This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

NEW ISSUE-BOOK-ENTRY-ONLY

Ratings: S&P: "AAA"
Moody's: "_____"
(See "OTHER PERTINENT INFORMATION – Ratings" herein.)

PRELIMINARY OFFICIAL STATEMENT
Dated: November 3, 2026

In the opinion of Bond Counsel, interest on the Notes will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" herein.

DENTON COUNTY, TEXAS
$7,980,000*
Tax Notes, Series 2026

Dated Date: December 1, 2026 **Due: July 15, as shown on inside cover**

Denton County, Texas (the "County" or "Issuer") $7,980,000* Tax Notes, Series 2026 (the "Notes") are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Chapters 1371 and 1431 of the Texas Government Code, as amended, and a note order (the "Note Order") adopted on October 27, 2026 by the Denton County Commissioners Court. In the Note Order, the Commissioners Court delegated pricing of the Notes and certain other matters to a "Pricing Officer" who will approve a "Pricing Certificate" which will contain the final terms of sale and will complete the sale of the Notes (the Note Order and the Pricing Certificate are jointly referred to herein as the "Order"). (See "THE NOTES - Authority for Issuance" herein.)

The Notes constitute direct obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the County, within the limits prescribed by law. (See "THE NOTES - Security for Payment" herein.)

Interest on the Notes will accrue from the date of delivery and will be payable on each January 15 and July 15, commencing on January 15, 2028, until maturity. The definitive Notes will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Notes will be made available for purchase in principal amounts of $5,000 or any integral multiple thereof within the maturity. Purchasers of the Notes ("Beneficial Owners") will not receive physical delivery of Notes representing their interest in the Notes purchased. So long as DTC or its nominee is the registered owner of the Notes, the principal of and interest on the Notes will be payable by U.S. Bank Trust Company, National Association, Houston, Texas, as Paying Agent/Registrar, to the Securities Depository, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Notes. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Notes, together with other lawfully available funds of the County, will be used for the purpose of (i) purchasing and acquiring voting system equipment; and (ii) paying professional services rendered on behalf of the County in relation to such projects and the financing thereof. (See "THE NOTES - Use of Note Proceeds")

The Notes are not eligible for redemption prior to their stated maturity. (See "THE NOTES - Redemption Provisions").

STATED MATURITY SCHEDULE
(On Page ii)

The Notes are offered for delivery, when, as and if issued, and received by the Underwriter and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, Dallas, Texas. The legal opinion of Bond Counsel will be printed on, or will accompany, the Notes. Certain matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. It is expected that the Notes will be available for delivery through DTC on or about December 9, 2026.

RAYMOND JAMES

*Preliminary; Subject to change.

$7,980,000*
DENTON COUNTY, TEXAS
TAX NOTES, SERIES 2026
MATURITY SCHEDULE*

Base CUSIP Number: 248776

(Due July 15)

Stated Maturity	Principal Amount	Interest Rate (%)	Initial Yield (%)(1)	CUSIP Suffix(2)
2027	$ --			
2028	420,000			
2029	--			
2030	3,615,000			
2031	--			
2032	1,500,000			
2033	2,445 ,000			

(Interest to accrue from the Date of Delivery)

No Redemption. The Notes are not subject to redemption prior to their stated maturity.

(1) The initial yield will be established by and are the sole responsibility of the Underwriter and may be subsequently changed.

(2) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the Underwriter, the County or the Municipal Advisor is responsible for the selection or correctness of the CUSIP number set forth herein.

*Preliminary, Subject to change.

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"), this document constitutes an “Official Statement” of the County with respect to the Notes that has been "deemed final" by the County as of its date except for the omission of no more than the information permitted by the Rule.

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

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

Certain information set forth herein has been obtained from the County and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the County or other matters described herein since the date hereof. See “CONTINUING DISCLOSURE OF INFORMATION” for a description of the County’s undertaking to provide certain information on a continuing basis.

Neither the United States Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Notes or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offense.

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

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY AND IS NOT INTENDED AS A SUMMARY OF THIS OFFERING. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

NONE OF THE COUNTY, ITS MUNICIPAL ADVISOR OR THE UNDERWRITER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY (“DTC”) OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC.

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

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

DENTON COUNTY, TEXAS
County Courthouse
110 W. Hickory
Denton, Texas 76201
940-349-2820
940-349-2821 Fax

ELECTED OFFICIALS

Name	Title	Date First Elected	Current Term Expires
Andy Eads	County Judge	November 2018	2026
Ryan Williams	Commissioner Precinct 1	November 2020	2028
Kevin Falconer	Commissioner Precinct 2	November 2022	2026
Bobbie J. Mitchell	Commissioner Precinct 3	November 2000	2028
Dianne Edmondson	Commissioner Precinct 4	November 2018	2026

ADMINISTRATION

Name	Position	Years With County
Jeff May	County Auditor	6 years
Juli Luke	County Clerk	20 years
Cindy Yeatts-Brown	County Treasurer	39 years
Dawn Waye	Tax Assessor-Collector	2 years
Paul Johnson	District Attorney	18 years
Tracy Murphree	County Sheriff	7 years

CONSULTANTS AND ADVISORS

Bond Counsel ..... Norton Rose Fulbright US LLP, Dallas, Texas
Municipal Advisor ..... Hilltop Securities, Dallas, Texas

For Additional Information Please Contact:

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County Auditor
Denton County, Texas
1 Courthouse Drive, Suite 2000
Denton, Texas 76208
(940) 349-3100
jeff.may@dentoncounty.gov

John L. Martin, Jr.
Michael Martin
Hilltop Securities
717 N. Harwood, Suite 3400
Dallas, Texas 75201
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michael.martin@hilltopsecurities.com

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

SELECTED DATA FROM THE OFFICIAL STATEMENT

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

The Issuer	Denton County, Texas (the "County" or "Issuer") is a political subdivision of the State of Texas and operates under the statutes and the Constitution of the State of Texas. The 2020 U.S. Census for the County was 906,422 and the 2026 estimated population is 1,108,089. (See "Appendix B - General Information Regarding Denton County, Texas" herein.)
The Notes	The Notes are being issued pursuant to the Constitution and the general laws of the State of Texas (the "State"), particularly Chapters 1371 and 1431 of the Texas Government Code, as amended, and a note order (the "Note Order") adopted on October 27, 2026 by the Denton County Commissioners Court. In the Note Order, the Commissioners Court delegated pricing of the Notes and certain other matters to a "Pricing Officer" who will approve a "Pricing Certificate" which will contain the final terms of sale and will complete the sale of the Notes (the Note Order and the Pricing Certificate are jointly referred to herein as the "Order"). (See "THE NOTES - Authority for Issuance" herein.)
Paying Agent/Registrar	The initial Paying Agent/Registrar is U.S. Bank Trust Company, National Association, Houston, Texas.
Security	The Notes constitute direct obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the County, within the limits prescribed by law. (See "THE NOTES - Security for Payment" herein.)
Redemption Provisions	The Notes are not eligible for redemption prior to their stated maturity. (See "THE NOTES - Redemption Provisions").
Tax Matters	In the opinion of Bond Counsel, the interest on the Notes will be excludable from gross income for federal tax purposes under existing law, subject to the matters described under "TAX MATTERS" herein. (See "TAX MATTERS" and "Appendix C – Form of Legal Opinion of Bond Counsel" herein.)
Use of Proceeds	Proceeds from the sale of the Notes, together with funds from the County, will be used for the purpose of (i) purchasing and acquiring voting system equipment; and (ii) paying professional services rendered on behalf of the County in relation to such projects and the financing thereof. (See "THE NOTES – Use of Proceeds" herein.)
Book-Entry-Only System	The Issuer intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York described herein. No physical delivery of the Notes will be made to the beneficial owners of the Notes. Such Book-Entry-Only System may affect the method and timing of payments on the Notes and the manner by which the Notes may be transferred. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)
Rating	Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings ("S&P"), have assigned underlying ratings of "_____" and "AAA", respectively, to the Notes. An explanation of the significance of such ratings may be obtained from Moody's and S&P. (See "OTHER PERTINENT INFORMATION – Ratings" herein.)
Payment Record	The County has never defaulted on the payment of its ad valorem tax debt.
Delivery	When issued, anticipated on or about December 9, 2026.
Legality	Delivery of the Notes is subject to the approval by the Attorney General of the State of Texas and the rendering of opinions as to legality by Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel.

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by Denton County, Texas (the "County" or "Issuer") of its $7,980,000* Tax Notes, Series 2026 (the "Notes") identified on the cover page hereof.

The Issuer is a political subdivision of the State and operates under the statutes and the Constitution of the State. The Notes are being issued pursuant to the Constitution and the general laws of the State, particularly Chapters 1371 and 1431, and a note order (the "Note Order") adopted on October 27, 2026 by the Denton County Commissioners Court. In the Note Order, the Commissioners Court delegated pricing of the Notes and certain other matters to a "Pricing Officer" who will approve a "Pricing Certificate" which will contain the final terms of sale and will complete the sale of the Notes. The Note Order and the Pricing Certificate are jointly referred to herein as the "Order".

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Order. Included in this Official Statement are descriptions of the Notes and certain information about the Issuer and its finances. ***ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT***. Copies of such documents may be obtained from the Issuer or the Municipal Advisor.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Notes will be applied approximately as follows:

Sources of Funds	
Principal Amount	
Net Premium	
Total Sources of Funds	
Uses of Funds	
Deposit to Project Fund	
Deposit to Debt Service Fund	
Costs of Issuance	
Underwriter's Discount	
Total Uses of Funds	

THE NOTES

General

The Notes will be dated December 1, 2026. The Notes are stated to mature on July 15 in the years and in the principal amounts set forth on page ii hereof. The Notes shall bear interest from the Date of Delivery on the unpaid principal amounts, and the amount of interest to be paid each payment period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Notes will be payable on January 15 and July 15 of each year commencing January 15, 2028, until maturity. Principal is payable at the designated offices of the Paying Agent/Registrar, initially by U.S. Bank Trust Company, National Association, Houston, Texas; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Notes, all payments will be made as described under "BOOK-ENTRY-ONLY SYSTEM" herein. Interest on the Notes is payable by check mailed on or before each interest payment date by the Paying Agent/Registrar to the registered owner at the address as it appears on the Paying Agent/Registrar's books on the Record Date (as defined herein) or by such other method acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner.

Authority for Issuance

The Notes are being issued pursuant to the Constitution and the general laws of the State, particularly Chapters 1371 and 1431, Texas Government Code, as amended, and the Order.

Security for Payment

The Notes constitute direct obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the County, within the limits prescribed by law. (See "TAX RATE LIMITATIONS" herein.)

Use of Note Proceeds

Proceeds from the sale of the Notes, together with funds of the County, will be used for the purpose of (i) purchasing and acquiring voting system equipment; and (ii) paying professional services rendered on behalf of the County in relation to such projects and the financing thereof.

*Preliminary; subject to change.

Redemption Provisions

The Notes are not subject to redemption prior to their stated maturity.

Payment Record

The County has never defaulted in the payment of its ad valorem tax debt.

Legality

The Notes are offered for delivery when, as and if issued, subject to the approval by the Attorney General of the State of Texas and the opinion as to legality by Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel. The legal opinion of Bond Counsel will accompany the Notes deposited with DTC. The form of the legal opinion of Bond Counsel with respect to the Notes appears in Appendix C attached hereto.

Defeasance

The Order provides for the defeasance of the Notes when the payment of the principal of and premium, if any, on the Notes, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar or an authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government Securities, certified by an independent accounting or consulting firm to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Notes. The Order provides that "Government Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the County, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the County, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (d) any other then authorized securities or obligations that may be used to defease obligations such as the Notes under applicable laws of the State of Texas. The Pricing Officer may limit the foregoing Government Securities in connection with the sale of the Notes. The County has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the County moneys in excess of the amount required for such defeasance.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Notes. Because the Order does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Government Securities or that for any other Government Security will be maintained at any particular rating category.

Upon such deposit as described above, such Notes shall no longer be regarded to be outstanding or unpaid and will cease to be outstanding obligations secured by the Order or treated as debt of the County for purposes of taxation or applying any limitation on the County's ability to issue debt or for any other purpose.

Amendments

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

Default and Remedies

The Order does not specify events of default with respect to the Notes. If the County defaults in the payment of principal or interest, as applicable, on the Notes when due, or if it fails to make payments into any fund or funds created in the Order, or defaults in the observation or performance of any other covenants, conditions or obligations set forth in the Order, the registered owners may seek a writ of mandamus to compel County officials to carry out their legally imposed duties with respect to the Notes if there is no other available remedy at law to compel performance of the Notes or the Order and the County's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, and rests with the discretion of the court, but may not be

arbitrarily refused. There is no acceleration of maturity of the Notes in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Order does not provide for the appointment of a trustee to represent the interest of the holders of the Notes upon any failure of the County to perform in accordance with the terms of the Order, or upon any other condition and, accordingly, all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Chapter 1371, Texas Government Code, as amended ("Chapter 1371") which pertains to the issuance of public securities by issuers such as the County, permits the County to waive sovereign immunity in the proceedings authorizing the issuance of the Notes. Notwithstanding its reliance upon the provisions of Chapter 1371 in connection with the issuance of the Notes (as further described under the caption "THE NOTES – Authority for Issuance"), the County has not waived the defense of sovereign immunity with respect thereto. Because it is unclear whether the Texas legislature has effectively waived the County's sovereign immunity from a suit for money damages outside Chapter 1371, holders of the Notes may not be able to bring such a suit against the County for breach of the covenants contained in the Notes or the Order. Even if a judgment against the County could be obtained, it could not be enforced by direct levy and execution against the County's property. Further, the registered owners cannot themselves foreclose on property within the County or sell property within the County to enforce the tax lien on taxable property to pay the principal of and interest on the Notes. Furthermore, the County is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or holders of the Notes of an entity which has sought protection under Chapter 9. Therefore, should the County avail itself of Chapter 9 protection from creditors, the ability to enforce creditors' rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Order and the Notes are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity that permit the exercise of judicial discretion.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar is U.S. Bank Trust Company, National Association, Houston, Texas. In the Order, the Issuer retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Issuer, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the Issuer, shall be a commercial bank, a trust company, financial institution or other entity qualified and authorized to serve in such capacity. Upon a change in the Paying Agent/Registrar for the Notes, the Issuer agrees to promptly cause written notice thereof to be sent to each registered owner of the Notes by United States mail, first-class, postage prepaid.

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

Record Date

The record date ("Record Date") for interest payable to the registered owner of a Note on any interest payment date means the last business day of the month preceding such interest payment date.

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

Future Registration, Transfer and Exchange

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

Replacement Notes

In case any Note shall be mutilated, destroyed, lost or stolen, the Paying Agent/Registrar may execute and deliver a replacement Note of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Note, or in lieu of and in substitution for such destroyed, lost or stolen Note, only upon the approval of the County and after (i) the filing by the Holder thereof with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of such Note, and of the authenticity of the ownership thereof and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the County and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Note shall be borne by the Holder of the Note mutilated, or destroyed, lost or stolen.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the Issuer or the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Note certificates are required to be printed and delivered to DTC Participants or the Beneficial Owners, as the case may be.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered. (See "REGISTRATION, TRANSFER, AND EXCHANGE" herein.)

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer nor the Underwriter takes responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

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

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE ISSUER

Available Issuer funds are invested as authorized by Texas law and in accordance with investment policies approved by the Commissioners Court. Both State law and the County's investment policies are subject to change. Under State law, the County is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage

obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025 of the Texas Government Code; or (ii) a depository institution with a main office or branch office in this State that the investing entity selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Insurance Fund or its successor, or are secured as to principal by obligations described in the clauses (1) through (8) or in any other manner and amount provided by law for County deposits, or (ii) where (a) the funds are invested by the County through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the County as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the County; (b) the broker or the depository institution selected by the County arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the County; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the County appoints the depository institution selected under (a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the County with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the County, held in the County's name, and deposited at the time the investment is made with the County or with a third party selected and approved by the County and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the County, held in the County's name and deposited at the time the investment is made with the County or a third party designated by the County; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less; (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (13) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (14) a no-load money market mutual fund registered with and regulated by the Securities and Exchange Commission that provides the County with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and complies with federal Securities and Exchange Commission Rule 2a-7; and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The Issuer may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The Issuer may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the Issuer retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the Issuer must do so by order, ordinance, or resolution. The Issuer is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash

flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under State law, the Issuer is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for Issuer funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Public Funds Investment Act. All Issuer funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under State law, the Issuer's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." At least quarterly the Issuer's investment officers must submit an investment report to the Commissioners Court detailing: (1) the investment position of the Issuer, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest during the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) State law. No person may invest Issuer funds without express written authority from the Commissioners Court.

Under State law, the County is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the County to disclose the relationship and file a statement with the Texas Ethics Commission and the County Commissioners Court; (4) require the qualified representative of firms offering to engage in an investment transaction with the County to: (a) receive and review the County's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the County and the business organization that are not authorized by the County's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the County's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the County and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the County's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the County's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the County.

Current Investments

As of September 30, 2026 (unaudited), the County's investable funds were invested in the following categories of investments.

Investment Description		Total Invested	Percent
Texas Class LGIP		$ 297,188,836.90	34.02
Texas Class Govt. LGIP		1,810,305.32	0.21
Texpool LGIP		114,143,157.24	13.06
Texas Term / Texas Range		17,275,004.65	1.98
Farmers Bank and Trust		109,405,777.78	12.52
StoneCastle / FICA		3,104,369.62	0.36
Agencies / Other		125,552,267.78	14.37
First Public / Lone Star		25,238,705.95	2.89
TX FIT		179,964,201.55	20.60
	Total	$ 873,682,626.79	100.00%

No funds of the County are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity. It is the policy of the County to report all investments with a maturity at time of purchase of less than one year at amortized cost.

OTHER POST-EMPLOYMENT BENEFITS

The County's group medical plans ("Plan") are administered through the Public Employee Benefits Cooperative. The Plan is a single-employer defined benefit healthcare plan funded on a pay-as-you-go basis. Other post-employment benefits ("OPEB") include health insurance and Medicare supplements. Contribution, adjustment or elimination of the contribution, and adjustments to OPEB eligibility are subject to the Commissioners Court's annual budgetary discretion. For the fiscal year ended September 30, 2025, retirees were not obligated to fully vacate County programs and utilize Medicare. Neither the plan nor the PEBC issues separate financial statements. For more detailed information concerning the other post-employment benefits, see Appendix D, "Notes to the Financial Statements", Note IV. C., Page 45.

EMPLOYEE RETIREMENT SYSTEM

Denton County participates in a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent, multiple-employer, public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS issues a publicly available annual comprehensive financial report (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 a temporary position are not eligible for membership.

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. For more detailed information concerning the other post-employment benefits, see Appendix D, "Notes to the Financial Statements", Note IV. C., Page 48.

