receivables (net of allowance for uncollectibles)	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	<u>5,048</u>	<u>12,596</u>	<u>-</u>	<u>1,042</u>	<u>59,981</u>
LIABILITIES					
Accounts payable	-	-	-	-	1,879
Due to other funds	-	-	13,310	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>13,310</u>	<u>-</u>	<u>1,879</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Child protection	-	-	-	-	-
County and district clerk services	-	-	-	-	-
Court security and technology	-	12,596	-	-	-
District Attorney	-	-	-	1,042	-
Drug enforcement	-	-	-	-	-
Elections	-	-	-	-	-
Federal and state grants	-	-	-	-	58,102
Forfeiture	-	-	-	-	-
Judicial education	-	-	-	-	-
Law enforcement	-	-	-	-	-
Debt service	-	-	-	-	-
Other	5,048	-	-	-	-
Unassigned	-	-	(13,310)	-	-
Total fund balances	<u>5,048</u>	<u>12,596</u>	<u>(13,310)</u>	<u>1,042</u>	<u>58,102</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 5,048</u>	<u>\$ 12,596</u>	<u>\$ -</u>	<u>\$ 1,042</u>	<u>\$ 59,981</u>

Special Revenue

229	203	275	226	303	290	227
Judicial Education	Child Protection Fee	Arson Task Force	Election Refund	FEMA	Drug Interdiction	Justice of the Peace Court Technology
\$ 7,627	\$ 521	\$ 14,167	\$ 40,622	\$ 19,691	\$ 558	\$ 40,772
-	-	-	-	-	-	-
<u>7,627</u>	<u>521</u>	<u>14,167</u>	<u>40,622</u>	<u>19,691</u>	<u>558</u>	<u>40,772</u>
1,267	-	-	-	-	-	448
-	-	-	-	-	-	-
<u>1,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>448</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	521	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	40,324
-	-	-	-	-	558	-
-	-	-	40,622	-	-	-
-	-	-	-	19,691	-	-
6,360	-	-	-	-	-	-
-	-	14,167	-	-	-	-
-	-	-	-	-	-	-
<u>6,360</u>	<u>521</u>	<u>14,167</u>	<u>40,622</u>	<u>19,691</u>	<u>558</u>	<u>40,324</u>
\$ 7,627	\$ 521	\$ 14,167	\$ 40,622	\$ 19,691	\$ 558	\$ 40,772

UPSHUR COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	Special Revenue				
	223 District Clerk Record Archive	228 JP Courthouse Security	225 Records Archive Fee	308 Victims' Assistance Grant	230 Court Initiated Guardianship
ASSETS					
Cash and investments	\$ 35,200	\$ 29,362	\$ 33,319	\$ 15,205	\$ 51,596
Receivables (net of allowance for uncollectibles)	-	-	-	-	-
Due from other governments	-	-	-	10,055	-
Total assets	<u>35,200</u>	<u>29,362</u>	<u>33,319</u>	<u>25,260</u>	<u>51,596</u>
LIABILITIES					
Accounts payable	-	-	70	1,234	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>70</u>	<u>1,234</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Child protection	-	-	-	-	51,596
County and district clerk services	35,200	-	33,249	-	-
Court security and technology	-	29,362	-	-	-
District Attorney	-	-	-	-	-
Drug enforcement	-	-	-	-	-
Elections	-	-	-	-	-
Federal and state grants	-	-	-	24,026	-
Forfeiture	-	-	-	-	-
Judicial education	-	-	-	-	-
Law enforcement	-	-	-	-	-
Debt service	-	-	-	-	-
Other	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>35,200</u>	<u>29,362</u>	<u>33,249</u>	<u>24,026</u>	<u>51,596</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 35,200</u>	<u>\$ 29,362</u>	<u>\$ 33,319</u>	<u>\$ 25,260</u>	<u>\$ 51,596</u>

Special Revenue

231	232	233	234	270	273	251
Court Facility	Language Access	County Jury	Justice Court Support	Asset Forfeiture DEA	Jail Commissary Stipends	Pretrial Intervention Program
\$ 53,598	\$ 16,989	\$ 16,578	\$ 45,049	\$ 12,209	\$ 622	\$ 23,937
-	-	-	-	-	-	-
<u>53,598</u>	<u>16,989</u>	<u>16,578</u>	<u>45,049</u>	<u>12,209</u>	<u>622</u>	<u>23,937</u>
-	-	-	625	-	375	-
-	-	-	-	-	-	-
-	-	-	<u>625</u>	-	<u>375</u>	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
53,598	16,989	16,578	44,424	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	23,937
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	12,209	247	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>53,598</u>	<u>16,989</u>	<u>16,578</u>	<u>44,424</u>	<u>12,209</u>	<u>247</u>	<u>23,937</u>
\$ 53,598	\$ 16,989	\$ 16,578	\$ 45,049	\$ 12,209	\$ 622	\$ 23,937