AD VALOREM PROPERTY TAXATION

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

2025 Regular and Special Legislative Sessions

The regular session of the 89th Texas Legislature (the "Legislature") convened on January 14, 2025, and adjourned on June 2, 2025 (the "89th Regular Session"). The Legislature meets in regular session in odd numbered years for 140 days. When the Legislature is not in session the Governor of Texas (the "Governor") may call one or more special sessions at the Governor's discretion each lasting no more than 30 days and for which the Governor sets the agenda. The Governor has called and the Legislature has concluded two special sessions since the conclusion of the 89th Regular Session.

During the 89th Regular Session, the Legislature adopted a general appropriations act and legislation affecting ad valorem taxation procedures. The County is still in the process of reviewing legislation passed during the 89th Regular Session or the two called special sessions. At this time, the County cannot make any representations as to the full impact of such legislation.

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

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

Through December 31, 2026 an appraisal district is prohibited from increasing the appraised value of real property during the 2026 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than $5,320,000 (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the

most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. The maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value.

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

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

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

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

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

Personal Property. . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property. Effective January 1, 2026, a person is entitled to an exemption from taxation by a taxing unit of $125,000 of the appraised value of the tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit. A person who leases tangible personal property is also entitled to a tax exemption of $125,000, regardless of where the property is located in the taxing unit.

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

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

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

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

Temporary Exemption for Qualified Property Damaged by a Disaster . . . The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the Governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the Governor declares the area to be a disaster area. The Texas Legislature amended Section 11.35, Tax Code to clarify that "damage" for purposes of such statute is limited to "physical damage." For more information on the exemption, reference is made to Section 11.35 of the Tax Code, as amended. Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

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

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

For a discussion of how the various exemptions described above are applied by the County, see "COUNTY APPLICATION OF PROPERTY TAX CODE" herein.

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

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of 1.2 million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $62,883,169 for the 2026 calendar year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

Levy and Collection of Taxes . . . The County is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the County. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the County may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances. The Property Tax Code permits taxpayers owning homes or certain businesses located in a disaster area and damaged as a direct result of the declared disaster to pay taxes imposed in the year following the disaster in four equal installments without penalty or interest, commencing on February 1 and ending on August 1.

County's Rights in the Event of Tax Delinquencies . . . Taxes levied by the County are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the County, having power to tax the property. The County's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not

the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the County is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the County may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the County must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

Public Hearing and Maintenance and Operations Tax Rate Limitations . . . The following terms as used in this section have the meanings provided below:

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

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

"foregone revenue amount" means the greater of zero or the amount expressed in dollars calculated according to the following formula: the voter approval tax rate less the actual tax rate, then multiplied by the taxing unit's current total value in the applicable preceding tax year

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

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

"unused increment rate" means the greater of zero and the rate expressed in dollars per $100 of taxable value calculated by dividing (i) the cumulative difference of the foregone revenue amount, calculated using the difference between a county's voter-approved tax rate and its actual tax rate for each of the preceding three tax years, by (ii) the "current total value" as defined in Section 26.012 of the Property Tax Code, and which may be applied to the County's tax rate when calculating the voter-approval tax rate.

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

The County's tax rate consists of two components: (1) rates for funding of maintenance and operations expenditures in the current year, which may additionally include the Road and Bridge Maintenance Tax and the Farm-to-Market Road and Flood Control Tax, if levied (collectively, the "maintenance and operations tax rate"), and (2) a rate for funding debt service in the current year (the "debt service tax rate"). Under State law, the assessor for the County must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the County to the Commissioners Court by August 1 or as soon as practicable thereafter.

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

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

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

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

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

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

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

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

COUNTY APPLICATION OF THE PROPERTY TAX CODE

The County grants an exemption of $55,000 to the appraised value of the residence homestead of persons 65 years of age or older and an exemption of $15,000 to the appraised value of the residence homestead of the disabled. See Appendix A – Table 1 for a listing of the amounts of these exemptions.

The County grants a 1% exemption for residence homesteads (but not less than $5,000).

The County does not tax non-business personal property; and the County collects its own taxes.

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

The County does not tax Freeport property.

The County does tax "goods in transit".

The County participates in ten separate TIRZ with a combined captured appraised value of $ 4,163,176,018 for the 2025/26 Tax Year.

The County has adopted a freeze on ad valorem taxes levied against the residence homestead of disabled persons or persons 65 years of age or older.

The County has entered into tax abatement agreements with the businesses listed below and has adopted criteria therefor, which is a prerequisite to the execution of abatement agreements. For the 2025/26 Tax Year, the total aggregate amount of the County's assessed valuation loss due to abatements equals $ 537,931,602.

Approval Date*	Company	City	No. of Yrs
12/31/20	RP – Ariat - NP-OV Fort Worth Project 1 LLC	Fort Worth	9
12/17/19	BT Noble Solar – BPP	Krum	8
03/19/24	Carhartt, Inc. and Exel Inc. – Carhartt Distribution Center	Fort Worth	10
12/17/19	FKA DFW Lewisville Partners	Lewisville	10
09/06/16	Mary Kay Inc	Lewisville	10
12/15/20	RP1 – Retractable Technologies, Inc. - RTI	Little Elm	5
11/29/16	CS Kinross Lake Parkway	Westlake	10

12/14/21	Steri-Tek, LLC	Lewisville	7
03/20/18	WGBP Investments, LLC	Denton	10

* Actual abatement does not necessarily begin on approval date, but is based on terms of each individual contract.

TAX RATE LIMITATIONS

Limited Tax Obligations

The Texas Constitution (Article VIII, Section 9) imposes a tax rate limit of $0.80 per $100 assessed valuation of all taxable property within the County (the "$0.80 Tax Limitation") for all purposes of a county's general fund, permanent improvement fund, road and bridge fund and jury fund, including debt service of bonds or other debt obligations issued against such funds. Administratively, the Attorney General of Texas will not approve the issuance of limited tax obligations in an amount which produces debt service requirements exceeding that which can be paid from $0.40 per $100 valuation, as calculated at the time of issuance and based on a 90% collection rate, of the $0.80 Tax Limitation. **The Notes will be payable from the levy and collection of this tax.**

Limited tax obligations of counties issued pursuant to authority granted under Texas Government Code, Section 1301.003 limits the amount of such debt issued for certain purposes as follows:

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

Unlimited Tax Bonds

The Texas Constitution (Article III, Section 52) authorizes the levy of a tax unlimited as to rate or amount for the payment of debt issued for various stated purposes; however, total unlimited tax debt cannot exceed 25% of the assessed valuation of real property.

Unlimited Tax Road Bonds

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

Road and Bridge Maintenance

Under Section 256.052, Texas Transportation Code, a county may adopt an additional ad valorem tax not to exceed $0.15 per $100 assessed valuation of property provided by Article VIII, Section 9 of the Texas Constitution, for the further maintenance of county roads. This additional tax may be established by the Commissioners Court only upon approval by a majority of participating voters in an election held to approve such additional tax. The additional tax may not be used for debt service. The voters of the County have not approved the adoption of the additional county road tax.

Farm-to Market and/or Flood Control

Under Section 256.054, Texas Transportation Code, a county may adopt an additional ad valorem tax not to exceed $0.30 per $100 assessed valuation, after exemption of homesteads up to $3,000, provided by Article VIII, Section 9 of the Texas Constitution, for the construction and maintenance of farm-to-market and lateral roads or for flood control. This additional tax may be established by the Commissioners Court only upon approval by a majority of participating voters in an election held to approve such additional tax. No allocation is prescribed by statute between debt service and maintenance. Therefore, all or part may be used for either purpose. The voters of the County have approved the adoption of the additional county road tax.

Optional Sales Tax

The Property Tax Code provides certain cities and counties the option of assessing a maximum one-half percent (½%) sales tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional tax is approved and levied, the ad valorem property tax levy must be reduced by the amount of the estimated sales tax revenues to be generated in the current year. **The County does not collect, nor is eligible to collect, the additional one-half cent sales tax for reduction of ad valorem taxes.**

LEGAL MATTERS

The County will furnish to the Underwriter a complete transcript of proceedings had incident to the authorization and issuance of the Notes, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Notes are valid and legally binding obligations of the County, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel. A form of such opinion is attached hereto as Appendix C.

Though it may represent the Municipal Advisor and the Underwriter from time to time in matters unrelated to the issuance of the Notes, Bond Counsel has been engaged by and only represents the County in the issuance of the Notes. Except as noted below, Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under the captions or subcaptions "THE NOTES" (except under the subcaptions "Payment Record" and "Default and Remedies"), "REGISTRATION, TRANSFER AND EXCHANGE", "LEGAL MATTERS" (excluding the last two sentences of the second paragraph thereof), "TAX MATTERS", "OTHER PERTINENT INFORMATION - Registration and Qualification of Notes for Sale" and "CONTINUING DISCLOSURE OF INFORMATION" (except under the subcaption "Compliance with Prior Agreements"), and such firm is of the opinion that the information relating to the Notes and legal matters contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Notes, such information conforms to the Order. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Notes is contingent upon the sale and delivery of the Notes. The legal opinion of Bond Counsel will accompany the Notes deposited with DTC or will be printed on the definitive Notes in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP. The legal fee of such firm is contingent upon the sale and delivery of the Notes.

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

TAX MATTERS

Tax Exemption . . .The delivery of the Notes is subject to the opinion of Bond Counsel to the effect that interest on the Notes for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. A form of Bond Counsel's opinion is reproduced as Appendix C. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinion, Bond Counsel will rely upon representations and certifications of the County made in a certificate dated the date of delivery of the Notes pertaining to the use, expenditure, and investment of the proceeds of the Notes and will assume continuing compliance by the County with the provisions of the Order subsequent to the issuance of the Notes. The Order contains covenants by the County with respect to, among other matters, the use of the proceeds of the Notes and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Notes are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Notes to be includable in the gross income of the owners thereof from the date of the issuance of the Notes.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the County described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Notes is commenced, under current procedures the IRS is likely to treat the County as the "taxpayer," and the owners of the Notes would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Notes, the County may have different or conflicting interests from the owners of the Notes. Public awareness of any future audit of the Notes could adversely affect the value and liquidity of the Notes during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Notes. Prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations such as the Notes may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), and taxpayers who may be deemed to

have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than $1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Notes. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Notes.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Notes from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Notes. Prospective purchasers of the Notes should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Notes . . The initial public offering price of certain Notes (the "Discount Notes") may be less than the amount payable on such Notes at maturity. An amount equal to the difference between the initial public offering price of a Discount Note (assuming that a substantial amount of the Discount Notes of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Note. A portion of such original issue discount allocable to the holding period of such Discount Note by the initial purchaser will, upon the disposition of such Discount Note (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Notes described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Note, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Note and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Note by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Note in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Note was held) is includable in gross income.

Owners of Discount Notes should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Notes. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Notes may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The purchase price of certain Notes (the "Premium Notes") paid by an owner may be greater than the amount payable on such Notes at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Note over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Note in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Note. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity.

Purchasers of the Premium Notes should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Notes.

CONTINUING DISCLOSURE OF INFORMATION

In the Order, the Issuer has made the following agreement for the benefit of the registered and beneficial owners of the Notes. The Issuer is required to observe the agreement for so long as it remains obligated to advance funds to pay the Notes. Under the agreement, the Issuer will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

Annual Reports

The Issuer will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the County of the general type information in Appendix A in Tables 1, 2, 3, 4, 6, 7, 10, 12, 13 and 15, information included herein under "INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE ISSUER – Current Investments" (the "Operating Information") and the County's audited financial report in Appendix D. The County shall provide (1) the Operating Information within six months after the end of each fiscal year ending in or after 2026 and, if then available, audited financial statements of the County and (2) if not submitted along with the Operating Information, audited financial statements of the County within 12 months after the end of each fiscal year ending in or after 2026. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the County shall file unaudited financial statements within such 12-month period and audited financial statements for such fiscal year when and if the audit report on such financial statements becomes available. Any financial statements so provided shall be prepared in accordance with the accounting principles described in Appendix D hereto, or such other accounting principles as the County may be required to employ from time to time pursuant to state law or regulation.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

The Issuer's current fiscal year end is September 30. Accordingly, it must provide updated Operating Information by the last day in March in each year and audited financial statements (or unaudited financial statements if audited financial statements are not yet available) must be provided as described above, unless the Issuer changes its fiscal year. If the Issuer changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the County otherwise would be required to provide financial information and operating data.

Notice of Certain Events

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

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

Availability of Information

In connection with its continuing disclosure agreements entered into with respect to the Notes, the County will file all required information and documentation with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB at www.emma.msrb.org.

Limitations and Amendments

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

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

Compliance with Prior Agreements

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

WEATHER EVENTS

The County is located in north Texas. Land located in this area is susceptible to high winds, tornados, fires and arid conditions. If a future weather event significantly damages all or part of the properties comprising the tax base within the County, the assessed value of property within the County could be substantially reduced, which could result in a decrease in tax revenue and/or necessitate an increase in the County's tax rate. There can be no assurance that a casualty loss to taxable property within the County will be covered by insurance (or that property owners will carry flood or the appropriate, applicable other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds or that insurance proceeds will be used to rebuild or repay any damaged improvements within the County or be sufficient for such purposes. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the County could be adversely affected.

CYBERSECURITY

The County, like other counties in the State, utilizes technology in conducting its operations. As a user of technology, the County potentially faces cybersecurity threats (e.g., hacking, phishing, viruses, malware and ransomware) on its technology systems. Accordingly, the County may be the target of a cyber-attack on its technology systems that could result in adverse consequences to the County. The County employs a multi-layered approach to combating cybersecurity threats. While the County deploys layered technologies and requires employees to receive cybersecurity training, as required by State law, among other efforts, cybersecurity breaches could cause material disruptions to the County's finances or operations. The costs of remedying such breaches or protecting against future cyber-attacks could be substantial and there is no assurance that these costs will be covered by insurance. Further, cybersecurity breaches could expose the County to litigation and other legal risks, which could cause the County to incur other costs related to such legal claims or proceedings.

OTHER PERTINENT INFORMATION

Registration and Qualification of Notes for Sale

The sale of the Notes has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Notes have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Notes been qualified under the securities acts of any other jurisdiction. The Issuer assumes no responsibility for qualification of the Notes under the securities laws of any jurisdiction in which the Notes may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Notes shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

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

Litigation

According to County officials, the County is not a party to any litigation or other proceeding pending or to its knowledge, threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to the County, would have a material adverse effect on the financial condition or operations of the County.

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provides that the Notes are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, as amended, and are authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Notes by municipalities or other political subdivisions or public agencies of the State, the PFIA, as amended, requires that the Notes be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER PERTINENT INFORMATION – Rating" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Notes are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Notes are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their fair market value.

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

Rating

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings ("S&P") have assigned underlying ratings of "_____" and "AAA", respectively, to the Notes. An explanation of the significance of such ratings may be obtained from Moody's and S&P. A rating by a rating agency reflects only the view of such company at the time the rating is given, and the County makes no representations as to the appropriateness of the rating. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the respective rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Notes.

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

Underwriting

The Underwriter has agreed, subject to certain conditions specified in a note purchase agreement, to purchase the Notes from the County at a price equal to the initial public offering prices, as shown on page ii of this Official Statement less an underwriting discount of $_____.

The Underwriter's obligation is subject to certain conditions precedent. The Underwriter will be obligated to purchase all of the Notes, if the Notes are purchased. The Notes may be offered and sold to certain dealers (including the Underwriter and other dealers depositing the Notes into investment trusts) and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriter.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, Municipal Advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the County for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the County.

Municipal Advisor

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

Forward-Looking Statements Disclaimer

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

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

CONCLUDING STATEMENT

This Official Statement has been prepared using information received from the County and other sources, which is considered to be reliable. All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty, or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates, and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

The Pricing Officer in the Pricing Certificate will approve the form and content of this Official Statement, and any addenda, supplement, or amendment thereto, and authorize its further use in the reoffering of the Notes by the Underwriter. This Official Statement will be approved by the Pricing Officer of the County for distribution in accordance with the provisions of the Securities and Exchange Commission's rule codified at 17 C.F.R. Section 240.15c2-12.

DENTON COUNTY, TEXAS

_____

Pricing Officer
Denton County, Texas

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APPENDIX A

FINANCIAL INFORMATION OF THE ISSUER

(This appendix contains quantitative financial information and operating data with respect to the Issuer. The information is only a partial representation and does not purport to be complete. For further and more complete information, reference should be made to the original documents, which can be obtained from various sources, as noted.)

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FINANCIAL INFORMATION OF THE ISSUER

2026 ASSESSED VALUATION — TABLE 1

Total Land Market Value:		$ 75,625,276,248
Total Improvements:		163,702,411,931
Personal Property:		24,307,067,256
Minerals:		819,987,890
TOTAL MARKET VALUE: (100% of Actual)		$ 264,454,743,325
Less:		
Homestead Cap Adjustment:	$ 2,231,101,262	
Circuit Breaker Limitation	1,118,667,311	
Total Productivity Loss:	10,306,939,723	
	$ 13,656,708,296	
TOTAL ASSESSED VALUE:		$ 250,798,035,029
Less Exemptions:		
Local Option Over 65	$ 3,515,682,405	
Local Option Disabled	24,692,686	
Disabled Veterans	3,059,229,508	
Homestead	1,350,821,626	
Exempt Property	19,439,054,859	
Prorated Exempt Property	43,418,892	
Pollution Control	47,399,756	
Freeport	5,103,808,712	
Abatements	537,931,602	
House Bill 366	412,564	
Other	1,569,581,830	
Community Housing Development	307,158,835	
	$ 34,999,193,275	
2026 NET TAXABLE VALUE:		$ 215,798,841,754

Source: Denton Central Appraisal District

CAPITAL LEASE AGREEMENTS — TABLE 2

The County has no capital lease obligations outstanding.

GENERAL OBLIGATION BONDED DEBT [(a)] **TABLE 3**

General Obligation Debt Principal Outstanding (as of September 30, 2026)

Permanent Improvement Bonds, Series 2014	$	2,250,000
Permanent Improvement Refunding Bonds, Series 2014		1,660,000
Permanent Improvement and Refunding Bonds, Series 2015		20,575,000
Permanent Improvement Refunding Bonds, Series 2016		20,705,000
Permanent Improvement Bonds, Series 2017		43,445,000
Permanent Improvement and Refunding Bonds, Series 2019A		95,345,000
Tax Notes, Series 2020		2,935,000
Permanent Improvement Refunding Bonds, Series 2020		12,675,000
Permanent Improvement and Refunding Bonds, Taxable Series 2020A		27,980,000
Permanent Improvement Refunding Bonds, Taxable Series 2022		16,290,000
Tax Notes, Series 2022		8,575,000
Permanent Improvement and Refunding Bonds, Series 2023		107,910,000
Permanent Improvement Bonds, Series 2024		103,955,000
Permanent Improvement Bonds, Series 2025		104,245,000
Tax Notes, Series 2025		34,655,000
Permanent Improvement and Refunding Bonds, Series 2025		46,295,000
Permanent Improvement and Refunding Bonds, Series 2026		51,115,000
Total Gross General Obligation Debt Principal Outstanding	$	700,610,000
Tax Notes, Series 2026 (the "Notes")	$	7,980,000 *
Total General Obligation Debt Principal Outstanding Following the Issuance of the Notes.	$	708,590,000 *
Ratio of General Obligation Debt to 2026 Net Taxable Value		0.3284% *
2026 Net Taxable Value[(a)]	$	215,798,841,754
Population: 1990 - 273,525; 2000 - 432,976; 2010 - 662,614; 2020 - 906,422; Current Estimate -		1,108,089
Per Capita 2026 Net Assessed Valuation -	$	194,749 *
Per Capita General Obligation Debt Principal -	$	639 *

[(a)] *See "AD VALOREM PROPERTY TAXATION" in the body of this Official Statement description of the Issuer's taxation procedures.*

Source: Texas Municipal Reports, The Issuer and the North Central Texas Council of Governments Population Estimates.

*Preliminary, subject to change

ESTIMATED GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS **TABLE 4**

Fiscal Year 30-Sep	Existing Payments	The Notes * Principal	The Notes * Interest	The Notes * Total	Combined New Payments *
2026	$ 67,799,139				$ 67,799,139
2027	83,246,684				83,246,684
2028	80,174,750	$ 420,000	$ 638,400	$ 1,058,400	81,233,150
2029	80,859,685	-	378,000	378,000	81,237,685
2030	76,616,806	3,615,000	378,000	3,993,000	80,609,806
2031	80,414,331	-	197,250	197,250	80,611,581
2032	64,426,963	1,500,000	197,250	1,697,250	66,124,213
2033	50,652,955	2,445,000	122,250	2,567,250	53,220,205
2034	51,462,774	-	-	-	51,462,774
2035	43,627,238	-	-	-	43,627,238
2036	32,673,674	-	-	-	32,673,674
2037	32,684,707	-	-	-	32,684,707
2038	32,692,100	-	-	-	32,692,100
2039	32,681,414	-	-	-	32,681,414
2040	30,969,437	-	-	-	30,969,437
2041	28,920,488	-	-	-	28,920,488
2042	28,930,363	-	-	-	28,930,363
2043	25,370,550	-	-	-	25,370,550
2044	25,376,050	-	-	-	25,376,050
2045	22,782,950	-	-	-	22,782,950
2046	14,157,600	-	-	-	14,157,600
2047	14,159,000	-	-	-	14,159,000
2048	14,160,600	-	-	-	14,160,600
2049	7,191,600	-	-	-	7,191,600
	$ 1,022,031,857	$ 7,980,000	$ 1,911,150	$ 9,891,150	$ 1,031,923,007

*Preliminary, subject to change

TAX ADEQUACY **TABLE 5**

2026 Net Taxable Value	$ 215,798,841,754
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-27)	$ 83,246,684
Indicated Maximum Interest and Sinking Fund Tax Rate at 98% Collections:	$ 0.0394

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

TAX RATE DISTRIBUTION **TABLE 6**

	2026/27	**2025/26**	**2024/25**	**2023/24**
Maintenance & Operations Fund	$ 0.14558	$ 0.14295	$ 0.14295	$ 0.14344
Interest & Sinking Fund	0.03781	0.04299	0.04299	0.04443
TOTAL	$ 0.18339	$ 0.18594	$ 0.18594	$ 0.18787

Sources: Denton Central Appraisal District; Annual Comprehensive Financial Reports and other information from the Issuer.

PROPERTY TAX RATES AND COLLECTIONS [a] **TABLE 7**

Tax Year	Net Taxable Value	Tax Rate	Tax Levy	Percent (%) Collections Current	Total[b]
2022	$ 149,854,372,945	0.1895	$ 319,149,239	98.40%	99.52%
2023	177,207,953,929	0.1879	335,782,492	98.00%	99.59%
2024	192,688,469,909	0.1859	362,001,902	95.50%	99.52%
2025	207,352,205,545	0.1859	385,546,544	99.50%	99.48%
2026	215,798,841,754	0.1834	395,762,128	(in process of collections)	

[a] *See "AD VALOREM PROPERTY TAXATION" in this body of the Official Statement*

[b] *Includes penalties and interest.*

Sources: The Denton Central Appraisal District, Issuer's Annual Comprehensive Financial Reports and other information from the Issuer.

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE **TABLE 8**

Fiscal Year Ending 9/30	Outstanding Debt	The Notes *	Total *	Obligations Unpaid at End of Year *	Percent of Principal Retired (%)
2027	$ 53,695,000		$ 53,695,000	$ 654,895,000	7.58%
2028	53,135,000	$ 420,000	53,555,000	601,340,000	15.14%
2029	56,275,000	-	56,275,000	545,065,000	23.08%
2030	54,450,000	3,615,000	58,065,000	487,000,000	31.27%
2031	60,830,000	-	60,830,000	426,170,000	39.86%
2032	47,445,000	1,500,000	48,945,000	377,225,000	46.76%
2033	35,730,000	2,445,000	38,175,000	339,050,000	52.15%
2034	37,985,000	-	37,985,000	301,065,000	57.51%
2035	31,425,000	-	31,425,000	269,640,000	61.95%
2036	21,570,000	-	21,570,000	248,070,000	64.99%
2037	22,475,000	-	22,475,000	225,595,000	68.16%
2038	23,420,000	-	23,420,000	202,175,000	71.47%
2039	24,390,000	-	24,390,000	177,785,000	74.91%
2040	23,660,000	-	23,660,000	154,125,000	78.25%
2041	22,535,000	-	22,535,000	131,590,000	81.43%
2042	23,460,000	-	23,460,000	108,130,000	84.74%
2043	20,860,000	-	20,860,000	87,270,000	87.68%
2044	21,750,000	-	21,750,000	65,520,000	90.75%
2045	20,080,000	-	20,080,000	45,440,000	93.59%
2046	12,340,000	-	12,340,000	33,100,000	95.33%
2047	12,835,000	-	12,835,000	20,265,000	97.14%
2048	13,350,000	-	13,350,000	6,915,000	99.02%
2049	6,915,000	-	6,915,000	-	100.00%
	$ 700,610,000	$ 7,980,000	$ 708,590,000		

*Preliminary, subject to change

HISTORICAL NET TAXABLE VALUATION **TABLE 9**

Tax Year	Net Taxable Assessed Valuation	Change From Preceding Year Amount	Change From Preceding Year Percent
2022	$ 149,854,372,945	$ 25,080,504,440	20.10%
2023	177,207,953,929	27,353,580,984	18.25%
2024	192,688,469,909	15,480,515,980	8.74%
2025	207,352,205,545	14,663,735,636	7.61%
2026	215,798,841,754	8,446,636,209	4.07%

Source: Denton Central Appraisal District

PRINCIPAL TAXPAYERS 2026 **TABLE 10**

Name	Description	2026 Assessed Value	% of Total 2026 Assessed Valuation
CoreWeave Compute Acquisition Co	Technology	$ 3,568,989,080	1.65%
Oncor Electric Delivery Co.	Electric Utility/Power Plant	393,435,256	0.18%
Southern Glazer's Wine & Spirits of Tx	Wholesale Supplier/Distribution Ce	371,364,911	0.17%
Atmos Energy Mid-Tex Distribution	Oil & Gas	339,875,740	0.16%
Citicorp Technology Inc.	Financial/Banking	266,411,509	0.12%
Coserv Electric Co-Op	Electric Utility/Power Plant	258,126,860	0.12%
Amerisource Bergen Drug Corp.	Wholesale Supplier/Distribution Ce	242,597,057	0.11%
BKV Barnett LLC	Oil & Gas	214,597,542	0.10%
Porter Solar LLC	Solar Energy Plant	194,887,290	0.09%
Toyota Motor North America Inc.	Industrial Manufacturing	189,709,079	0.09%
	Total	$ 6,039,994,324	2.80%
Based on a 2026 Net Taxable Assessed Valuation of:		$ 215,798,841,754	

Source: Denton Central Appraisal District / Denton County

CASH BALANCES **TABLE 11**

	Unaudited as of 9/30/2026
General Fund	$ 199,957,657
Special Revenue Funds	207,988,090
Debt Service Funds	17,654,152
Capital Projects Funds	465,347,672
Total	$ 890,947,572

Source: The County and Denton County Auditor's Office.

CLASSIFICATION OF ASSESSED VALUATION **TABLE 12**

Category	2026	% of Total	2025	% of Total	2024	% of Total	2023	% of Total	2022	% of Total
Real, Residential, Single-Family	$ 151,146,897,648	62.02%	$ 150,089,807,128	63.54%	$ 143,863,655,261	64.13%	$ 140,068,923,743	64.74%	$ 111,182,018,768	63.57%
Real, Residential, Multi-Family	18,913,941,407	7.76%	18,785,176,347	7.95%	17,099,189,809	7.62%	15,601,729,335	7.21%	13,432,784,537	7.68%
Real, Vacant Lots/Tracts	3,163,837,900	1.30%	2,893,402,308	1.22%	2,760,202,073	1.23%	2,919,808,433	1.35%	2,628,259,992	1.50%
Real, Acreage (Land Only)	10,507,136,295	4.31%	10,034,438,161	4.25%	9,606,238,216	4.28%	9,622,282,599	4.45%	7,201,883,649	4.12%
Farm & Ranch Improvements	4,941,724,710	2.03%	5,118,462,742	2.17%	4,701,328,976	2.10%	4,540,240,594	2.10%	3,423,192,984	1.96%
Real, Commercial/Industrial	30,064,171,949	12.34%	27,636,660,109	11.70%	25,991,017,479	11.59%	23,950,882,817	11.07%	20,065,588,119	11.47%
Real; Oil, Gas & Other Minerals	812,944,310	0.33%	700,225,060	0.30%	513,020,440	0.23%	1,233,369,060	0.57%	959,416,937	0.55%
Real & Tangible, Personal Utilities	2,985,764,095	1.23%	2,999,073,267	1.27%	3,096,043,439	1.38%	2,084,015,102	0.96%	2,559,350,896	1.46%
Tangible Personal, Business	18,691,961,188	7.67%	15,195,207,361	6.43%	14,814,904,884	6.60%	14,385,252,332	6.65%	11,955,441,233	6.84%
Tangible Personal, Other	163,217,617	0.07%	167,003,520	0.07%	140,484,961	0.06%	99,209,740	0.05%	94,196,054	0.05%
Real, Inventory	2,055,686,933	0.84%	2,353,945,916	1.00%	1,488,831,815	0.66%	1,577,335,206	0.73%	1,143,158,367	0.65%
Other	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Special Inventory	258,156,291	0.11%	251,047,220	0.11%	257,900,663	0.11%	263,172,385	0.12%	259,654,655	0.15%
Total Appraised Value	$ 243,705,440,343	100.00%	$ 236,224,449,139	100.00%	$ 224,332,818,016	100.00%	$ 216,346,221,346	100.00%	$ 174,904,946,191	100.00%
Total Exempt Property	20,749,302,982		15,479,190,501		11,400,753,710		10,299,110,868		8,296,227,138	
Total Market Value	$ 264,454,743,325		$ 251,703,639,640		$ 235,733,571,726		$ 226,645,332,214		$ 183,201,173,329	
Exemptions / Value Losses										
Homestead Cap	$ 2,231,101,262		$ 5,137,189,928		$ 9,377,932,053		$ 18,400,377,782		$ 9,179,281,522	
Circuit Breaker Exemption	1,118,667,311		1,004,584,730		649,569,528		-		-	
Total Exempt Property	19,439,054,859		15,479,369,551		11,006,923,265		9,710,462,828		8,014,574,221	
Productivity Loss	10,306,939,723		9,842,898,750		9,392,023,862		9,465,841,911		7,018,076,403	
Homestead Exemption	1,350,821,626		1,295,022,167		1,247,137,711		1,157,196,014		1,032,551,758	
Local Option Over 65	3,515,682,405		3,317,333,304		3,122,294,901		2,848,374,988		2,807,306,515	
Local Option Disabled	24,692,686		23,450,430		21,531,922		25,167,885		24,059,892	
Disabled Veterans	3,059,229,508		2,504,924,993		1,980,858,445		1,509,921,439		1,105,920,935	
Prorated Exempt Property	43,418,892		25,464,787		58,252,703		244,615,825		17,064,252	
Pollution Control	47,399,756		35,802,752		38,896,813		39,056,555		42,497,718	
Freeport	5,103,808,712		4,686,228,636		5,464,195,198		5,168,515,504		3,571,561,340	
Abatements	537,931,602		547,781,648		339,740,744		572,774,546		269,442,583	
House Bill 366	412,564		2,837,522		2,611,602		2,724,341		2,899,702	
Other	1,569,581,830		152,371,626		196,930,957		98,235,929		836,194	
Community Housing Development	307,158,835		296,173,271		146,202,113		194,112,738		260,727,349	
Total Exemptions	$ 48,655,901,571		$ 44,351,434,095		$ 43,045,101,817		$ 49,437,378,285		$ 33,346,800,384	
Net Taxable Valuation	$ 215,798,841,754		$ 207,352,205,545		$ 192,688,469,909		$ 177,207,953,929		$ 149,854,372,945	

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Source: Denton Central Appraisal District.

Note: Figures shown in this table are certified values. Assessed Valuations may change during the year due to various supplements and protests. Valuations on a later date or in other tables of this Official Statement may not match those shown in this table.

ESTIMATED OVERLAPPING DEBT DATA AND INFORMATION — TABLE 13

Taxing Entity	As of	Tax Rate	Tax Year	Net Debt Principal Outstanding	% Overlapping	Amount Overlapping
Cities						
Argyle	9/30/2026	$ 0.343000	2026	$ 15,135,000	100.00%	$ 15,135,000
Aubrey	9/30/2026	0.464000	2026	147,477,000	100.00%	147,477,000
Bartonville	9/30/2026	0.174000	2026	-	100.00%	-
Carrollton	9/30/2026	0.539000	2026	206,835,000	53.72%	111,111,762
Celina	9/30/2026	0.598000	2026	712,755,000	15.67%	111,688,709
Coppell	9/30/2026	0.459000	2026	130,645,000	1.94%	2,534,513
Copper Canyon	9/30/2026	0.266000	2026	555,000	100.00%	555,000
Corinth	9/30/2026	0.514000	2026	53,780,000	100.00%	53,780,000
Dallas	9/30/2026	0.705000	2026	2,501,538,469	1.09%	27,266,769
Denton	9/30/2026	0.585000	2026	1,909,910,000	100.00%	1,909,910,000
Flower Mound	9/30/2026	0.387300	2026	170,395,000	96.19%	163,902,951
Fort Worth	9/30/2026	0.673000	2026	1,124,450,000	6.99%	78,599,055
Frisco	9/30/2026	0.426000	2026	1,375,160,000	37.48%	515,409,968
Grapevine	9/30/2026	0.241000	2026	165,350,000	0.00%	-
Hackberry	9/30/2026	0.194000	2026	-	0.00%	-
Haslet	9/30/2026	0.350000	2026	19,494,000	0.46%	89,672
Hickory Creek	9/30/2026	0.223000	2026	6,550,000	100.00%	6,550,000
Highland Village	9/30/2026	0.500000	2026	38,796,000	100.00%	38,796,000
Justin	9/30/2026	0.600000	2026	36,250,000	100.00%	36,250,000
Krugerville	9/30/2026	0.429000	2026	3,489,000	100.00%	3,489,000
Krum	9/30/2026	0.598000	2026	39,495,000	100.00%	39,495,000
Lake Dallas	9/30/2026	0.519000	2026	10,780,000	100.00%	10,780,000
Lakewood Village	9/30/2026	0.340000	2026	8,500,000	100.00%	8,500,000
Lewisville	9/30/2026	0.422000	2026	322,230,000	98.76%	318,234,348
Little Elm	9/30/2026	0.560000	2026	95,505,000	100.00%	95,505,000
New Fairview	9/30/2026	0.310000	2026	5,380,000	21.76%	1,170,688
Northlake	9/30/2026	0.295000	2026	129,775,000	100.00%	129,775,000
Oak Point	9/30/2026	0.430000	2026	16,280,000	100.00%	16,280,000
Pilot Point	9/30/2026	0.643710	2026	222,765,000	91.41%	203,629,487
Plano	9/30/2026	0.418000	2026	677,785,000	3.13%	21,214,671
Ponder	9/30/2026	0.713000	2026	15,255,000	100.00%	15,255,000
Prosper	9/30/2026	0.505000	2026	167,110,000	30.05%	50,216,555
Providence Village, Town	9/30/2026	0.479000	2026	31,696,000	100.00%	31,696,000
Roanoke	9/30/2026	0.308000	2026	177,300,000	97.62%	173,080,260
Sanger	9/30/2026	0.690000	2026	48,464,000	100.00%	48,464,000
Shady Shores	9/30/2026	0.291000	2026	1,080,000	100.00%	1,080,000
Southlake	9/30/2026	0.305000	2026	73,885,000	2.88%	2,127,888
The Colony	9/30/2026	0.635000	2026	172,610,000	100.00%	172,610,000
Trophy Club	9/30/2026	0.415000	2026	25,220,000	94.91%	23,936,302
Westlake	9/30/2026	0.168000	2026	49,929,000	11.62%	5,801,750
School Districts						
Argyle ISD	9/30/2026	$ 1.287000	2026	$ 663,654,822	100.00%	$ 663,654,822
Aubrey ISD	9/30/2026	1.255000	2026	407,236,976	100.00%	407,236,976
Carrollton Farmers Branch ISD	9/30/2026	0.984000	2026	882,090,000	19.10%	168,479,190
Celina ISD	9/30/2026	1.236000	2026	811,530,000	6.20%	50,314,860
Denton ISD	9/30/2026	1.157000	2026	2,341,125,000	100.00%	2,341,125,000
Era ISD	9/30/2026	0.906000	2026	1,445,000	0.26%	3,757
Frisco ISD	9/30/2026	1.057000	2026	1,930,033,526	30.14%	581,712,105
Krum ISD	9/30/2026	1.230000	2026	236,943,000	98.27%	232,843,886
Lake Dallas ISD	9/30/2026	1.255000	2026	150,588,370	100.00%	150,588,370
Lewisville ISD	9/30/2026	1.118000	2026	1,389,575,000	99.02%	1,375,957,165
Little Elm ISD	9/30/2026	1.225000	2026	549,971,752	100.00%	549,971,752
Northwest ISD	9/30/2026	1.118000	2026	2,934,395,000	60.55%	1,776,776,173
Pilot Point ISD	9/30/2026	1.026260	2026	41,515,000	76.48%	31,750,672
Ponder ISD	9/30/2026	1.242000	2026	116,310,000	100.00%	116,310,000
Prosper ISD	9/30/2026	1.255000	2026	2,645,199,736	20.53%	543,059,506
Sanger ISD	9/30/2026	1.143000	2026	135,392,201	100.00%	135,392,201
Slidell ISD	9/30/2026	1.011000	2026	25,004,000	25.33%	6,333,513
Special Districts						
Alpha Ranch WC&ID	9/30/2026	$ 1.000000	2026	$ 18,440,000	97.30%	$ 17,942,120
Belmont FWSD # 1	9/30/2026	0.600000	2026	89,860,000	100.00%	89,860,000
Belmont FWSD # 2	9/30/2026	0.980000	2026	49,790,000	100.00%	49,790,000
Big Sky MUD	9/30/2026	-	2026	10,165,000	100.00%	10,165,000
Brookfield WC&ID	9/30/2026	0.878000	2026	30,840,000	100.00%	30,840,000
Canyon Falls MUD #1	9/30/2026	0.800000	2026	18,540,000	100.00%	18,540,000
Canyon Falls WC&ID # 2	9/30/2026	0.660000	2026	40,160,000	100.00%	40,160,000
Denton Co FWSD #6	9/30/2026	0.659000	2026	12,980,000	100.00%	12,980,000
Denton Co FWSD #7	9/30/2026	0.658000	2026	52,830,000	100.00%	52,830,000
Denton Co FWSD #8-A	9/30/2026	0.759000	2026	19,120,000	100.00%	19,120,000
Denton Co FWSD #8-B	9/30/2026	0.478000	2026	2,590,000	100.00%	2,590,000
Denton Co FWSD #11-A	9/30/2026	0.717000	2026	13,910,000	100.00%	13,910,000
Denton Co FWSD # 11-B	9/30/2026	0.788000	2026	30,440,000	100.00%	30,440,000
Denton Co FWSD # 11-C	9/30/2026	0.730000	2026	9,515,000	100.00%	9,515,000
Denton Co LID #1	9/30/2026	0.188000	2026	11,775,000	69.10%	8,136,525
Denton Co MUD #4	9/30/2026	0.405000	2026	7,740,000	100.00%	7,740,000
Denton Co MUD #5	9/30/2026	0.545000	2026	9,610,000	100.00%	9,610,000
Denton Co MUD #6	9/30/2026	0.935000	2026	90,560,000	100.00%	90,560,000
Denton Co MUD #8	9/30/2026	1.000000	2026	23,630,000	100.00%	23,630,000
Denton Co MUD #9	9/30/2026	0.870000	2026	7,220,000	100.00%	7,220,000
Elm Ridge WCID (Denton Co FWSD #10)	9/30/2026	0.880000	2026	124,075,000	100.00%	124,075,000
Frisco West WCID	9/30/2026	0.523000	2026	30,188,000	100.00%	30,188,000
Highway 380 MMD # 1	9/30/2026	0.518000	2026	132,895,000	100.00%	132,895,000
Northlake Municipal Management 1	9/30/2026	0.705000	2026	105,755,000	100.00%	105,755,000
Northlake Municipal Management 2	9/30/2026	0.705000	2026	39,965,000	100.00%	39,965,000
Oak Point WC&ID #1	9/30/2026	0.385000	2026	6,715,000	100.00%	6,715,000
Oak Point WC&ID #3	9/30/2026	0.440000	2026	7,785,000	100.00%	7,785,000
Oak Point WC&ID #4	9/30/2026	0.310000	2026	12,110,000	100.00%	12,110,000
Prairie Oaks MUD	9/30/2026	1.000000	2026	5,535,000	100.00%	5,535,000
Smiley Road WC&ID #1	9/30/2026	1.000000	2026	26,680,000	100.00%	26,680,000
The Lakes FWSD	9/30/2026	0.960000	2026	174,720,000	100.00%	174,720,000
Tradition MUD No. 2B	9/30/2026	1.000000	2026	49,350,000	100.00%	49,350,000
Tradition MUD No. 2C	9/30/2026	1.000000	2026	17,625,000	100.00%	17,625,000
Tradition MUD No. 1	9/30/2026	1.000000	2026	13,745,000	100.00%	13,745,000
Trophy Club MUD #1	9/30/2026	0.063000	2026	3,455,000	99.72%	3,445,326
Total Gross Overlapping Debt Principal						$ 14,966,187,780
Denton County						$ 708,590,000
Total Direct and Overlapping Debt Principal						$ 15,674,777,780
Ratio of Direct and Overlapping Debt Principal to 2026 Net Taxable Value						7.26%
Total Direct and Overlapping Debt Principal Per Capita						$ 14,146