UPSHUR COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	Special Revenue				
	235	240	306 Rifle	321	304/310
	County Dispute Resolution Fund	Tax Office VIT Interest Fund	Resistant Shield Fund	Union Grove Water Grant	HAVA Grant
ASSETS					
Cash and investments	\$ 16,007	\$ 14,805	\$ -	\$ 950	\$ 265
Receivables (net of allowance for uncollectibles)	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	<u>16,007</u>	<u>14,805</u>	<u>-</u>	<u>950</u>	<u>265</u>
LIABILITIES					
Accounts payable	-	-	-	-	-
Due to other funds	-	-	400	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>400</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Child protection	16,007	-	-	-	-
County and district clerk services	-	-	-	-	-
Court security and technology	-	-	-	-	-
District Attorney	-	-	-	-	-
Drug enforcement	-	-	-	-	-
Elections	-	-	-	-	265
Federal and state grants	-	-	-	-	-
Forfeiture	-	-	-	-	-
Judicial education	-	-	-	-	-
Law enforcement	-	-	-	-	-
Debt service	-	-	-	-	-
Other	-	14,805	-	950	-
Unassigned	-	-	(400)	-	-
	<u>16,007</u>	<u>14,805</u>	<u>(400)</u>	<u>950</u>	<u>265</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 16,007</u>	<u>\$ 14,805</u>	<u>\$ -</u>	<u>\$ 950</u>	<u>\$ 265</u>

Special Revenue				Debt Service	
324	307	325	256	401	
CTIF TxDot Grant	Senate Bill 22	American Rescue Plan Grant	Gorman Oaks Road Reserve	Debt Service	Total Governmental Funds
\$ -	\$ 116,718	\$ 39,225	\$ 163,379	\$ 27,574	\$ 1,656,822
-	-	-	-	26,320	26,320
-	-	-	-	-	16,086
-	116,718	39,225	163,379	53,894	1,699,228
-	-	-	-	-	9,237
1,206	-	-	-	-	19,279
-	116,718	-	-	-	116,718
1,206	116,718	-	-	-	145,234
-	-	-	-	25,414	25,414
-	-	-	-	25,414	25,414
-	-	-	-	-	199,713
-	-	-	-	-	562,342
-	-	-	-	-	159,974
-	-	-	-	-	35,005
-	-	-	-	-	558
-	-	-	-	-	40,887
-	-	39,225	-	-	142,171
-	-	-	-	-	12,456
-	-	-	-	-	6,360
-	-	-	-	-	140,426
-	-	-	-	28,480	28,480
-	-	-	163,379	-	215,124
(1,206)	-	-	-	-	(14,916)
(1,206)	-	39,225	163,379	28,480	1,528,580
\$ -	\$ 116,718	\$ 39,225	\$ 163,379	\$ 53,894	\$ 1,699,228

UPSHUR COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue				
	104	271	222	250	224
	CETRZ	Sheriff's Special	District Clerk Records	D.A. Forfeiture	Records Management Fee
REVENUES					
Intergovernmental	\$ -	\$ 4,594	\$ -	\$ -	\$ -
Charges for services	-	-	67	-	84,468
Fines and forfeitures	-	-	-	588	-
Interest	-	6,262	-	467	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>-</u>	<u>10,856</u>	<u>67</u>	<u>1,055</u>	<u>84,468</u>
EXPENDITURES					
General government	-	-	-	-	62,145
Public safety	-	19,973	-	-	-
Public transportation	-	-	-	-	-
Legal	-	-	-	194	-
Debt service:					
Principal	-	-	-	-	4,288
Interest	-	-	-	-	94
Total expenditures	<u>-</u>	<u>19,973</u>	<u>-</u>	<u>194</u>	<u>66,527</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(9,117)</u>	<u>67</u>	<u>861</u>	<u>17,941</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	(9,117)	67	861	17,941
FUND BALANCES, BEGINNING AS PREVIOUSLY REPORTED	<u>30,942</u>	<u>134,617</u>	<u>20,225</u>	<u>9,165</u>	<u>308,881</u>
ADJUSTMENTS					
Change to or within the financial reporting entity	-	-	-	-	-
FUND BALANCES, BEGINNING AS RESTATED	<u>30,942</u>	<u>134,617</u>	<u>20,225</u>	<u>9,165</u>	<u>308,881</u>
FUND BALANCES, ENDING	<u>\$ 30,942</u>	<u>\$ 125,500</u>	<u>\$ 20,292</u>	<u>\$ 10,026</u>	<u>\$ 326,822</u>