Source: Municipal Advisory Council of Texas

* Preliminary, subject to change.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS OF THE COUNTY **TABLE 14**

Date Authorized	Purpose	Amount Authorized	Issued To Date	This Issue	Remaining Unissued
5/15/2004	Equipment	$ 206,870,000.00	$ 204,870,000.00	$ -	$ 2,000,000.00
11/8/2022	Road	650,000,000.00	327,909,375.00	-	322,090,625.00
	Total	$ 856,870,000.00	$ 532,779,375.00	$ -	$ 324,090,625.00

Source: Denton County

GENERAL FUND COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE **TABLE 15**

	Fiscal Year Ended September 30,				
	2025 [1]	2024	2023	2022	2021
Revenues:					
Taxes	$ 212,318,892	$ 204,881,132	$ 198,214,143	$ 181,972,676	$ 155,046,180
Licenses and Permits	7,956,666	8,414,835	8,120,546	7,142,753	5,459,118
Interest Revenue	9,367,255	10,509,755	6,997,056	(1,082,552)	35,748
Fines & forfeitures	5,359,647	16,992,745	2,396,779	2,754,991	2,132,281
Intergovernmental	13,460,187	10,813,786	16,237,400	11,504,345	38,721,661
Fees of Office	17,614,885	2,347,567	17,302,594	18,225,882	18,249,610
Miscellaneous	2,621,988	4,572,312	4,291,849	3,768,531	2,587,445
Total Revenues	$ 268,699,520	$ 258,532,132	$ 253,560,367	$ 224,286,626	$ 222,232,043
Expenditures:					
General Government	$46,577,163	$ 46,109,275	$ 51,320,819	$ 37,898,506	$ 36,728,200
Public Safety	97,002,612	86,862,148	76,913,353	78,598,702	73,028,255
Financial Administration	10,979,165	10,200,463	9,657,742	8,994,402	8,107,639
Public Facilities	18,998,748	17,716,176	16,473,190	16,364,367	16,489,196
Legal	20,150,019	19,181,342	18,000,125	17,428,387	16,709,863
Health	54,680	82,970	110,240	80,459	105,321
Judicial	39,170,436	36,915,507	33,373,556	31,592,968	29,576,730
Conservation	601,920	544,594	523,532	558,457	483,122
Contract Services	-	4,479,578	4,747,619	4,548,994	4,494,813
Capital Outlay	4,876,976	-	2,341,947	-	-
Debt Service	4,646,380	-	3,047,381	-	-
Intergovernmental	6,129,320	-	-	-	-
Total Expenditures	$249,187,419	$ 222,092,053	$ 216,509,504	$ 196,065,242	$ 185,723,139
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 19,512,101	$ 36,440,079	$ 37,050,863	$ 28,221,384	$ 36,508,904
Other Financing Sources (Uses)					
Issuance of SBITA	$ 4,679,872		$ 2,341,947	$ -	$ -
Sale of Surplus Property	151,776		261,745	208,857	-
Operating Transfers In	-	40,743,043	20,000	704,209	261,188
Operating Transfers Out	(1,313,747)	(42,546,687)	(23,297,098)	(30,551,204)	(31,567,678)
Total Other Financing Sources (Uses)	$ 3,517,901	$ (1,803,644)	$ (20,673,406)	$ (29,638,138)	$ (31,306,490)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	$ 23,030,002	$ 34,633,205	$ 16,377,457	$ (1,416,754)	$ 5,202,414
Fund Balances at Beginning of Year	133,815,444	99,182,233	82,804,776	84,221,530	79,019,116
Fund Balances at End of Year	$ 156,845,446	$ 133,815,438	$ 99,182,233	$ 82,804,776	$ 84,221,530

Source: The Issuer's Annual Comprehensive Financial Reports and other financial data from the Issuer.

[1] Unaudited.

APPENDIX B

GENERAL INFORMATION REGARDING DENTON COUNTY, TEXAS

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GENERAL INFORMATION REGARDING DENTON COUNTY, TEXAS

Denton County (the "County") is located in north central Texas. The County, established in 1846, is located in the north central part of Texas. With an area of 911 square miles and approximately 1,069,346 citizens, it is considered a top growth area in the state, and one of the top growth areas in the country. Denton County is the 7th most populous county out of 254 Texas counties, and is only one of seven counties to exceed 1 million in population with approximately 1,108,089 people. Major cities in the County include Denton, which is the county seat, Lewisville, Flower Mound, Frisco and Carrollton. Denton County's many advantages include climate, access to transportation, a young, skilled workforce, and its educational facilities.

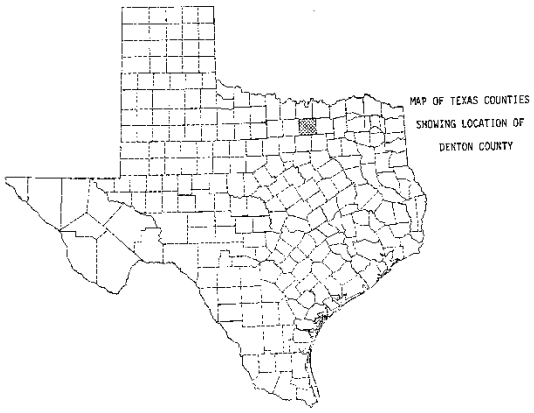
Economic Condition and Outlook

Denton County continues to experience strong growth in population and in its economic base. The population has grown by 16.7% since the 2020 census population of 906,422 people and by over 61.2% since the 2010 census population of 662,614 people. During the same period, the County's tax base has grown from $10 billion market value in 1990 to over $235.7 billion in 2025.

Denton County's economy and employment picture have rebounded strongly since the COVID-19 pandemic in 2020. On September 30, 2025, unemployment rate was 4.0% compared to 3.7% one year earlier. This is lower than the 4.3% statewide rate and the 4.4% national rate. In 2025 the County had over $9.1 billion in new market value property added to the tax rolls compared to $9.2 billion 2024.

The economic outlook for Denton County remains very positive for the near future. Major industrial investments in the past, which include Alliance Airport, Wal-Mart, Target, Aldi, Winco distribution centers, the Texas Motor Speedway and the PGA Headquarters continue to attract additional development in the County. Denton County has three major interstate highways that merge together in the center of the County which are attractive to business to move products and people across the Dallas/Fort Worth metroplex as well as across Texas and the nation. Vibrant economic activity continues across Denton County. There have been major investments in the County by the healthcare profession with several major hospitals undergoing significant expansions and new buildings. Other business are relocating from other areas in the country to Denton County including the recently opened PGA Headquarters, which has added over $24 Billion to the tax base once all the development surrounding it is complete. The Omni PGA Frisco Resort opened in 2022 which added over 1000 jobs to the area. The southern and western sections of the County continue to add businesses and housing. The retail industry continues to expand throughout Denton County as the population of the County continues to grow steadily. Other contributing factors to attracting people and businesses to Denton County include the centralized location in the nation, close proximity to DFW Airport which is 2nd busiest in the nation, local and state business-friendly laws and regulations, two major universities, and relatively lower housing costs compared to other major urban areas around the nation. Denton County's two major universities, the University of North Texas and Texas Woman's University, continue to turn out a large number of skilled graduates each year, and enrollment at these schools continues to increase significantly each year. The main campus of the University of North Texas is located in the City of Denton and had approximately 43.5 thousand enrolled students. Texas Woman's University had almost 13 thousand enrolled students at the Denton campus. This labor supply, combined with air, rail and highway transportation centers, adds assurance to the County's continued economic growth in the near and long-term future.

Source: Excerpts from Denton County ACFR, as of September 30, 2025.



POPULATION TRENDS

Year	Denton County
2026 Estimate	1,108,089
2020 Census	906,422
2010 Census	662,614
2000 Census	432,976
1990 Census	273,525
1980 Census	143,126

Source: *United States Bureau of the Census and the Issuer*.

LEADING EMPLOYERS

Employer	Principal Line of Business	Approximate Number of Employees
University of North Texas	Education	8,891
Lewisville ISD	Education	6,336
Denton ISD	Education	4,331
Northwest ISD	Education	3,677
Peterbilt Motors	Truck Manufacturing	2,000
Denton County	Government	1,987
City of Denton	Government	1,982
Caliber Collision	Automotive Repair	1,957
Denton State Supported Living	Residential Care for Disabled	1,146
Texas Women's University	Education	1,077

Sources: The Issuer's Comprehensive Annual Financial Report.

EMPLOYMENT STATISTICS

	Denton County		City of Denton	
	August 2026	August 2025	August 2026	August 2025
Civilian Labor Force	612,911	611,415	94,589	94,784
Total Employed	587,133	586,043	90,587	90,413
Total Unemployed	25,778	25,372	4,002	4,371
% Unemployed (Texas)	4.2%	4.1%		
% Unemployed (US)	4.3%	4.5%		

Source: Texas Workforce Commission, Labor Market Information Department.

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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NORTON ROSE FULBRIGHT

[_____]

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201-7932
United States

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Fax +1 214 855 8200
nortonrosefulbright.com

IN REGARD to the authorization and issuance of the "Denton County, Texas, Tax Notes, Series 2026," dated December 1, 2026, in the principal amount of $[_____] (the "Notes"), we have examined into their issuance by Denton County, Texas (the "County"), solely to express legal opinions as to the validity of the Notes and the exclusion of the interest on the Notes from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the County, the disclosure of any financial or statistical information or data pertaining to the County and used in the sale of the Notes, or the sufficiency of the security for or the value or marketability of the Notes.

THE NOTES are issued in fully registered form only and in denominations of $5,000 or any integral multiple thereof (within a maturity). The Notes mature on July 15 in each of the years specified in a pricing certificate executed pursuant to an order adopted by the Commissioners Court of the County authorizing the issuance of the Notes (jointly, the "Order"), without right of prior redemption. The Notes accrue interest from the dates, at the rates, and in the manner and interest is payable on the dates, all as provided in the Order.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Notes, including the Order and an examination of the initial Note executed and delivered by the County (which we found to be in due form and properly executed); (ii) certifications of officers of the County relating to the expected use and investment of proceeds of the sale of the Notes and certain other funds of the County and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Notes, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Notes have been duly authorized by the County and, when issued in compliance with the provisions of the Order, are valid, legally binding and enforceable obligations of the County payable from an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the County, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with the general principles of equity.

2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the County with the

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provisions of the Order relating to sections 141 through 150 of the Code, interest on the Notes for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Notes. Ownership of tax-exempt obligations such as the Notes may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

APPENDIX D

ISSUER'S AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

(Independent Auditor's Report, General Financial Statements and Notes to the Financial Statements - not intended to be a complete statement of the Issuer's financial condition. Reference is made to the complete Annual Financial Report for further information.)

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DENTON COUNTY, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2025

PREPARED BY:

DENTON COUNTY AUDITOR'S OFFICE

DENTON COUNTY, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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INTRODUCTORY SECTION

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DENTON COUNTY

County Auditor's Office
1 Courthouse Drive
Suite 2000
Denton, Texas 76201
www.dentoncounty.gov

November 4, 2026

The Honorable District Judges of Denton County and
The Honorable Members of the Denton County Commissioners Court and
Citizens of Denton County:

Chapter 114.025 and chapter 115.045 of the Local Government Code of the State of Texas require that Denton County publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Per that requirement, we hereby issue the annual comprehensive financial report. County management assumes full responsibility for the completeness and the reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Pattillo, Brown & Hill. L.L.P, Certified Public Accountants, have issued an unmodified (clean) opinion on Denton County's financial statements for the year ended September 30, 2025. The independent auditor's report is located at the front of the financial section of this report.

The independent audit of the financial statements of Denton County was part of the broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are published in a separate Single Audit report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report, and it provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal, and it should be read in conjunction with it.

PROFILE OF DENTON COUNTY

The County of Denton, established in 1846, is located in the north central part of the state, which is considered a top growth area in the state, and one of the top growth areas in the country. The County of Denton currently occupies a land area of 911 square miles and serves an estimated population of 1,068,355 people according to the United States Census Bureau. The County of Denton is empowered to levy a property tax on both real and personal property located within its boundaries. In 2024 for the first time the County also levied a hotel occupancy tax in which funding is restricted for a future campus of event facilities.

Policy-making authority is vested in the Commissioners Court, consisting of the County Judge and four County Commissioners. The Commissioners Court is responsible, among other things, for adopting the budget and for setting policies.

The County provides a full range of services authorized by statute. Such services include general governmental functions such as recording and licensing; maintaining the court systems for justice, county, and district courts; maintaining public facilities; providing public safety; maintaining public health and welfare; aiding conservation; and maintaining county roads and bridges.

The annual budget serves as the foundation for Denton County's financial planning and control. All departments of the County are required to submit budget requests to the budget officer during May each year. The budget officer uses these requests to develop a proposed budget. The proposed budget is then presented to the Commissioners Court for review. The Commissioners Court is required to hold public hearings on the proposed budget. The County is required to adopt its budget by the first day of the new fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department. All transfers of appropriations, either between departments or within an individual department's budget, require the approval of the Commissioners Court. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Denton County operates.

Local economy

Denton County is located in the north central part of Texas. Denton County is the 7th most populous county out of 254 Texas counties, and is only one of seven counties to exceed 1 million in population with approximately 1,068,355 people. Major cities in the County include Denton, which is the county seat, Lewisville,

Flower Mound, Frisco and Carrollton. Denton County's many advantages include climate, access to transportation, a young, skilled workforce, and its educational facilities.

Denton County continues to experience strong growth in population and in its economic base. The population has grown by 16.7% since the 2020 census population of 915,673 people and by over 61.2% since the 2010 census population of 662,614 people. During the same period, the County's tax base has grown from $10 billion market value in 1990 to over $235.7 billion in 2025.

Denton County's monthly unemployment rate has fluctuated since September 30, 2022, from a low of 3.1% in December of 2022 to a high of 4.2% in August of 2025. On September 30, 2025, unemployment rate was 4.0% compared to 3.7% one year earlier. This is lower than the 4.3% statewide rate and the 4.4% national rate. In 2025 the County had over $9.1 billion in new market value property added to the tax rolls compared to $9.2 billion 2024.

The economic outlook for Denton County remains very positive for the near future. Major industrial investments in the past, which include Alliance Airport, Wal-Mart, Target, Aldi, Winco distribution centers, and the Texas Motor Speedway, and thte PGA Headquarters continue to attract additional development in the County. Denton County has three major interstate highways that merge together in the center of the County which are attractive to business to move products and people across the Dallas/Fort Worth metroplex as well as across the Texas and the nation. Vibrant economic activity continues across Denton County. Examples of large economic projects in Denton County include:

City of Northlake - MP Materials campus in Northlake which will be a "10X" rare-earth magnet manufacturing company and expected to add $1.2 billion market value to the County.

City of Denton - Core Scientific/CoreWeave is expanding their operations in AI/HPC data center and expected to add $6.1 billion market value.

City of Denton - Landmark-Hillwood is developing a master-planned community which is expected to add $10 billion market value.

City of Pilot Point - Landmark-Hillwood is developing a master-planned community which is expected to add $1.2 billion market value.