Special Revenue

201	215	216	200	276	220	300
Records Management and Other	County Clerk Records Management and Other	District Clerk Records Management and Other	Courthouse Security	Local Law Enforcement Block Grant	County and District Court Preservation	Family Violence Intervention Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,265
5,534	4,665	19,385	25,497	-	-	-
-	-	-	-	-	-	-
-	-	-	4,504	-	-	-
-	-	-	-	-	-	23,725
<u>5,534</u>	<u>4,665</u>	<u>19,385</u>	<u>30,001</u>	<u>-</u>	<u>-</u>	<u>109,990</u>
2,815	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	7,497	46,403	-	-	109,990
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,815</u>	<u>-</u>	<u>7,497</u>	<u>46,403</u>	<u>-</u>	<u>-</u>	<u>109,990</u>
<u>2,719</u>	<u>4,665</u>	<u>11,888</u>	<u>(16,402)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,719	4,665	11,888	(16,402)	-	-	-
<u>82,174</u>	<u>11,340</u>	<u>30,686</u>	<u>94,094</u>	<u>1,127</u>	<u>3,307</u>	<u>759</u>
-	-	-	-	-	-	-
<u>82,174</u>	<u>11,340</u>	<u>30,686</u>	<u>94,094</u>	<u>1,127</u>	<u>3,307</u>	<u>759</u>
<u>\$ 84,893</u>	<u>\$ 16,005</u>	<u>\$ 42,574</u>	<u>\$ 77,692</u>	<u>\$ 1,127</u>	<u>\$ 3,307</u>	<u>\$ 759</u>

UPSHUR COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue				
	274	221	202	255	272
	Project Lifesaver	County and District Technology	Law Library	D.A. Art 53.08 Fees	Law Enforcement Education
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 16,854
Charges for services	-	877	27,594	-	-
Fines and forfeitures	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>-</u>	<u>877</u>	<u>27,594</u>	<u>-</u>	<u>16,854</u>
EXPENDITURES					
General government	-	-	-	-	-
Public safety	-	-	-	-	3,843
Public transportation	-	-	-	-	-
Legal	-	-	25,272	-	914
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>25,272</u>	<u>-</u>	<u>4,757</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>877</u>	<u>2,322</u>	<u>-</u>	<u>12,097</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>877</u>	<u>2,322</u>	<u>-</u>	<u>12,097</u>
FUND BALANCES, BEGINNING AS PREVIOUSLY REPORTED	<u>5,048</u>	<u>11,719</u>	<u>(15,632)</u>	<u>1,042</u>	<u>46,005</u>
ADJUSTMENTS					
Change to or within the financial reporting entity	-	-	-	-	-
FUND BALANCES, BEGINNING AS RESTATED	<u>5,048</u>	<u>11,719</u>	<u>(15,632)</u>	<u>1,042</u>	<u>46,005</u>
FUND BALANCES, ENDING	<u>\$ 5,048</u>	<u>\$ 12,596</u>	<u>\$ (13,310)</u>	<u>\$ 1,042</u>	<u>\$ 58,102</u>

Special Revenue

229	203	275	226	303	290	227
Judicial Education	Child Protection Fee	Arson Task Force	Election Refund	FEMA	Drug Interdiction	Justice of the Peace Court Technology
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
900	-	-	7,546	-	-	-
-	-	-	-	-	-	8,214
-	-	-	-	-	26	-
-	-	-	-	-	-	-
<u>900</u>	<u>-</u>	<u>-</u>	<u>7,546</u>	<u>-</u>	<u>26</u>	<u>8,214</u>
1,267	-	-	4,883	-	-	7,321
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	13,718	-	-	-
-	-	-	1,797	-	-	-
<u>1,267</u>	<u>-</u>	<u>-</u>	<u>20,398</u>	<u>-</u>	<u>-</u>	<u>7,321</u>
<u>(367)</u>	<u>-</u>	<u>-</u>	<u>(12,852)</u>	<u>-</u>	<u>26</u>	<u>893</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(367)	-	-	(12,852)	-	26	893
<u>6,727</u>	<u>521</u>	<u>14,167</u>	<u>53,474</u>	<u>19,691</u>	<u>532</u>	<u>39,431</u>
-	-	-	-	-	-	-
<u>6,727</u>	<u>521</u>	<u>14,167</u>	<u>53,474</u>	<u>19,691</u>	<u>532</u>	<u>39,431</u>
<u>\$ 6,360</u>	<u>\$ 521</u>	<u>\$ 14,167</u>	<u>\$ 40,622</u>	<u>\$ 19,691</u>	<u>\$ 558</u>	<u>\$ 40,324</u>