Other contributing factors to attracting people and businesses to Denton County include the centralized location in the nation, close proximity to DFW Airport which is 2nd busiest in the nation, local and state business-friendly laws and regulations, two major universities, and relatively lower housing costs compared to other major urban areas around the nation. Denton County's two major universities, the University of North Texas and Texas Woman's University,

continue to turn out a large number of skilled graduates each year, and enrollment at these schools continues to increase significantly each year. The main campus of the University of North Texas is located in the City of Denton and had approximately 43.5 thousand enrolled students. Texas Women's University had almost 13 thousand enrolled students at the Denton campus. This labor supply, combined with air, rail and highway transportation centers, adds assurance to the County's continued economic growth in the near and long-term future.

Long-term Financial Planning

Denton County has adopted several financial management policies to provide guidelines to insure its long-term financial health. The General Fund Balance policy sets a minimum level for reserve funds in the General Fund at 12% of current budgeted expenditures; however, in practice the County holds a minimum level of 25%. It also establishes guidelines for appropriate uses of excess reserves, and it sets out strategies for the County when compliance has not been maintained. The Debt Compliance Policy confirms that the County will follow all federal and state statutes and regulations regarding the accounting, use, and post-issuance reporting for debt proceeds. These policies have been adopted in the last ten years, and the County has remained in compliance.

Relevant Financial Policies

Denton County's Bonded Debt Compliance Policy also enumerates the specific areas of compliance for the County with regards to the use of tax-exempt debt proceeds. Per the adopted policy, Denton County maintains separate accounting for the proceeds of each debt issuance, and the County will insure that the funds from separate debt issuances will not be co-mingled for accounting purposes. The policy also affirms that bond proceeds will be used only for approved purposes; that the County will meet all post-issue reporting requirements; and that the County will take no actions to endanger the tax-exempt status of the County's bonded debt. The Commissioners Court sets the level of budgetary control at the department so that Commissioners Court does not require approval of budget amendments unless the overall departmental level budget is exceeded.

Major Initiatives

Continued implementation of the facilities and transportation improvements Plan is a major priority of County management. The County purchased the Sally Beauty Supply Headquarters in 2025 with the intent to add courtrooms and other county operations and departments to meet future space needs due to our rapid growing population. The County also purchased additional land for the campus of the County's future event center and began of hotel occupancy tax collections for the project.

In November of 2022 the citizens of Denton County approved a $650 million bond package to improve public transportation across the County which is the vast majority will be used for road improvements. These bonds are planned to be

issued over a seven to ten year period when funds are needed for these projects. The first of these bonds in an amount of $114.6 million were issued in April of 2023 and $100.58 million was issued in May of 2024. An amount of $106.8 million was issued in 2025.

Tax Abatements and Economic Development

Denton County uses tax abatement agreements and Chapter 381 grants as targeted economic development tools to encourage qualifying new investment, support job creation, and promote the long-term expansion and diversification of the County's tax base. Under its economic development program, and as authorized by Chapters 311 and 312 of the Texas Tax Code and Chapter 381 of the Texas Local Government Code, the County may enter into traditional property tax abatement agreements with private investors and property owners, execute performance-based economic development grant agreements, and may participate in tax increment financing arrangements with municipalities within the County.

The County's policy is intended to encourage development that might not otherwise occur, focusing on commercial, industrial, manufacturing, corporate headquarters, technology, and broader high-impact economic development projects. To be eligible for a traditional tax abatement or Chapter 381 grant, a project must be new, not already under way, include competition for final site selection, involve significant proposed new capital investment, and create or retain full-time jobs paying at or above the Denton County average wage, as calculated utilizing the Texas Labor Market Information. Tax Increment Reinvestment Zone (TIRZ) partnerships must be expected to provide a net economic benefit to the County and support qualifying public infrastructure. These requirements are intended to direct incentives toward projects expected to produce meaningful and sustained benefits for County residents and the local economy.

Tax abatements generally reduce ad valorem taxes on qualifying real and/or tangible personal property for a defined period, thereby reducing a portion of the County's near-term tax revenue associated with the approved investment. Under Chapter 381 agreement, economic incentives may also be structured as performance-based grants. The County views this foregone revenue as an investment in long-term economic growth. Expected benefits include construction activity, new and retained employment opportunities, increased business activity, development of taxable property following the economic incentive period, and a broader property-tax base to support County services over time. For reinvestment zone agreements under Chapter 311, taxes are fully assessed and a portion of incremental tax collections is remitted to the governing authority of the applicable increment reinvestment zone to support eligible development-related activities.

The County's agreements are structured to balance the public benefit of economic development with fiscal accountability. Abatement percentages and terms are established based on the nature and expected benefits of each qualifying project, with current traditional agreements typically ranging from 25 percent to 75 percent and up to ten years in duration. The County retains the ability to recover abated taxes and disbursed funds through recapture (clawback) provisions when the investment criteria or other agreement requirements are not met.

The County monitors its tax abatement and Chapter 381 agreements for compliance with applicable investment, jobs, and wage performance requirements and evaluates incentives in the context of anticipated economic benefit to the County. Additional details regarding the County's tax abatement program, including the taxes affected, eligibility requirements, abatement mechanisms, and current-year revenue impact, are presented in Note H, Tax Abatements, in the notes to the financial statements. The County's annual budget process incorporates the anticipated effects of active abatement agreements in developing revenue projections and the final adopted budget.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Denton County for its annual comprehensive financial report (ACFR) for the fiscal year ended September 30, 2024. This was the 40th year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized ACFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated October 1, 2025. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document must be judged to be proficient in several categories, including serving as a policy document, a financial plan, an operations guide, and as a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the County Auditor's office. Credit also must be given to the Commissioners Court, County Treasurer, Budget Office, Purchasing Department and Human Resources Department for their

support for maintaining the highest standards of professionalism in the management of the County's finances.

Respectfully submitted,



Jeff May
Denton County Auditor

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Denton County
Texas

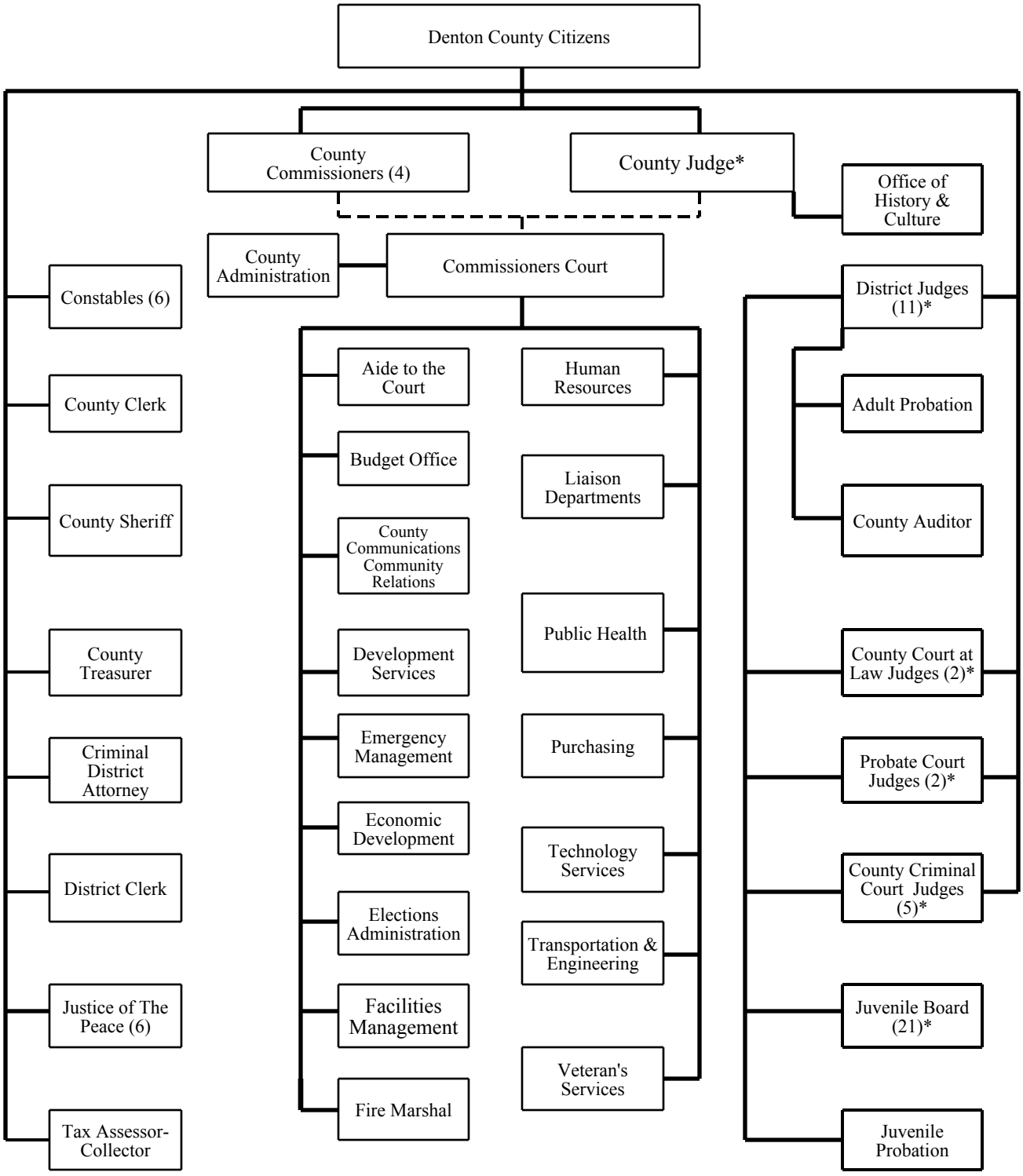
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill

Executive Director/CEO

DENTON COUNTY ORGANIZATIONAL CHART



* Members of Juvenile Board

DENTON COUNTY, TEXAS
PRINCIPAL OFFICIALS
September 30, 2025

Commissioners Court

Andy Eads	County Judge
Ryan Williams	Commissioner, Pct. 1
Kevin Falconer	Commissioner, Pct. 2
Bobbie J. Mitchell	Commissioner, Pct. 3
Dianne Edmonson	Commissioner, Pct. 4

Judicial

Sherry Shipman	Judge, 16th District Court
Steve Burgess	Judge, 158th District Court
Brody Shanklin	Judge, 211th District Court
Bruce McFarling	Judge, 362nd District Court
Brent Hill	Judge, 367th District Court
Karen Alexander	Judge, 393rd District Court
Jim Johnson	Judge, 431st District Court
Tiffany Haertling	Judge, 442nd District Court
Lee Ann Breading	Judge, 462nd District Court
Derbha Jones	Judge, 467th District Court
Michael Dickens	Judge, 477th District Court
Crystal Edmonson Levonius	Judge, 481st District Court
Kimberly McCary	Judge, County Court-at-Law 1
Robert Ramirez	Judge, County Court-at-Law 2
Lauri Ragland	Judge, County Criminal Court 1
Susan Piel	Judge, County Criminal Court 2
Forrest Beadle	Judge, County Criminal Court 3
Chance Oliver	Judge, County Criminal Court 4
Coby Waddill	Judge, County Criminal Court 5
Dave Jahn	Judge, Probate Court 1
Christopher Everett	Judge, Probate Court 2

Law Enforcement

Tracy Murphree	County Sheriff
Paul Johnson	Criminal District Attorney
Chris Alexander*	Community Supervision Director
Matt Marick*	Juvenile Probation Director

Financial Administration

Jeff May*	County Auditor
Cindy Brown	County Treasurer
Dawn Waye	Tax Assessor-Collector
Scott Arledge*	Director of Purchasing
Alejandro Moreno*	Budget Officer

Recording Officials

David Trantham	District Clerk
Juli Luke	County Clerk

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

FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

Honorable County Judge and
Commissioners' Court
Denton County, Texas

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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 *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

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

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

AICPA GAQC Member

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 and OPEB information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 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 the County's 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
November 4, 2026

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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This discussion and analysis of Denton County's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2025. The MD&A should be read in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- Denton County's assets and deferred outflows exceeded its liabilities and deferred inflows, at the close of the most recent fiscal year, by $438 million (net position). Of this amount, $292 million is restricted for specific purposes. Unrestricted net position is a deficit of $180 million.

- As of the close of the current fiscal year, Denton County's governmental funds reported combined ending fund balances of $854 million, an increase of $149 million in comparison with the prior year. Of this total amount, $155 million i*s* available for spending at the government's discretion (*unassigned fund balance*).

- At the end of the current fiscal year, unassigned fund balance for the general fund was $155 million or 62 percent of the total general fund expenditures.

- Denton County's total bonded debt increased by $51 million during the current fiscal year due to the amount of new debt issued exceeding bond payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Both of the government-wide financial statements distinguish functions of Denton County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Denton County include general government, public safety, roads and bridges, public health and judicial. The government-wide financial statements can be found on pages 11-12 of this report.

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

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

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

Denton County maintains various individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, the American Rescue Plan Fund, the Road & Bridge Fund, the 2023 PI & Refunding Bond Fund, the 2025 PI Bond Project Fund, the Local Provider Participation Fund, and the Permanent Improvement fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Denton County adopts an annual appropriated budget for the General Fund, the Debt Service Fund and for certain of the Special Revenue Funds. Budgetary comparison schedules have been provided for all budgeted funds to demonstrate compliance with this budget.

Proprietary fund. Denton County maintains one type of proprietary fund. The *internal service fund* is an accounting device used to accumulate and to allocate costs internally among Denton County's various functions. Denton County uses an internal service fund to account for its self-insurance program for employee health and dental benefits. Because this program predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* and combining and individual fund statements for the Debt Service Fund and the Special Revenue Funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Denton County, assets and deferred outflows of resources exceed liabilities and deferred inflows by $438 million at the close of the most recent fiscal year.

The largest portion of Denton County's net position represents cash and investments that are to be used for capital improvements for the County. The County's investment in capital assets (e.g., land, buildings, machinery, and equipment) is more than offset by the related debt used to acquire those assets that is still outstanding. Although Denton County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Denton County Net Position

The County's net position for the fiscal years ended September 30, 2025 and 2024 is summarized as follows:

	Governmental Activities	
	2025	2024
Current and other assets	$ 942,890,464	$ 862,563,858
Capital assets (net of depreciation)	544,514,946	454,360,335
Total assets	1,487,405,410	1,316,924,193
Deferred outflows of resources	56,546,847	58,881,361
Current and other liabilities	54,256,118	124,393,893
Long-term liabilities	941,700,144	920,789,767
Total liabilities	995,956,262	1,045,183,660
Deferred inflows of resources	110,487,612	92,419,523
Net position:		
Net investment in capital assets	325,531,982	221,098,561
Restricted	292,251,168	244,029,453
Unrestricted	(180,274,767)	(226,925,643)
Total net position	$ 437,508,383	$ 238,202,371

About $292 million of Denton County's net position represents resources that are subject to external restrictions on how they may be used. Restrictions include statutory requirements, bond covenants and granting conditions. Also, in many instances, liabilities that have affected the County's net position in a negative manner have financed non-County road projects and therefore have not resulted in a corresponding increase in County assets.

The County's net position increased by $209 million during the current fiscal year. Key components of this increase include the following:

- Cash and Investments increased by $72 million primarily because the addition of the 2025 Permanent Improvement Bond Project Fund offset the lowered amounts in the ARP Fund.
- Capital assets increased by $90 million as the County continued implementing its adopted capital improvement plan. The County made significant improvements to county buildings and equipment in 2025 including significant progress on other buildings and county roads.
- There was a large decrease in unearned revenue due to increased ARP expenditures during FY25.
- Long-term debt increased by $21 million due to new issuances exceeding continued bond payments.

	Governmental Activities	
	2025	2024
Revenues:		
Program revenues:		
Charges for services	$ 47,352,910	$ 32,929,810
Operating grants and contributions	205,950,176	77,797,297
Capital grants and contributions	-	1,431,782
General revenues:		
Property taxes	344,049,069	323,784,943
Hotel occupancy taxes	3,469,820	3,014,651
Unrestricted investment earnings	35,590,001	36,548,950
Total revenues	636,411,976	475,507,433
Expenses:		
General government	100,382,556	73,464,442
Judicial	40,915,433	37,928,844
Legal	19,318,422	18,993,688
Financial	10,362,996	10,002,826
Public facilities	18,820,794	17,961,914
Public safety	115,662,679	117,508,382
Health & welfare	29,191,470	14,801,213
Conservation	567,684	523,967
Contractual	5,444,587	4,056,590
Road maintenance	62,315,020	29,840,580
Interest on long-term debt	24,372,566	23,347,347
Total expenses	427,354,207	348,429,793
Change in net position	209,057,769	127,077,640
Net position, beginning (restated)	228,450,614	111,124,731
Net position, ending	$ 437,508,383	$ 238,202,371

Other key elements of the analysis of government-wide revenues and expenses reflect the following:

- Property tax revenues increased by $20 million during the year despite the rate decrease for 2025. The increase in revenues was due to a large increase in new construction added to the tax roll, a large increase in existing property values, and collections exceeding projections.

- Operating grants and contributions increased by $128 million, primarily due to the initial funding received from local providers for the newly established Local Provider Participation Fund and the recognition of a significant amount of American Rescue Plan Act revenue during the year.

- Primary changes in expenses resulted from an increase in ARP grant funds being spent in the current year compared to prior year, as well as a large increase in the County's pension expense caused by increase returns on TCDRS assets.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

Governmental funds. The general governmental functions are reported in the General, Special Revenue, Debt Service and Capital Projects funds. The focus of Denton County's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Denton County's annual financing and budgeting requirements. In particular, *unassigned fund balance* may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, Denton County's governmental funds reported combined ending fund balances of $854 million, an increase of $149 million in comparison with the prior year. $155 million, or approximately 18 percent of this total amount constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is divided among restricted fund balance of $698 million, assigned of $2 million, and non-spendable fund balance of $98,275. The County's ability to spend each of these types of fund balance is more limited than with unassigned fund balance, and the limitations on spending are discussed more fully in the notes to the financial statements.
Total governmental fund balances increased by $149 million in 2025, from $705.6 million to $854.4 million.

The increase reflects the combined results of governmental fund operations and other financing activities during the fiscal year.

The general fund is the chief operating fund of Denton County. At the end of the current fiscal year, unassigned fund balance of the general fund was $155 million, while total fund balance was $157 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 62% of total general fund expenditures. The fund balance of Denton County's General Fund increased by $23 million during the current fiscal year, from $133.8 million to $156.8 million. The increase resulted primarily from revenues exceeding expenditures by approximately $19.5 million, together with net other financing sources of approximately $3.5 million. Significant factors affecting the General Fund's financial results included the following:

- Tax revenues increased by approximately $7.4 million compared to the prior fiscal year, reflecting growth in the County's taxable property base and collections exceeding projections.

- General Fund expenditures increased by approximately $23.8 million, or 10.6%, compared to the prior fiscal year, primarily reflecting increased personnel costs, subscription-based information technology arrangement (SBITA) expenditures, and capital-related purchases.

- Other financing sources included $4.7 million from the issuance of SBITAs and $151,776 from the sale of capital assets, partially offset by approximately $1.3 million in transfers out.