UPSHUR COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue				
	223	228	225	308	230
	District Clerk Record Archive	JP Courthouse Security	Records Archive Fee	Victims' Assistance Grant	Court Initiated Guardianship
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ 71,643	\$ -
Charges for services	20	2,450	83,740	-	5,550
Fines and forfeitures	-	-	-	-	-
Interest	1,651	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>1,671</u>	<u>2,450</u>	<u>83,740</u>	<u>71,643</u>	<u>5,550</u>
EXPENDITURES					
General government	-	518	114,214	-	-
Public safety	-	-	-	-	-
Public transportation	-	-	-	-	-
Legal	-	-	-	71,650	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>-</u>	<u>518</u>	<u>114,214</u>	<u>71,650</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,671</u>	<u>1,932</u>	<u>(30,474)</u>	<u>(7)</u>	<u>5,550</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,671	1,932	(30,474)	(7)	5,550
FUND BALANCES, BEGINNING AS PREVIOUSLY REPORTED	<u>33,529</u>	<u>27,430</u>	<u>63,723</u>	<u>24,033</u>	<u>46,046</u>
ADJUSTMENTS					
Change to or within the financial reporting entity	-	-	-	-	-
FUND BALANCES, BEGINNING AS RESTATED	<u>33,529</u>	<u>27,430</u>	<u>63,723</u>	<u>24,033</u>	<u>46,046</u>
FUND BALANCES, ENDING	<u>\$ 35,200</u>	<u>\$ 29,362</u>	<u>\$ 33,249</u>	<u>\$ 24,026</u>	<u>\$ 51,596</u>

Special Revenue

231	232	233	234	270	273	251
Court Facility	Language Access	County Jury	Justice Court Support	Asset Forfeiture DEA	Jail Commissary Stipends	Pretrial Intervention Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15,718	5,295	8,230	24,475	-	-	9,100
-	-	-	-	2,293	-	-
-	-	-	-	637	-	-
-	-	-	-	-	10,436	-
<u>15,718</u>	<u>5,295</u>	<u>8,230</u>	<u>24,475</u>	<u>2,930</u>	<u>10,436</u>	<u>9,100</u>
-	-	4,407	-	-	-	-
-	-	-	-	3,460	10,378	-
-	-	-	-	-	-	-
-	-	-	22,384	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>4,407</u>	<u>22,384</u>	<u>3,460</u>	<u>10,378</u>	<u>-</u>
<u>15,718</u>	<u>5,295</u>	<u>3,823</u>	<u>2,091</u>	<u>(530)</u>	<u>58</u>	<u>9,100</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
15,718	5,295	3,823	2,091	(530)	58	9,100
<u>37,880</u>	<u>11,694</u>	<u>12,755</u>	<u>42,333</u>	<u>12,739</u>	<u>189</u>	<u>14,837</u>
-	-	-	-	-	-	-
<u>37,880</u>	<u>11,694</u>	<u>12,755</u>	<u>42,333</u>	<u>12,739</u>	<u>189</u>	<u>14,837</u>
<u>\$ 53,598</u>	<u>\$ 16,989</u>	<u>\$ 16,578</u>	<u>\$ 44,424</u>	<u>\$ 12,209</u>	<u>\$ 247</u>	<u>\$ 23,937</u>

UPSHUR COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue			
	235	240	306	321
	County Dispute Resolution Fund	Tax Office VIT Interest Fund	Rifle Resistant Shield Fund	Union Grove Water Grant
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 31,198	\$ -
Charges for services	16,007	-	-	-
Fines and forfeitures	-	-	-	-
Interest	-	3,355	-	-
Miscellaneous	-	-	-	-
Total revenues	16,007	3,355	31,198	-
EXPENDITURES				
General government	-	3,994	31,598	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Legal	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	3,994	31,598	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	16,007	(639)	(400)	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	16,007	(639)	(400)	-
FUND BALANCES, BEGINNING AS PREVIOUSLY REPORTED	-	15,444	-	950
ADJUSTMENTS				
Change to or within the financial reporting entity	-	-	-	-
FUND BALANCES, BEGINNING AS RESTATED	-	15,444	-	950
FUND BALANCES, ENDING	\$ 16,007	\$ 14,805	\$ (400)	\$ 950