The Debt Service Fund reported an ending fund balance of approximately $16.0 million at September 30, 2025, a decrease of $626,793 from the prior fiscal year. During fiscal year 2025, the fund recognized approximately $85.1 million in revenues, consisting primarily of $83 million in property tax revenues and $2.1 million in investment earnings. Total expenditures were approximately $85.7 million, including $59.4 million in principal payments and $26.3 million in interest payments. The decrease in fund balance resulted from debt service expenditures slightly exceeding current-year revenues. The remaining fund balance is restricted for future debt service requirements, which are primarily funded through annual property tax collections.

The American Rescue Plan Fund reported an ending fund balance of approximately $5.6 million at September 30, 2025, a decrease of approximately $10.6 million from the prior fiscal year. During fiscal year 2025, the fund recognized approximately $85 million in revenues, including $82 million in intergovernmental revenues, and incurred approximately $96.2 million in expenditures. Expenditures included approximately $63.3 million in capital outlay and $32.1 million in general government expenditures, reflecting continued use of American Rescue Plan funding for eligible County projects and activities.

The Road & Bridge Fund reported an ending fund balance of approximately $27.9 million at September 30, 2025, an increase of approximately $2.1 million from the prior fiscal year. The fund recognized approximately $17.8 million in revenues, primarily from taxes, licenses and permits, and investment earnings, and incurred approximately $15.9 million in expenditures. The increase reflects revenues exceeding expenditures, together with proceeds from the sale of capital assets. The Road & Bridge Fund is reported as a major governmental fund for fiscal year 2025 and was previously reported as a nonmajor fund.

The 2023 PI & Refunding Bond Fund reported an ending fund balance of approximately $90.8 million at September 30, 2025, a decrease of approximately $17.2 million from the prior fiscal year. During fiscal year 2025, the fund recognized $4.7 million in investment earnings and incurred approximately $21.9 million in capital outlay expenditures. The decrease in fund balance primarily reflects the continued expenditure of bond proceeds for capital improvement projects financed through the County's previously issued debt.

The 2025 PI Bond Project Fund reported an ending fund balance of approximately $111.4 million at September 30, 2025. During fiscal year 2025, the fund received approximately $106.8 million in bond proceeds and $8.7 million in bond premiums, resulting in approximately $115.6 million in other financing sources. The fund also recognized approximately $1.7 million in investment earnings and incurred approximately $5.9 million in expenditures including approximately $4.9 million in capital outlay and $1 million in bond issuance costs. The ending fund balance represents resources available for future capital improvement projects financed through the County's 2025 bond issuance.

The Local Provider Participation Fund reported an ending fund balance of approximately $70.5 million at September 30, 2025. During fiscal year 2025, the fund recognized approximately $85.8 million in revenues, consisting primarily of fees of office, and incurred approximately $15.2 million in health and welfare expenditures. Revenues exceeding expenditures resulted in the fund's $70.5 million ending balance. These resources are restricted for activities associated with the County's Local Provider Participation program.

The Permanent Improvement Fund reported an ending fund balance of approximately $77.1 million at September 30, 2025, a decrease of approximately $23.2 million from the prior fiscal year. The fund recognized approximately $17.3 million in revenues, primarily from taxes and investment earnings, and incurred approximately $40.4 million in capital outlay expenditures. The decrease in fund balance primarily reflects the use of accumulated resources to finance capital improvement projects during fiscal year 2025.

The County's nonmajor governmental funds reported a combined fund balance of approximately $298.2 million at September 30, 2025, consisting of $99.8 million in nonmajor special revenue funds and $198.4 million in nonmajor capital projects funds. During fiscal year 2025, the Road & Bridge Fund was reclassified from a nonmajor governmental fund to a major governmental fund and is presented separately in the current-year financial statements. This change in presentation does not affect the County's total governmental fund balance.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County budget is prepared in accordance with financial policies approved by the Commissioners Court, and in accordance with accounting principles generally accepted in the United States. The budget is prepared by the Budget Officer and approved by the Commissioners Court. The approved budget is used as a management control device during the year, and appropriations are set at the expenditure line-item level. Budgetary transfers between departments must be approved by the Commissioners Court.

The General Fund's final amended expenditure and other financing use appropriations increased by approximately $17.2 million, from $251,347,339 in the original adopted budget to $268,546,744. Significant changes included additional appropriations for transfers, capital assets, personnel costs, repairs and maintenance, and operational supplies, partially offset by reductions in miscellaneous services.

During fiscal year 2025, General Fund revenues generally exceeded budgetary estimates, while expenditures and other financing uses remained below final amended appropriations. Major variances include:

- Property tax revenues exceeded the final amended budget by approximately $1.5 million, reflecting collections above budgetary estimates.

- Intergovernmental revenues exceeded the final amended budget by approximately $5.7 million. The favorable variance reflects revenues recognized above budgeted amounts, including intergovernmental receipts and reimbursements.

- Total General Fund expenditures were approximately $8.5 million below final amended appropriations. In addition, transfers out were $9.5 million below budget, resulting in a combined favorable variance of approximately $18 million. Significant unexpended appropriations included countywide technology, county vehicles, and other general government activities. Sheriff Operations expenditures exceeded budgeted amounts due to higher-than-anticipated costs associated with maintaining law enforcement services. Debt service expenditures exceeded budget because payments related to SBITAs were budgeted within the respective operating departments rather than as debt service.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Denton County’s investment in capital assets for its governmental activities as of September 30, 2025 totals over $544.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, roads, and bridges.

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

- A variety of construction projects were initiated or continued at a cost of over $54 million. The majority of this amount relates to progress on the Sally Building totaling $45.5 million.

- The Billingsley Property was purchased and put into use during fiscal year 2025.

- The issuance of Subscription Based IT Agreements during fiscal year 2025 totaled $5.7 million.

Additional information of Denton County’s capital assets can be found in note III.D to the financial statements.

Denton County's Capital Assets (net of depreciation)

	Governmental Activities	
	2025	2024
Land	$ 86,960,836	$ 68,011,985
Buildings and improvements	268,265,856	248,326,802
Machinery and equipment	31,871,452	28,489,793
Infrastructure	66,868,621	71,094,519
SBITAs	17,860,663	18,004,122
Construction in progress	72,687,518	20,433,114
Total capital assets	$ 544,514,946	$ 454,360,335

Long-term debt. At the end of the current fiscal year, Denton County had total bonded debt outstanding of $771.1 million. Article 3, Section 52e of the Texas Constitution establishes the County's outstanding debt limit at an amount no greater than 25% of its real property valuation. Denton County's total bonded debt increased by $51 million during the current fiscal year. Denton County issued one new debt issues during 2025 totaling $115.6 million.

Denton County maintained a bond rating of "AAA" in 2025 by Moody's for its general obligation debt, which has held since first being upgraded to that level in 2009 from "AA+" by Standard & Poor's. Both ratings agencies cite the County's growing tax base, growing population, and strong financial management policies as rationale for the continued strong rating. Additional information on Denton County's long-term debt can be found in note III. F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for Denton County was 4.0 percent in September 2025, compared to 3.7 percent in September 2024. The County's unemployment rate remained below the Texas rate of 4.1 percent and the national rate of 4.4 percent.
- New construction and improvements added approximately $6.2 billion in taxable property value to Denton County's tax rolls for tax year 2025, contributing to growth in the County's property tax base supporting the fiscal year 2026 budget.
- The adopted budget for fiscal year 2026 increased to $452.2 million from $416.4 million in fiscal year 2025, representing an increase of $35.7 million, or 8.6%. The increase was primarily attributable to higher personnel costs and additional appropriations for capital improvements, facilities maintenance, and technology-related services. Significant capital appropriations included $6.6 million for the Phase II Electrical and Generator Project, while the Permanent Improvement Fund budget also included $4.4 million for preventative maintenance.
- The County's budgeted annual employer contribution for employee health insurance remained unchanged at $10,875 per eligible employee for fiscal year 2026, consistent with fiscal year 2025.
- The adopted debt service budget for fiscal year 2026 totaled $86.3 million, compared to $84.4 million in fiscal year 2025, representing an increase of $2 million, or 2.3%. These appropriations provide for scheduled principal and interest payments on the County's outstanding debt obligations.
- The County's certified net taxable property valuation increased by approximately $14.7 billion, or 7.6%, for tax year 2025, which supports the fiscal year 2026 budget. The increase reflects continued growth in the County's property tax base.

All these factors were considered in preparing Denton County's budget for the 2026 fiscal year.

As of September 30, 2025, the Permanent Improvement Fund had a calculated fund balance of approximately $77.1 million, a decrease of $23.2 million from the prior fiscal year. The fiscal year 2026 adopted budget includes $34.4 million in appropriations for capital improvements, infrastructure, and facilities maintenance, compared to $15.8 million in budgeted revenues. The resulting $18.6 million budgeted funding difference is expected to be supported by existing fund reserves. Actual use of fund balance will depend on revenues received and expenditures incurred during fiscal year 2026.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Denton County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Auditor's Office, 1 Courthouse Dr., Suite 2000, Denton, Texas, 76208.

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BASIC
FINANCIAL STATEMENTS

DENTON COUNTY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2025

	Governmental Activities
ASSETS	
Cash	$ 76,803,088
Investments	841,807,323
Receivables:	
Taxes	4,213,240
Accrued interest	-
Other receivables	322,697
Fines receivable, less allowance for uncollectables	17,918,533
Due from other governments	1,727,308
Inventory	98,275
Capital assets not being depreciated	159,648,354
Capital assets, net of accumulated depreciation	384,866,592
Total assets	1,487,405,410
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refundings	9,066,267
Related to pensions	21,864,133
Related to OPEB	25,616,447
Total deferred outflows of resources	56,546,847
LIABILITIES	
Accounts payable	18,194,327
Wages payable	5,901,455
Interest payable	6,284,566
Due to other governments	1,434,569
Unearned revenue	22,441,201
Noncurrent liabilities:	
Due within one year:	
Total OPEB liability	2,800,000
Long-term debt	57,146,672
Due in more than one year:	
Long-term debt	754,957,847
Arbitrage payable	8,018,342
Net pension liability	27,059,666
Total OPEB liability	91,717,617
Total liabilities	995,956,262
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	6,317,460
Related to OPEB	104,170,152
Total deferred inflows of resources	110,487,612
NET POSITION	
Net investment in capital assets	325,531,982
Restricted for:	
Debt service	10,758,901
Road and bridge	27,972,445
Economic development	6,733,814
Records management	20,896,399
Juvenile probation	20,486,135
Health and welfare	103,178,941
Law enforcement	13,069,301
Technology and security	2,995,103
Capital projects - permanent improvement	77,138,654
General government	9,021,475
Unrestricted	(180,274,767)
Total net position	$ 437,508,383

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

DENTON COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:				
General government	$ 100,382,556	$ 16,215,817	$ 98,505,574	$ 14,338,835
Judicial	40,915,433	17,845,709	1,337,359	(21,732,365)
Legal	19,318,422	467,702	221,500	(18,629,220)
Financial	10,362,996	3,968,641	-	(6,394,355)
Public facilities	18,820,794	130,484	-	(18,690,310)
Public safety	115,662,679	7,631,934	4,976,736	(103,054,009)
Health & welfare	29,191,470	550,535	91,800,632	63,159,697
Conservation	567,684	-	-	(567,684)
Contractual	5,444,587	-	1,164,982	(4,279,605)
Road maintenance	62,315,020	542,088	7,943,393	(53,829,539)
Interest on long-term debt	24,372,566	-	-	(24,372,566)
Total	$ 427,354,207	$ 47,352,910	$ 205,950,176	(174,051,121)
General revenues:				
Property taxes				344,049,069
Hotel occupancy taxes				3,469,820
Unrestricted investment earnings				35,590,001
Total general revenues				383,108,890
Change in net position				209,057,769
Net position - beginning, as previously reported				211,416,568
Restatements:				
Change in accounting principle				(9,751,757)
Error correction				26,785,803
Total restatements				17,034,046
Net position - beginning, as restated				228,450,614
Net position - ending				$ 437,508,383

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

DENTON COUNTY, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	General	Debt Service	American Rescue Plan	Road & Bridge
ASSETS				
Cash	$ 1,503,900	$ 309,900	$ -	$ 404,246
Investments	169,325,612	15,724,085	38,434,603	28,369,007
Receivables:				
Taxes	2,638,812	996,296	-	89,112
Fees	3,016,545	13,236	-	878,929
Other receivables	301,697	-	-	-
Due from other funds	3,317,261	-	-	760
Due from other governments	-	-	-	-
Inventories	98,275	-	-	-
Total assets	180,202,102	17,043,517	38,434,603	29,742,054
LIABILITIES				
Accounts payable	5,001,727	50	394,158	1,182,214
Wages payable	4,868,463	-	-	204,944
Due to other funds	5,595,757	-	20,075,566	336,379
Due to other governments	888,719	-	545,850	-
Unearned revenue	3,142,002	-	11,846,774	46,072
Total liabilities	19,496,668	50	32,862,348	1,769,609
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	2,638,812	996,296	-	89,112
Unavailable revenue - fines, fees, and court costs	1,221,176	-	-	-
Unavailable revenue - grants	-	-	-	-
Total deferred inflows of resources	3,859,988	996,296	-	89,112
Fund balances:				
Nonspendable	98,275	-	-	
Restricted	-	16,047,171	5,572,255	27,883,333
Assigned	2,047,000	-	-	-
Unassigned	154,700,171	-	-	-
Total fund balances	156,845,446	16,047,171	5,572,255	27,883,333
Total liabilities, fund balances, and deferred inflows of resources	$ 180,202,102	$ 17,043,517	$ 38,434,603	$ 29,742,054

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

2023 PI & Refunding Bond Fund	2025 PI Bond Project Fund	Local Provider Participation Fund	Permanent Improvement Fund	Nonmajor Funds	Total Governmental Funds
$ -	$ -	$ 36,479,753	$ 23,835	$ 7,199,285	$ 45,920,919
92,769,005	114,505,684	28,486,680	59,991,363	294,201,284	841,807,323
-	-	-	68,938	420,082	4,213,240
-	-	12,604,024	2,267	1,403,532	17,918,533
-	-	-	21,000	-	322,697
552,899	-	83,365	17,635,568	7,630,580	29,220,433
-	-		-	1,727,308	1,727,308
-	-	-	-	-	98,275
93,321,904	114,505,684	77,653,822	77,742,971	312,582,071	941,228,728
2,478,102	2,750,084	-	535,379	2,902,613	15,244,327
-	-	-	-	828,048	5,901,455
-	381,331	-	-	2,831,400	29,220,433
-	-	-	-	-	1,434,569
-	-	-	-	7,406,353	22,441,201
2,478,102	3,131,415	-	535,379	13,968,414	74,241,985
-	-	-	-	420,082	4,144,302
-	-	7,105,604	-	-	8,326,780
-	-	-	68,938	-	68,938
-	-	7,105,604	68,938	420,082	12,540,020
		-	-	-	98,275
90,843,802	111,374,269	70,548,218	77,138,654	298,193,575	697,601,277
-	-	-	-	-	2,047,000
-	-	-	-	-	154,700,171
90,843,802	111,374,269	70,548,218	77,138,654	298,193,575	854,446,723
$ 93,321,904	$ 114,505,684	$ 77,653,822	$ 77,742,971	$ 312,582,071	$ 941,228,728

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DENTON COUNTY, TEXAS

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

SEPTEMBER 30, 2025

Total fund balances - governmental funds balance sheet	$	854,446,723
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet. The net effect is to increase net position.		544,514,946
Certain assets, such as property taxes receivable and imposed fines receivable, are not available to pay for current-period expenditures and, therefore, are deferred inflows in the governmental funds. Unavailable revenue recognized in the government-wide financial statements results in a net increase to net position.		
Unavailable revenue - property taxes		4,144,302
Unavailable revenue - grants		68,938
Court fines receivable		8,326,780
Deferred charge on bond refunding		9,066,267
Long-term liabilities, including bonds payable, sbitas, compensated absences, and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported in the governmental funds. The net effect is a decrease in net position.		
Bonds and tax notes payable		(721,100,000)
Premium on bonds		(50,001,542)
SBITAs		(15,044,123)
Compensated absences		(25,958,854)
Arbitrage		(8,018,342)
Payables for bond interest that are not due in the current period are not reported in the funds.		(6,284,566)
Internal service funds are used to charge costs related to self-funded health insurance to other funds. The assets and liabilities of the internal service fund are reported with governmental activities in the statement of net position.		27,932,169
Included in long-term items are the Net Pension Liability and the Total OPEB Liability. The statement of net position reports those assets and liabilities as well as deferred inflows and outflows of resources related to pensions and OPEB. The net effect is a decrease to net position.		
Net pension liability		(27,059,666)
Deferred outflows related to pensions		21,864,133
Deferred inflows related to pensions		(6,317,460)
Total OPEB liability		(94,517,617)
Deferred outflows related to OPEB		25,616,447
Deferred inflows related to OPEB		(104,170,152)
Net position of governmental activities	$	437,508,383

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

DENTON COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General	Debt Service	American Rescue Plan	Road & Bridge*
REVENUES				
Taxes	$ 212,318,892	$ 82,992,144	$ -	$ 8,106,210
Licenses and permits	7,956,666	-	-	8,126,680
Intergovernmental	13,460,187	-	82,049,082	324,918
Fees of office	17,614,885	-	-	-
Fines and forfeitures	5,359,647	-	-	-
Interest	9,367,255	2,067,179	2,907,998	1,265,926
Miscellaneous	2,621,988	-	-	-
Total revenues	268,699,520	85,059,323	84,957,080	17,823,734
EXPENDITURES				
Current:				
General government	46,577,163	-	32,122,198	-
Judicial	39,170,436	-	-	-
Legal	20,150,019	-	-	-
Financial	10,979,165	-	-	-
Public facilities	18,998,748	-	-	-
Public safety	97,002,612	-	-	-
Health & welfare	54,680	-	28,662	-
Conservation	601,920	-	-	-
Roads	-	-	-	12,123,132
Capital outlay	4,876,976	-	63,269,949	3,720,209
Debt service:				
Principal	4,442,824	59,415,000	640,658	62,307
Interest	203,556	26,260,405	169,496	3,603
Bond issuance costs	-	10,711	-	-
Intergovernmental	6,129,320	-	-	-
Total expenditures	249,187,419	85,686,116	96,230,963	15,909,251
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	19,512,101	(626,793)	(11,273,883)	1,914,483
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	-	-	-	-
Premium on bonds issued	-	-	-	-
Issuance of SBITA	4,679,872	-	639,888	-
Sale of capital assets	151,776	-	-	175,089
Transfers in	-	-	-	-
Transfers out	(1,313,747)	-	-	-
Total other financing sources and uses	3,517,901	-	639,888	175,089
NET CHANGE IN FUND BALANCE	23,030,002	(626,793)	(10,633,995)	2,089,572
FUND BALANCES - BEGINNING, AS PREVIOUSLY REPORTED	133,815,444	16,673,964	16,206,250	-
ADJUSTMENTS				
Change within the financial reporting entity	-	-	-	25,793,761
FUND BALANCE, BEGINNING, AS RESTATED	133,815,444	16,673,964	16,206,250	25,793,761
FUND BALANCE, ENDING	$ 156,845,446	$ 16,047,171	$ 5,572,255	$ 27,883,333

*Previously a nonmajor fund.