Special Revenue					Debt Service	
304/310	324	307	325	256	401	
HAVA Grant	CTIF TxDot Grant	Senate Bill 22 *	American Rescue Plan Grant *	Gorman Oaks Road Reserve	Debt Service	Total Governmental Funds
\$ -	\$ -	\$ 528,351	\$ 878,101	\$ -	\$ -	\$ 1,617,006
-	-	-	-	-	-	347,118
-	-	-	-	-	-	11,095
13	-	6,840	18,216	-	-	41,971
-	-	-	-	163,436	-	197,597
<u>13</u>	<u>-</u>	<u>535,191</u>	<u>896,317</u>	<u>163,436</u>	<u>-</u>	<u>2,214,787</u>
-	-	3,656	216,234	-	-	453,052
-	-	356,858	227,724	-	-	622,236
-	-	-	-	57	-	57
-	-	174,677	-	-	-	458,981
-	-	-	-	-	-	18,006
-	-	-	-	-	-	1,891
-	-	<u>535,191</u>	<u>443,958</u>	<u>57</u>	<u>-</u>	<u>1,554,223</u>
<u>13</u>	<u>-</u>	<u>-</u>	<u>452,359</u>	<u>163,379</u>	<u>-</u>	<u>660,564</u>
-	-	-	(775,048)	-	-	(775,048)
-	-	-	(775,048)	-	-	(775,048)
13	-	-	(322,689)	163,379	-	(114,484)
<u>252</u>	<u>(1,206)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,480</u>	<u>1,281,150</u>
-	-	-	361,914	-	-	361,914
<u>252</u>	<u>(1,206)</u>	<u>-</u>	<u>361,914</u>	<u>-</u>	<u>28,480</u>	<u>1,643,064</u>
<u>\$ 265</u>	<u>\$ (1,206)</u>	<u>\$ -</u>	<u>\$ 39,225</u>	<u>\$ 163,379</u>	<u>\$ 28,480</u>	<u>\$ 1,528,580</u>

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FIDUCIARY FUNDS

Investment Trust Funds are used to report fiduciary activities from individual investment accounts that are held in a fiduciary trust. The County's investment trust funds are as follows:

Jail Inmate Trust

Private Purpose Trust

District Attorney Trust

Custodial Funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds. The County's custodial funds are as follows:

State Fees

Child Safety

District Clerk Excess Proceed

District Clerk Bond

District Clerk Registry Account

County Clerk Bond Account

County Clerk Registry Account

Tax Assessor/Collector General

Tax Assessor/Collector TXDOT

Tax Assessor/Collector Boat and Motor

Tax Assessor/Collector Auto Sales Tax

Tax Assessor/Collector Special Inventory

Tax Assessor/Collector Credit Card Merchant

Sheriff Cash Bond

Jail Inmate Welfare

Probation Office Juvenile

Probation Office Adult

UPSHUR COUNTY, TEXAS

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
INVESTMENT TRUST FUNDS**

SEPTEMBER 30, 2025

	<u>Jail Inmate Trust</u>	<u>Private Purpose Trust</u>	<u>District Attorney Trust</u>	<u>Totals</u>
ASSETS				
Cash and investments	<u>\$ 41,676</u>	<u>\$ 1,556,930</u>	<u>\$ 5,110</u>	<u>\$ 1,603,716</u>
Total assets	<u>41,676</u>	<u>1,556,930</u>	<u>5,110</u>	<u>1,603,716</u>
LIABILITIES				
Due to other governments	<u>-</u>	<u>150,260</u>	<u>-</u>	<u>150,260</u>
Total liabilities	<u>-</u>	<u>150,260</u>	<u>-</u>	<u>150,260</u>
NET POSITION				
Restricted for individuals, organizations, and other governments	<u>41,676</u>	<u>1,406,670</u>	<u>5,110</u>	<u>1,453,456</u>
Total net position	<u>\$ 41,676</u>	<u>\$ 1,406,670</u>	<u>\$ 5,110</u>	<u>\$ 1,453,456</u>

UPSHUR COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
INVESTMENT TRUST FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Jail Inmate Trust</u>	<u>Private Purpose Trust</u>	<u>District Attorney Trust</u>	<u>Totals</u>
Increases				
Lease revenue	\$ -	\$ 324,000	\$ -	\$ 324,000
Interest	35	68,998	5	69,038
Deposits held	<u>313,788</u>	<u>-</u>	<u>5,955</u>	<u>319,743</u>
 Total increases	 <u>313,823</u>	 <u>392,998</u>	 <u>5,960</u>	 <u>712,781</u>
Decreases				
Commissary purchases	67,339	-	-	67,339
Commission paid to				
Inmate welfare-commissary	31,524	-	-	31,524
Sales revenue to				
Infant welfare-non-commissary	174,932	-	-	174,932
Deposits returned	42,711	-	-	42,711
Disbursements to beneficiaries	-	17,818	5,955	23,773
School allocations	<u>-</u>	<u>400,570</u>	<u>-</u>	<u>400,570</u>
 Total decreases	 <u>316,506</u>	 <u>418,388</u>	 <u>5,955</u>	 <u>740,849</u>
 NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	 <u>(2,683)</u>	 <u>(25,390)</u>	 <u>5</u>	 <u>(28,068)</u>
 NET POSITION, BEGINNING	 <u>44,359</u>	 <u>1,432,060</u>	 <u>5,105</u>	 <u>1,481,524</u>
 NET POSITION, ENDING	 <u>\$ 41,676</u>	 <u>\$ 1,406,670</u>	 <u>\$ 5,110</u>	 <u>\$ 1,453,456</u>

UPSHUR COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS

SEPTEMBER 30, 2025

	State Fees	Child Safety	District Clerk Excess Proceed	District Clerk Bond
ASSETS				
Cash and investments	\$ 66,500	\$ 1,519	\$ 428,527	\$ 74,128
Total assets	<u>66,500</u>	<u>1,519</u>	<u>428,527</u>	<u>74,128</u>
LIABILITIES				
Due to other governments	<u>66,500</u>	<u>1,519</u>	-	-
Total liabilities	<u>66,500</u>	<u>1,519</u>	-	-
NET POSITION				
Restricted for individuals, organizations, and other governments	<u>-</u>	<u>-</u>	<u>428,527</u>	<u>74,128</u>
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 428,527</u>	<u>\$ 74,128</u>

<u>District Clerk Registry Account</u>	<u>County Clerk Bond Account</u>	<u>County Clerk Registry Account</u>	<u>Tax Assessor/Collector General</u>	<u>Tax Assessor/Collector TXDOT</u>	<u>Assessor/Collector Boat and Motor</u>	<u>Assessor/Collector Auto Sales Tax</u>
\$ 49,375	\$ 39,385	\$ 91,577	\$ 87,312	\$ 242,802	\$ 7,635	\$ 4,291
<u>49,375</u>	<u>39,385</u>	<u>91,577</u>	<u>87,312</u>	<u>242,802</u>	<u>7,635</u>	<u>4,291</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>49,375</u>	<u>39,385</u>	<u>91,577</u>	<u>87,312</u>	<u>242,802</u>	<u>7,635</u>	<u>4,291</u>
<u>\$ 49,375</u>	<u>\$ 39,385</u>	<u>\$ 91,577</u>	<u>\$ 87,312</u>	<u>\$ 242,802</u>	<u>\$ 7,635</u>	<u>\$ 4,291</u>

UPSHUR COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS

SEPTEMBER 30, 2025

	<u>Assessor/ Collector Special Inventory</u>	<u>Assessor/ Collector Credit Card Merchant</u>	<u>Sheriff Cash Bond</u>	<u>Jail Inmate Welfare</u>
ASSETS				
Cash and investments	\$ 50,510	\$ 310	\$ 90,494	\$ 206,403
Total assets	<u>50,510</u>	<u>310</u>	<u>90,494</u>	<u>206,403</u>
LIABILITIES				
Due to other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>206,403</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>206,403</u>
NET POSITION				
Restricted for individuals, organizations, and other governments	<u>50,510</u>	<u>310</u>	<u>90,494</u>	<u>-</u>
Total net position	<u>\$ 50,510</u>	<u>\$ 310</u>	<u>\$ 90,494</u>	<u>\$ -</u>

<u>Probation Office Juvenile</u>	<u>Probation Office Adult</u>	<u>Totals</u>
<u>\$ 408,833</u>	<u>\$ 742,588</u>	<u>\$ 2,592,189</u>
<u>408,833</u>	<u>742,588</u>	<u>2,592,189</u>
<u>-</u>	<u>-</u>	<u>274,422</u>
<u>-</u>	<u>-</u>	<u>274,422</u>
<u>408,833</u>	<u>742,588</u>	<u>2,317,767</u>
<u>\$ 408,833</u>	<u>\$ 742,588</u>	<u>\$ 2,317,767</u>