2023 PI & Refunding Bond Fund	2025 PI Bond Project Fund	Local Provider Participation Fund	Permanent Improvement Fund	Nonmajor Funds	Total Governmental Funds
$ -	$ -	$ -	$ 14,212,189	$ 29,297,397	$ 346,926,832
-	-	-	-	-	16,083,346
-	-	-	-	14,503,831	110,338,018
-	-	85,674,876	-	5,898,124	109,187,885
-	-	-	-	758,463	6,118,110
4,672,148	1,721,416	89,971	3,039,341	13,431,393	38,562,627
-	-	-	-	1,810,440	4,432,428
4,672,148	1,721,416	85,764,847	17,251,530	65,699,648	631,649,246
-	-	-	-	6,001,443	84,700,804
-	-	-	-	1,520,035	40,690,471
-	-	-	-	883,076	21,033,095
-	-	-	-	69,968	11,049,133
-	-	-	-	-	18,998,748
-	-	-	-	23,093,927	120,096,539
-	-	15,216,629	-	14,938,160	30,238,131
-	-	-	-	-	601,920
-	-	-	-	-	12,123,132
21,889,430	4,947,147	-	40,420,678	26,469,742	165,594,131
-	-	-	-	391,557	64,952,346
-	-	-	-	301,266	26,938,326
-	951,903	-	-	-	962,614
-	-	-	-	-	6,129,320
21,889,430	5,899,050	15,216,629	40,420,678	73,669,174	604,108,710
(17,217,282)	(4,177,634)	70,548,218	(23,169,148)	(7,969,526)	27,540,536
-	106,845,000	-	-	-	106,845,000
-	8,706,903	-	-	-	8,706,903
-	-	-	-	67,801	5,387,561
-	-	-	-	10,336	337,201
-	-	-	-	1,313,747	1,313,747
-	-	-	-	-	(1,313,747)
-	115,551,903	-	-	1,391,884	121,276,665
(17,217,282)	111,374,269	70,548,218	(23,169,148)	(6,577,642)	148,817,201
108,061,084	-	-	100,307,802	330,564,978	705,629,522
-	-	-	-	(25,793,761)	-
108,061,084	-	-	100,307,802	304,771,217	705,629,522
$ 90,843,802	$ 111,374,269	$ 70,548,218	$ 77,138,654	$ 298,193,575	$ 854,446,723

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

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DENTON COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Net change in fund balances - total governmental funds	$	148,817,201
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect is to increase net position.		123,777,266
Depreciation expense is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation. The net effect of recording current year depreciation expense is to decrease net position.		(30,878,920)
In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.		
Sale of assets		(2,743,735)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		592,057
Court fines		7,287,817
Grants		(144,518)
Long-term debt principal payments are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements. This results in an increase in net position.		64,952,346
Issuances of bonds, notes, and SBITAs		(120,939,464)
Internal service funds are used by management to charge the costs to account for group medical self-insurance and flexible spending accounts of employees. The net revenue/(loss) is reported with governmental activities.		(1,519,770)
Some expenses reported in the statement of activities (e.g. accrued compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences		(3,615,928)
Amortization of premiums and deferred loss		4,184,331
Interest payable on long-term debt		(655,957)
OPEB expense		7,823,150
Pension expense		15,094,519
Arbitrage		(2,972,626)
Change in net position of governmental activities	$	209,057,769

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

DENTON COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 201,330,495	$ 210,830,495	$ 212,318,892	$ 1,488,397
Licenses and permits	8,500,000	8,500,000	7,956,666	(543,334)
Intergovernmental	7,482,937	7,797,244	13,460,187	5,662,943
Fees of office	17,366,400	17,396,312	17,614,885	218,573
Fines and forfeitures	3,875,000	3,875,000	5,359,647	1,484,647
Interest	9,010,000	9,010,000	9,367,255	357,255
Miscellaneous	2,239,300	2,567,948	2,621,988	54,040
Total revenues	249,804,132	259,976,999	268,699,520	8,722,521
EXPENDITURES				
Current:				
General government:				
Commissioners Court	282,778	282,778	267,516	15,262
Commissioner, precinct #1	352,403	352,403	344,928	7,475
Commissioner, precinct #2	352,676	352,676	341,060	11,616
Commissioner, precinct #3	352,404	352,404	346,662	5,742
Commissioner, precinct #4	349,391	349,391	331,911	17,480
County Judge	678,577	691,546	683,818	7,728
Bail Bond Board	4,860	4,860	1,683	3,177
Economic development	185,521	190,391	151,396	38,995
County communications	643,361	661,811	579,566	82,245
County administration	648,892	675,835	576,904	98,931
County Clerk	6,795,419	6,804,353	6,418,402	385,951
County Vehicles	3,033,720	5,415,073	2,392,673	3,022,400
Human resources	1,745,329	1,791,928	1,698,932	92,996
Purchasing department	2,201,473	2,201,560	2,128,921	72,639
Vehicle maintenance department	593,834	595,147	591,364	3,783
Non-departmental	10,283,045	5,072,920	3,619,364	1,453,556
Financial information systems	724,625	819,919	805,218	14,701
Technology services	3,189,027	3,347,803	2,969,225	378,578
Application development	2,365,165	2,362,405	2,311,841	50,564
Print/mail department	419,579	426,544	387,936	38,608
Development services	2,179,953	2,302,465	1,953,740	348,725
Public works/geographic info sys	769,150	825,868	791,714	34,154
Office of History & Culture	852,269	888,975	819,705	69,270
Records management department	978,108	1,053,707	910,556	143,151
HOT Funds Tourism Grant	-	-	-	-
Information security	2,429,494	2,498,297	2,370,951	127,346
Veterans Service Office	884,528	884,528	852,660	31,868
Elections administration dept	6,819,255	6,812,233	6,022,518	789,715
County wide technology	9,099,858	10,551,299	5,905,999	4,645,300
Total general government	59,214,694	58,569,119	46,577,163	11,991,956

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

DENTON COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Judicial:				
County Court Shared	$ 100,130	$ 99,730	$ 24,163	$ 75,567
Judiciary and Court Support	441,080	441,480	420,761	20,719
District Court appointment representation	8,320,000	8,033,720	7,332,934	700,786
County Court appointment representation	2,200,000	2,581,209	2,581,209	-
16th District Court	447,360	508,435	493,779	14,656
158th District Court	454,775	516,637	491,778	24,859
211th District Court	556,581	676,690	643,241	33,449
362nd District Court	434,521	493,105	448,788	44,317
367th District Court	410,513	471,647	450,579	21,068
393rd District Ct - Family Law	361,290	342,050	336,245	5,805
431st District Court	351,383	343,983	313,768	30,215
442nd District Court	389,737	428,477	413,150	15,327
County Court at Law No. 1	609,321	618,228	613,549	4,679
462nd District Court	457,474	484,461	471,167	13,294
467th District Court	374,585	413,385	369,220	44,165
Magistrate Court	1,028,393	1,305,213	1,231,120	74,093
481st District Court	377,140	373,140	331,172	41,968
County Criminal Court #2	547,128	557,129	552,604	4,525
477th District Court	319,652	282,152	209,207	72,945
County Court at Law #2 / Civil	578,918	578,918	566,947	11,971
Probate Court	853,459	853,706	807,017	46,689
County Criminal Court #1	525,956	530,100	514,672	15,428
County Criminal Court #3	708,600	708,334	675,841	32,493
County Criminal Court #4	570,310	620,900	619,264	1,636
County Criminal Court #5	619,753	675,753	653,698	22,055
District Clerk	4,137,478	4,193,639	3,873,053	320,586
Probate Court #2	699,420	699,664	649,986	49,678
Probate Court Administration	2,089,924	2,168,502	2,013,137	155,365
County Court Administrator	234,703	236,222	226,795	9,427
Justice of the Peace, Pct 1	604,084	604,320	589,992	14,328
Justice of the Peace, Pct 2	546,114	546,114	525,349	20,765
Justice of the Peace, Pct 3	613,585	615,674	575,731	39,943
Justice of the Peace, Pct 4	517,424	517,513	500,443	17,070
Justice of the Peace, Pct 5	631,732	631,732	558,540	73,192
Justice of the Peace, Pct 6	569,541	569,630	551,951	17,679
Juvenile Case Manager	31,867	31,867	5,438	26,429
District Court Administrator	450,692	443,117	422,999	20,118
Jury and Grand Jury	360,910	390,357	328,931	61,426
Justice information system	3,799,082	4,331,334	2,823,725	1,507,609
Death Investigation/Med Exmnr	2,387,652	3,285,354	3,381,562	(96,208)
Collections department	582,259	590,837	576,931	13,906
Total judicial	40,294,526	42,794,458	39,170,436	3,624,022

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

DENTON COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Legal:				
Criminal District Attorney	$ 16,981,604	$ 16,985,373	$ 16,140,718	$ 844,655
Criminal DA - CPS Division	1,762,724	1,784,803	1,662,165	122,638
Criminal DA - Civil Division	2,389,673	2,389,673	2,347,136	42,537
Total legal	21,134,001	21,159,849	20,150,019	1,009,830
Financial:				
County Auditor	2,333,666	2,333,666	2,220,767	112,899
County Treasurer	966,232	971,133	897,959	73,174
Tax Assessor-Collector	7,121,254	7,343,733	7,045,823	297,910
Budget Director	846,331	846,331	814,616	31,715
Total financial	11,267,483	11,494,863	10,979,165	515,698
Public facilities:				
Carroll bldg-co administration	91,591	91,591	65,634	25,957
Denton County courts building	653,347	741,941	702,672	39,269
Construction management	809,516	809,516	563,991	245,525
DA annex	37,021	37,021	28,795	8,226
Law building 121 N Woodrow	48,449	50,832	46,823	4,009
Courthouse on the square	173,924	152,924	132,497	20,427
Emergency management facility	98,235	98,235	54,286	43,949
Denton County storage building	15,909	15,909	10,567	5,342
Historical park facilities	36,955	36,955	29,111	7,844
Admin facility 3900 Morse	212,036	219,286	213,396	5,890
1804-1808 Cornell	-	31,000	28,112	2,888
Corinth THR	-	48,053	48,053	-
Precinct 3 govt center	200,816	200,816	192,321	8,495
Mary & Jim Horn govt center	157,532	157,532	140,692	16,840
Loop 288 - elections/technology	313,616	317,566	312,036	5,530
Loop 288 - facilities/TABC/parks	48,874	48,874	42,625	6,249
Loop 288 - CSCD	78,900	78,900	72,314	6,586
Lee Walker government center	90,520	90,520	79,545	10,975
Pct 4 govt center	152,810	152,810	132,418	20,392
Loop 288 - phase I	249,695	249,695	194,880	54,815
Loop 288 - central plant	365,946	358,312	358,129	183
Sandy Jacobs government center	88,927	92,027	92,754	(727)
Steven E Copeland govt center	121,473	121,473	109,519	11,954
Briarwood	356,572	273,089	117,160	155,929
Hulcher Building	56,971	60,018	58,588	1,430
Charlie Cole building	592,868	608,585	604,283	4,302
Law enforcement facility	4,257,580	4,363,945	3,980,898	383,047
Facilities management	7,409,496	7,999,398	6,933,625	1,065,773
Vehicle maintenance facility	34,546	38,135	31,841	6,294
Operations-recycling dept	76,601	76,601	67,124	9,477
Telephone department	3,451,888	3,485,475	3,168,678	316,797
Pct 2 govt center - Frisco	107,979	108,979	90,169	18,810
Loop 288 - administrative courthouse	339,271	339,271	295,212	44,059
Total public facilities	20,729,864	21,555,284	18,998,748	2,556,536

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

DENTON COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Public safety:				
County jail	$ 32,020,732	$ 36,798,809	$ 36,663,373	$ 135,436
Jail health department	6,028,018	6,035,022	5,563,698	471,324
Sheriff - administration	6,718,506	7,063,573	6,490,887	572,686
Sheriff's communications division	4,341,349	3,528,659	3,500,719	27,940
Sheriff - operations	15,779,903	15,221,310	19,770,952	(4,549,642)
DISD school resource office	-	137,584	106,943	30,641
Sheriff's mental health unit	1,187,999	1,195,055	1,178,910	16,145
Justice management division	9,539,980	9,359,591	9,234,992	124,599
Sheriff's reserve unit	-	-	505	(505)
DCTA interlocal contract	-	137,584	130,050	7,534
Copper Canyon interlocal contract	-	-	2,775	(2,775)
CSCD (general fund)	-	-	3,160	(3,160)
Juvenile	-	1,800	1,800	-
Constable, pct. 1	1,104,934	1,129,781	1,031,155	98,626
Constable, pct. 2	1,093,692	1,116,145	1,039,572	76,573
Constable, pct. 3	1,394,937	1,432,965	1,392,688	40,277
Constable, pct. 4	1,065,831	1,088,806	1,018,184	70,622
Constable, pct. 5	1,207,830	1,230,566	1,185,810	44,756
Constable, pct. 6	1,387,849	1,358,421	1,252,177	106,244
Fire and ambulance services	4,829,991	4,829,991	4,523,299	306,692
Department of Public Safety	232,402	232,402	155,106	77,296
Alcoholic Beverage Commission	2,350	2,350	1,142	1,208
Fire Code Enforcement	1,297,306	1,319,950	1,165,385	154,565
Office of Emergency Management	1,582,119	1,812,754	1,585,973	226,781
Game warden	3,008	3,258	2,595	663
Dept of Emergency Services	-	-	762	(762)
Total public safety	90,818,736	95,036,376	97,002,612	(1,966,236)
Health & welfare:				
Child protective services	146,000	146,000	54,680	91,320
Total health & welfare	146,000	146,000	54,680	91,320
Conservation:				
County extension	629,225	629,270	601,920	27,350
Total conservation	629,225	629,270	601,920	27,350
Intergovernmental:				
Contract services	6,052,810	6,347,778	6,129,320	218,458
Total intergovernmental	6,052,810	6,347,778	6,129,320	218,458
Capital outlay:				
SBITA financing	-	-	4,876,976	(4,876,976)
Total capital outlay	-	-	4,876,976	(4,876,976)

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

DENTON COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Debt service:				
Principal	$ -	$ -	$ 4,442,824	$ (4,442,824)
Interest	-	-	203,556	(203,556)
Total debt service	-	-	4,646,380	(4,646,380)
Total expenditures	250,287,339	257,732,997	249,187,419	8,545,578
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(483,207)	2,244,002	19,512,101	17,268,099
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	151,776	151,776
Issuance of SBITA	-	-	4,679,872	4,679,872
Transfers in	-	-	-	-
Transfers out	(1,060,000)	(10,813,747)	(1,313,747)	9,500,000
Total other financing sources (uses)	(1,060,000)	(10,813,747)	3,517,901	14,331,648
NET CHANGE IN FUND BALANCE	(1,543,207)	(8,569,745)	23,030,002	31,599,747
FUND BALANCE, BEGINNING	133,815,444	133,815,444	133,815,444	-
FUND BALANCE, ENDING	$ 132,272,237	$ 125,245,699	$ 156,845,446	$ 31,599,747

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

DENTON COUNTY, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUND

SEPTEMBER 30, 2025

	Governmental Activities
	Internal Service
ASSETS	
Current assets:	
Cash	$ 30,882,169
Total assets	30,882,169
LIABILITIES	
Current liabilities:	
Accounts payable	2,950,000
Total liabilities	2,950,000
NET POSITION - UNRESTRICTED	$ 27,932,169

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

DENTON COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Governmental Activities
	Internal Service
OPERATING REVENUES	
Charges for services	$ 36,484,202
Total operating revenues	36,484,202
OPERATING EXPENSES	
Incurred claims	28,139,091
Estimated claims	2,950,000
Administrative expenses	5,381,322
Reinsurance premiums	1,533,559
Total operating expenses	38,003,972
OPERATING INCOME (LOSS)	(1,519,770)
TOTAL NET POSITION, BEGINNING	29,451,939
TOTAL NET POSITION, ENDING	$ 27,932,169

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

DENTON COUNTY, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Governmental Activities
	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for services	$ 36,484,202
Payments for claims	(30,123,896)
Payments for administrative services	(5,381,322)
Payments for reinsurance	(1,533,559)
Net cash provided (used) by operating activities	(554,575)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(554,575)
CASH AND CASH EQUIVALENTS, BEGINNING	31,436,744
CASH AND CASH EQUIVALENTS, ENDING	$ 30,882,169
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	$ (1,519,770)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Assets and liabilities:	
Increase (decrease) in accounts payable	965,195
Net cash provided by (used) operating activities	$ (554,575)

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

DENTON COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

SEPTEMBER 30, 2025

	Custodial Funds
ASSETS	
Cash and investments	$ 79,862,694
Total assets	79,862,694
LIABILITIES	
Due to other governments	1,302,151
Total liabilities	1,302,151
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	78,560,543
Total net position	$ 78,560,543

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

DENTON COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Custodial Funds
ADDITIONS	
Taxes and fees collected on behalf of other governments	$ 4,081,543,324
Contributions from other governments	4,503,040
Receipts from court orders	219,216,146
Bonds received	10,473,651
Interest earnings	2,039,638
Total additions	4,317,775,799
DEDUCTIONS	
Disbursements to beneficiaries	216,273,152
Bonds refunded	10,674,501
Disbursements on behalf of other governments	8,927,403
Taxes and fees disbursed to other governments	4,073,857,932
Total deductions	4,309,732,988
CHANGE IN FIDUCIARY NET POSITION	8,042,811
NET POSITION, BEGINNING	70,517,732
NET POSITION, ENDING	$ 78,560,543

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

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NOTES TO THE FINANCIAL STATEMENTS

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I. Summary of Significant Accounting Policies

A. Reporting Entity

Denton County is a political subdivision of the State of Texas. The Commissioners Court, which is made up of four commissioners and the County Judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The accompanying financial statements present the County and all activities for which the County is considered to be financially accountable. Generally accepted accounting principles require all funds that are controlled by or are dependent on the Commissioners Court to be included in the County's Annual Comprehensive Financial Report. Control or dependence was determined on the basis of selection of governing authority, ability to influence operations and accountability over fiscal matters. This financial report includes only Denton County as no other governmental entities meet the criteria for inclusion.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements, but interfund services provided and used are not eliminated in the process of consolidating the County's financial activities. Denton County reports only *governmental activities* which are primarily supported by taxes, charges for services, and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds, even though the latter are excluded from the government-wide financial statement. The General Fund; the Debt Service Fund; and the American Rescue Plan Act Fund are the County's major individual governmental funds, and they are reported in separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and *the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the end of the fiscal year. Expenditures generally are recorded when a liability is incurred, as is the case 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, licenses, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

Denton County reports the following major governmental funds:

The ***General Fund*** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Major revenue sources include property taxes, fees for services, intergovernmental revenues and interest earnings. Primary expenditures are for general administration, judicial, legal, public facilities, public safety, and public health.