UPSHUR COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	State Fees	Child Safety	District Clerk Excess Proceeds	District Clerk Bond
Increases				
Contributions from judgements	\$ 66,500	\$ 1,519	\$ -	\$ -
Interest	-	-	-	-
Deposits held	-	-	77,881	-
Bonds received	-	-	-	-
	<u>66,500</u>	<u>1,519</u>	<u>77,881</u>	<u>-</u>
Total increases				
Decreases				
Bonds refunded	-	-	-	-
Commissary purchases	-	-	-	-
Deposits refunded	-	-	59,867	-
Disbursements to beneficiaries	66,500	1,519	-	-
	<u>66,500</u>	<u>1,519</u>	<u>59,867</u>	<u>-</u>
Total decreases				
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	<u>-</u>	<u>-</u>	<u>18,014</u>	<u>-</u>
NET POSITION, BEGINNING	<u>-</u>	<u>-</u>	<u>410,513</u>	<u>74,128</u>
NET POSITION, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 428,527</u>	<u>\$ 74,128</u>

District Clerk Registry Account	County Clerk Bond Account	County Clerk Registry Account	Tax Assessor/Collector General	Tax Assessor/Collector TXDOT	Assessor/Collector Boat and Motor	Assessor/Collector Auto Sales Tax
\$ 56,349	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50	-	231	383	368	9	4
-	-	-	33,897,959	5,671,550	65,101	-
-	31,474	-	-	-	-	-
<u>56,399</u>	<u>31,474</u>	<u>231</u>	<u>33,898,342</u>	<u>5,671,918</u>	<u>65,110</u>	<u>4</u>
-	213,940	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>54,251</u>	<u>-</u>	<u>271,240</u>	<u>33,909,048</u>	<u>5,715,866</u>	<u>66,740</u>	<u>-</u>
<u>54,251</u>	<u>213,940</u>	<u>271,240</u>	<u>33,909,048</u>	<u>5,715,866</u>	<u>66,740</u>	<u>-</u>
<u>2,148</u>	<u>(182,466)</u>	<u>(271,009)</u>	<u>(10,706)</u>	<u>(43,948)</u>	<u>(1,630)</u>	<u>4</u>
<u>47,227</u>	<u>221,851</u>	<u>362,586</u>	<u>98,018</u>	<u>286,750</u>	<u>9,265</u>	<u>4,287</u>
<u>\$ 49,375</u>	<u>\$ 39,385</u>	<u>\$ 91,577</u>	<u>\$ 87,312</u>	<u>\$ 242,802</u>	<u>\$ 7,635</u>	<u>\$ 4,291</u>

UPSHUR COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Assessor/ Collector Special Inventory</u>	<u>Assessor/ Collector Credit Card Merchant</u>	<u>Sheriff Cash Bond</u>	<u>Jail Inmate Welfare</u>
Increases				
Contributions from judgements	\$ -	\$ -	\$ -	\$ -
Interest	37	-	96	228
Deposits held	63,408	-	122,388	206,275
Bonds received	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total increases	<u>63,445</u>	<u>-</u>	<u>122,484</u>	<u>206,503</u>
Decreases				
Bonds refunded	-	-	75,388	-
Commissary purchases	-	-	-	206,503
Deposits refunded	-	-	-	-
Disbursements to beneficiaries	<u>56,163</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total decreases	<u>56,163</u>	<u>-</u>	<u>75,388</u>	<u>206,503</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	<u>7,282</u>	<u>-</u>	<u>47,096</u>	<u>-</u>
NET POSITION, BEGINNING	<u>43,228</u>	<u>310</u>	<u>43,398</u>	<u>-</u>
NET POSITION, ENDING	<u>\$ 50,510</u>	<u>\$ 310</u>	<u>\$ 90,494</u>	<u>\$ -</u>

Probation Office Juvenile	Probation Office Adult	Totals
\$ -	\$ -	\$ 124,368
22,025	-	23,431
451,639	1,020,777	41,576,978
<u>-</u>	<u>-</u>	<u>31,474</u>
<u>473,664</u>	<u>1,020,777</u>	<u>41,756,251</u>
-	-	289,328
-	-	206,503
-	-	59,867
<u>431,817</u>	<u>1,050,416</u>	<u>41,623,560</u>
<u>431,817</u>	<u>1,050,416</u>	<u>42,179,258</u>
<u>41,847</u>	<u>(29,639)</u>	<u>(423,007)</u>
<u>366,986</u>	<u>772,227</u>	<u>2,740,774</u>
<u>\$ 408,833</u>	<u>\$ 742,588</u>	<u>\$ 2,317,767</u>

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SINGLE AUDIT SECTION

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

Honorable County Judge and
Members of the Commissioners Court
Upshur County, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, the budgetary comparison information, and the aggregate remaining fund information of Upshur County, Texas (the "County"), as of and for the year ended September 30, 2025 and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 3, 2026.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Waco, Texas
June 3, 2026

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

Honorable County Judge and
County Commissioners
Upshur County, Texas

Report on Compliance for Each Major Federal and State Programs

Opinion on Each Major Federal and State Programs

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

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

Basis for Opinion on Each Major Federal and State Programs

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

Waco, Texas
June 3, 2026

UPSHUR COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED SEPTEMBER 30, 2025

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Grantor's Pass-through Number	Federal Expenditures	Pass-Through Expenditures
<u>U. S. Department of Justice</u>				
Passed through Office of the Governor:				
Victim Services Project	16.575	2912106	\$ 57,362	\$ -
Family Violence Intervention Program	16.588	2052816	6,399	-
Family Violence Intervention Program	16.588	2052817	70,609	-
Total Passed through Office of the Governor			<u>134,370</u>	<u>-</u>
Direct Programs:				
Equitable Sharing	16.922	TX2300000	19,892	-
Total Direct Programs			<u>19,892</u>	<u>-</u>
Total U. S. Department of Justice			<u>154,262</u>	<u>-</u>
<u>U. S. Department of Treasury</u>				
Direct Programs:				
Coronavirus State and Local Fiscal Recovery - COVID-19	21.027	N/A	878,101	-
Total Direct Programs			<u>878,101</u>	<u>-</u>
Total U. S. Department of Treasury			<u>878,101</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 1,032,363</u>	<u>\$ -</u>

UPSHUR COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED SEPTEMBER 30, 2025

State Grantor/ Program Title	Grantor's Pass-through Number	Expenditures	Pass-Through Expenditures
STATE AWARDS			
<u>Texas Historical Commission</u>			
Direct Program:			
Round XII Texas Historical Courthouse Renovation	2010-143-A	\$ 1,892,261	\$ -
Total Texas Historical Commission		<u>1,892,261</u>	<u>-</u>
<u>Texas Indigent Defense Commission</u>			
Direct Program:			
Indigent Defense Formula Grant	N/A	<u>31,527</u>	<u>-</u>
Total Texas Indigent Defense Commission		<u>31,527</u>	<u>-</u>
<u>Texas State Comptroller of Public Accounts</u>			
Direct Program:			
Rural Assistance Enforcement Salary Assistance Program-Sheriff's Office	IA-0000000708	350,000	-
Rural Assistance Enforcement Salary Assistance Program-Constables Office	IA-0000000709	3,351	-
Rural Assistance Enforcement Salary Assistance Program-District Attorney's Office	IA-0000000795	<u>174,678</u>	<u>-</u>
Total Texas State Comptroller of Public Accounts		<u>528,029</u>	<u>-</u>
<u>Office of the Governor - Criminal Justice Division</u>			
Direct Program:			
Rifle Resistant Body Armor Grant	5095601	5,598	-
Communication Equipment Grant	5095201	10,000	-
Bullet Resistant Shield Grant	4999901	<u>15,600</u>	<u>-</u>
Total Office of the Governor - Criminal Justice Division		<u>31,198</u>	<u>-</u>
<u>Office of the Secretary of State</u>			
Direct Program:			
Chapter 19 Voter Funds	N/A	<u>4,290</u>	<u>-</u>
Total Office of the Secretary of State		<u>4,290</u>	<u>-</u>
Total Expenditures of State Awards		<u>\$ 2,487,305</u>	<u>\$ -</u>
Total Expenditures of Federal and State Awards		<u>\$ 3,519,668</u>	<u>\$ -</u>

UPSHUR COUNTY, TEXAS

**NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AND STATE AWARDS**

SEPTEMBER 30, 2025

1. GENERAL

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all applicable federal and state awards programs of Upshur County, Texas. The County's reporting entity is defined in Note 2 (c) of the basic financial statements. Federal and state awards received directly from federal and state agencies, as well as awards passed through other government agencies, are included on the Schedule of Expenditures of Federal and State Awards.

2. BASIS OF ACCOUNTING

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

3. INDIRECT COSTS

The County did not elect to apply the de minimus indirect cost rate.

UPSHUR COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	None

Federal and State Awards:

Internal control over major programs:	
Material weakness(es) identified?	None
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or State of Texas Grant Management Standards?	None
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Identification of major programs:

Assistance Listing Number:	Name of major program or cluster:
21.027	Coronavirus State and Local Fiscal Recovery - COVID-19
State	Texas Historic Courthouse Preservation Program

Dollar threshold used to distinguish between Type A and Type B federal programs	\$1,000,000
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Dollar threshold used to distinguish between Type A and Type B state programs	\$1,000,000
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Auditee qualified as low-risk auditee?	Yes
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Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

Findings and Questioned Costs for Federal Awards

None

UPSHUR COUNTY, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

None