The ***Debt Service Fund*** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The ***American Rescue Plan Act Fund*** is used to account for the receipt and expenditure of funding received by the federal government under the Coronavirus State and Local Fiscal Recovery Fund.

The ***Road and Bridge Fund*** accounts for the rehabilitation, repair and maintenance of the County's roadways and bridges. The Road and Bridge Fund is financed by a designated part of the annual property tax levy, as well as certain statutory fees.

The ***2023 PI & Refunding Bond Fund*** accounts for the receipt and expenditure of Permanent Improvement Bond proceeds issued to fund technological improvements, the construction of county buildings, and various road projects in the County.

The ***2025 PI Bond Project Fund*** accounts for the receipt and expenditure of 2025 Permanent Improvement Bond proceeds issued to construct and improve roads throughout the County.

The ***Local Provider Participation Fund*** was established to allow local hospital providers to access more federal funds, to ensure access to care, and reduce the level of uncompensated care in the community. The County is authorized to collect a mandatory payment from each institutional health care provider located in the County and to use the funds for certain intergovernmental transfers and indigent care programs.

The ***Permanent Improvement Fund*** accounts for the receipt and expenditure of Permanent Improvement Bond proceeds issued to fund technological improvements, the construction of county buildings, and various road projects in the County.

Non-major funds include Special Revenue Funds and Capital Project Funds.

Additionally, the government reports the following fund types:

The proprietary fund is an internal service fund that is used to account for the County's group medical self-insurance program. The measurement focus of the internal service fund is upon the determination of net income, financial position and cash flows. Revenues are derived from County contributions, employee and retiree/COBRA premiums, investment of idle funds and stop-loss reinsurance collections. Expenses are for claims and plan administration.

The proprietary fund is accounted for using the economic resources measurement focus and the accrual basis of accounting.

The proprietary fund distinguishes *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Examples of these resources include fees of the State of Texas collected for and remitted to the State, and funds paid into the courts and held pending final case disposition. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Denton County's own programs. All of the County's fiduciary funds are custodial funds. Custodial funds are accounted for using the economic resources measurement focus and the accrual basis of accounting.

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

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

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, repurchase agreements, money market mutual funds, direct obligations of the State of Texas and local government investment pools.

2. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of inter-fund loans).

Property taxes are levied based on taxable value at the prior January 1 and become due on October 1 and past due on February 1. Accordingly, receivables and revenues for property taxes are reflected in the government-wide statements based on the full accrual method of accounting.

Receivables from other governments include amounts due from grantor agencies and other statutorily required payments. Program grants are recorded as receivables and revenues at the same time all eligibility requirements established by the provider have been met.

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method, and they consist of expendable supplies and vehicle repair parts. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

3. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Infrastructure	20
Heavy Trucks	10
General Equipment	7
Cars	5
Computer Hardware	5
SBITAs	3-5

4. Unearned Revenue

Unearned revenues represent resources received under contracts and grants that have been received before the related eligibility requirements are met. Revenue will be recognized in future years as the eligibility requirements are met, generally when eligible grant expenditures have been incurred.

5. Compensated Absences

County employees earn vacation leave, sick leave, and compensatory time in accordance with County policy. Vacation leave, sick leave, and compensatory time generally accumulate and may be used in future periods, subject to applicable policy limitations. Unused vacation leave is payable upon separation, subject to County policy.

The County recognizes a liability for compensated absences for leave attributable to services already rendered that is more likely than not to be used for paid time off or otherwise paid or settled. The County estimates the portion of unused sick leave and non-Fair Labor Standards Act compensatory time that is more likely than not to be used or otherwise settled based on historical experience and management's assessment. The compensated absences liability is included in the County's long-term liabilities and is presented in the accompanying long-term-liabilities note.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. The liability for compensated absences is liquidated by the General Fund and Special Revenue Funds. The liability for net other post-employment benefits has been liquidated by the Internal Service Fund for health benefits.

Long-Term Debt. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions and Other Post-Employment Benefits. For purposes of measuring the net pension liability and the total other post-employment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to pension and OPEB expenses; information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and of the Public Employees Benefit Cooperative (PEBC); and additions to/deductions from their Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS and the PEBC. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments, where applicable, are reported at fair value. For both the net pension liability and the net other post-employment benefits liability, all funds that budget for payroll expenses are typically used to liquidate these liabilities.

7. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position will sometimes report separate sections for deferred outflows and inflows of resources. These elements, *deferred outflows* of resources represent a consumption of net assets that applies to future periods while deferred inflows of resources represent an acquisition of net assets that applies to future periods and so will *not* be recognized as flows of resources (expenditure/revenue) until then. The County has items that qualify for reporting in these categories. The deferred outflows are the deferred charge on bond refundings; the differences between expected and actual pension and OPEB expense experience; differences due to changes in actuarial assumptions; and differences due to employer pension contributions made subsequent to the measurement date. All three are reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows relating to pension expense will be recognized in either a closed 5-year period or the average remaining estimated employee service life, depending on the source. Similarly, the pension-related *deferred inflows related to pensions,* which relates to differences between expected and actual experience and for the net difference between projected and actual earnings*,* and the *deferred inflows related to other post-employment benefits (OPEB) will* be amortized over a calculated closed period. The deferred inflow *unavailable revenue*, specifically property taxes, is reported only in the governmental funds balance sheet, and it is recognized as an inflow when the amounts are available to the County.

8. Subscription-Based Information Technology Arrangements

The County is a lessee for subscription-based IT arrangements (SBITAs). The County recognizes liability and an intangible right-to-use asset in the government-wide financial statements. At the commencement of a SBITA, the County initially measures the liability at the present value of payments expected to be made during the agreement term. 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 commencement date, plus certain initial direct costs. Subsequently, the asset is amortized on a straight-line basis over its useful life.

9. Change in Accounting Principle

The County implemented GASB Statement No. 101, *Compensated Absences* during the fiscal year. The primary 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.

10. Net Position Flow Assumption

The County will fund outlays from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted in the government-wide statements, a flow assumption must be about the order in which the resources are considered to be applied. It is the County's policy to consider restricted net position to have been depleted before unrestricted.

11. 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) they 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 the constraints that have been placed on the use of the resources are either (a) externally imposed by creditors, grantors, contributors, or by laws or regulations of other governments, or (b) imposed by law through constitutional provisions or by enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by order of the Commissioners Court, the County's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the 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 the use in satisfying those contractual requirements.

Assigned: This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commissioners Court, as it does through the budgetary process by adopting a budget with appropriations exceeding estimated revenues. The amount of appropriations in excess of estimated revenues in the next fiscal year is presented as an assignment of fund balance in the General Fund.

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

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, Denton 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 funds.

12. Net Investment in Capital Assets

A portion of Denton County's net position represents its net investment in its various capital assets. Ordinarily, this investment is computed as the remainder of the total of its capital assets net of accumulated depreciation minus its capital-related borrowings. Often all of a government's long-term debt is capital-related.

Since much of Denton County's borrowings are used to finance capital assets that are owned by other governments, the portion of debt that is not related to county-owned assets must be removed from the above equation.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

With the exception of the accounting treatment for leases and SBITAs, budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund, Debt Service fund, Permanent Improvement Fund, and all Special Revenue funds except for the American Rescue Plan Fund, the Elections Admin Department Fund, the Sheriff's Training Fund, the VIT Interest Fund, the Women, Infants and Children's Fund, the Opioid Settlement Fund, the Emergency Rent Assistance Fund, the CARES Act Government Relief Fund, the Grant Fund, the Hotel Occupancy Tax Fund, and the Public Improvement District Funds. All annual appropriations lapse at fiscal yearend. Project-length financial plans are adopted for all capital project funds.

Encumbrance accounting, under which funds are reserved for purchase orders, contracts, and other commitments, is employed in the General, Special Revenue and Capital Projects funds. As of September 30, 2025, encumbrances of approximately $11.2 million lapsed and were subject to re-appropriation in the budget of the subsequent year. Major encumbrances include $3.5 million in the Permanent Improvement Fund for building construction and renovation, and $5.3 million in the Road and Bridge Fund for road materials for ongoing construction projects.

Denton County adheres to the following schedule and procedures in the preparation and adoption of its annual budget.

- Department heads submit departmental annual budget requests to the County Budget Officer by the first week in May.
- The County Auditor prepares an estimate of available resources for the upcoming fiscal year by the first week in May.
- The County Budget Officer then compiles the initial budget requests, holds preliminary hearings with elected officials and department heads concerning their requests and prepares a proposed budget within the financial parameters established by the Commissioners Court.
- The proposed budget is presented to the Commissioners Court for their review in an open meeting.
- The Commissioners Court then conducts work sessions to finalize the budget.
- Public hearings are conducted as required when the proposed budget is finalized.
- The Commissioners Court must adopt the annual budget by a majority vote by October 1. The budget must contain adequate available resources to support annual appropriations.
- During the fiscal year, the Commissioners Court may adopt a supplemental budget for the purposes of appropriation and expending grant money, intergovernmental revenues and debt proceeds for their intended purposes.
- The Commissioners Court does not adopt a budget for SBITAs capital outlay and debt payments.

For each budgeted fund, budgetary control is maintained at the departmental level. The County adopted this level to align with the Texas Local Government Code, which stipulates that this is the level at which expenditures may not legally exceed appropriations. The County Auditor is required to monitor the expenditures of the various funds. All amendments to the budget must be approved by the Commissioners Court. Both the original budget and the amended budget are presented in the budget versus actual financial statement disclosure. All annual appropriations lapse at year-end.

B. Excess of expenditures over appropriations

For the year ended September 30, 2025, expenditures exceeded budgeted appropriations in the following funds and departments

Fund	Department	Overage
General Fund	Death Investigation/Med Exmnr	$ 96,208
	Sandy Jacobs government center	727
	Sheriff	4,549,642
	Sheriff's reserve unit	505
	Copper Canyon interlocal contract	2,775
	CSCD (general fund)	3,160
	Dept of Emergency Services	762
	Debt service	4,646,380
	Capital outlay	4,876,976
Public Health	Debt service	1,701,223
Public Health Preparedness Fund	Debt service	494,264

These overages primarily resulted from timing differences in grant projects and intergovernmental expenditures between when costs were budgeted and when the projects were funded. The overages were absorbed by intergovernmental revenues for grant projects and greater than budgeted tax revenues for non-grant projects.

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits include amounts in demand accounts and bank certificates of deposit. The state Public Funds Investment Act requires Denton County to contract with a financial institution to serve as the County's cash depository after seeking formal bids for these services. The same act requires that County funds be either fully insured or collateralized. Wells Fargo Bank currently serves as the County's depository bank.

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

Investment Type	Reported Amount	Weighted Average Maturity (Years)
U.S. Government Agency Obligations	$ 14,508,091	2.48
Local Government Investment Pools	827,299,232	0.13
Total Reported Value	$ 841,807,323	

Investments in local government investment pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method in the Texas Local Government Investment Pool, Texas Class, TexStar, and the Texas Term Investment Pool. The carrying value of the County's investments in these pools is the same as the value of pool shares. All external investment pools in which the County participates have a credit quality rating of "AAA".

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

Denton County has the following recurring fair value measurements as of September 30, 2025:

US Government Agency Obligations, totaling $14,508,091 are valued using a modeled approach based on historical trades in similar securities (Level 2 inputs).

Regulatory oversight for the operations of these external investment pools is found in the Public Funds Investment Act of the State of Texas. Required oversight for pools includes compliance with investment guidelines, annual independent audits, and the establishment of oversight boards.

Interest rate risk. In accordance with our investment policy, Denton County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to two years for individual securities and 90 days for investment pools.

Credit risk. The County limits its exposure to credit risk by limiting its investments to obligations of the U.S. government, the State of Texas, other state and local governments with at least an "A" credit rating, fully collateralized bank certificates of deposit and repurchase agreements, SEC-regulated mutual funds, and individually approved local government investment pools.

Concentration of credit risk. Denton County further limits its credit risk by requiring a diversified investment portfolio in its investment policy. No more than 75% of the County's investments may be in one type of security or in one individual investment pool.

Custodial credit risk-deposits. 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. As is required both by state law and by County policy, all deposits in excess of depository insurance were covered by collateral pledged to the County by the County's depository bank and held by an independent third-party bank as the County's agent in the County's name. As such, the County has no exposure to custodial risk with regards to its deposits.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For our investment in U.S. Government securities, the county has no custodial credit risk as the securities are held in safekeeping in the County's name in our depository bank which is not a counterparty for the securities.

B. Property Taxes and Other Receivables

Property taxes attach as liens on property as of January 1. Taxes are levied on October 1 and become delinquent on February 1. County property tax revenues are recognized when levied to the extent that they result in available spendable resources. Property taxes for the County are limited by statute to 80 cents per $100 of assessed value for general government services. An unlimited amount may be levied for payment of interest and principal on long-term debt; however, the County's indebtedness is limited by statute to 25% of assessed value of real property. For fiscal year 2025, the County's tax rate for general governmental services was 14.3444 cents per $100 of assessed value, and the interest and sinking fund rate was 4.4425 cents.

Delinquent taxes receivable as disclosed in the financial statement represent all uncollected property taxes for the last twenty years. Property taxes that are more than 20 years delinquent and are not subject to an existing lawsuit for collection must be removed from the delinquent tax roll. Based on the County's collection history, no allowance for uncollectable accounts has been included in the financial statements.

C. Unearned Revenue

Governmental funds defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of unearned revenues reported in the governmental funds were as follows:

	General Fund	Road & Bridge Fund	American Rescue Plan Fund	Nonmajor Governmental	Total Governmental Funds
Fees and donations	$ 1,510,394	$ 46,072	$ -	$ 1,512,945	$ 3,069,411
Bail bond deposits	1,631,608	-	-	-	1,631,608
Grants	-	-	11,846,774	5,893,408	17,740,182
Total	$ 3,142,002	$ 46,072	$ 11,846,774	$ 7,406,353	$ 22,441,201

D. Capital Assets

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

	Beginning Balance, as Restated	Increases	Transfers/ Disposals	Balance 9/30/2025
Capital Assets, Nondepreciable:				
Land	$ 68,011,985	$ 18,948,851	$ -	$ 86,960,836
Construction in Progress	20,433,114	54,089,260	(1,834,856)	72,687,518
Total Capital Assets, Nondepreciable	88,445,099	73,038,111	(1,834,856)	159,648,354
Capital Assets, Depreciable:				
Buildings	332,673,793	29,262,838	(2,206,892)	359,729,739
Machinery and Equipment	94,096,986	15,728,379	(5,162,415)	104,662,950
SBITA right to use	28,075,660	5,747,938	(4,764,189)	29,059,409
Infrastructure	152,372,312	-	1,834,856	154,207,168
Total Capital Assets, Depreciable	607,218,751	50,739,155	(10,298,640)	647,659,266
Less Accumulated Depreciation For:				
Buildings	(84,346,991)	(7,186,618)	69,726	(91,463,883)
Machinery and Equipment	(65,607,193)	(11,740,153)	4,555,848	(72,791,498)
SBITA right to use	(10,071,538)	(5,891,395)	4,764,187	(11,198,746)
Infrastructure	(81,277,793)	(6,060,754)	-	(87,338,547)
Total Accumulated Depreciation	(241,303,515)	(30,878,920)	9,389,761	(262,792,674)
Capital Assets, Depreciable, Net	365,915,236	19,860,235	(908,879)	384,866,592
Total Capital Assets, Net	$ 454,360,335	$ 92,898,346	$ (2,743,735)	$ 544,514,946

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

Governmental Activities:	
General Government	$ 16,777,241
Judicial	2,113,647
Legal	137,345
Financial	164,450
Public Facilities	434,407
Public Safety	3,447,605
Health and Welfare	34,715
Road Maintenance	7,769,510
Total Depreciation Expense	$ 30,878,920

Construction Commitments. The County has entered into contracts for the construction of facilities and infrastructure as follows:

	Total In Progress	Remaining Commitment
Boss Range Rd	$ 857,260	$ 1,542,740
C Cole Chiller Replacement	1,737,653	255,715
Carlisle Dr, Pct 3	243,626	1,000,034
Country Lane, Pct 3	420,000	-
Courthouse on the Square Restoration	-	632,810
East/West Collector Rd, Pct 2	875,000	1,000,000
Electrical & Generator, Phase I	6,949,570	-
Electrical & Generator, Phase II	141,120	37,780
Estates Dr, Pct 3	449,996	380,194
Faught Rd, Pct 4	-	3,000,000
Furst Road	6,082,561	5,917,439
Harbor Lane, Pct 3	629,119	960,881
HEB Road Connector	-	5,244,000
Highland Shores Blvd	-	4,946,666
Howe Road, Pct 4	-	225,000
Huffines Blvd, Pct 3	45,155	2,279,845
Hundley Drive	2,615,135	8,494,865
Kirkpatrick Lane Extension	-	5,243,000
Main Street Traffic Signal	810,958	13,042
McCorick Rd, Pct 1	16,720	783,280
Meadow Ranch, Pct 4	700,000	-
Memorial Drive	198,861	5,801,139
N Oak Street, Pct 4	-	180,000
N Walnut Street, Pct 4	-	1,650,000
Outer Loop E Fr Rd, Judge	12,108,117	2,956,541
Point Vista Rd	1,000,000	1,250,000
Ponder Fire Station	21,000	2,100,000
Ryan Spiritas Pkwy, Pct 1	700,000	370,000
Sally Building	45,500,500	21,423,187
SH 114-Championship, Judge	251,550	142,505
Stony Store Restoration	152,745	439,465
Swisher Road	-	610,000
Tally Harmonson Rd	854,220	1,042,740
Unincorporated Roadways, Countywide	223,500	1,000,000
Total	$ 83,584,366	$ 80,922,868

Note: Total in-progress amounts include costs for projects that will not be capitalized as County assets and therefore are not included in the County's ending construction in progress balance.

E. Interfund Receivables, Payables, and Transfers

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

Receivable Fund	Payable Fund	Amount	Reason
General Fund	Nonmajor Governmental	$ 45,941	Short term pooled cash loan
	American Rescue Plan	2,553,610	ARPA related expenditure reimbursement
	Road & Bridge	336,379	Short term pooled cash loan
	2025 PI Bond Project Fund	381,331	Short term pooled cash loan
Local Provider Participation	General Fund	83,365	ARPA related expenditure reimbursement
2023 PI & Refunding Bond	Nonmajor Governmental	552,899	Short term pooled cash loan
Road & Bridge	General Fund	760	Short term pooled cash loan
Nonmajor Governmental	American Rescue Plan	52,563	ARPA related expenditure reimbursement
	Nonmajor Governmental	2,232,560	Short term pooled cash loan
	General Fund	5,345,457	Returned grant funds received
Permanent Improvement	American Rescue Plan	17,469,393	Land purchase reimbursement
	General Fund	166,175	Short term pooled cash loan
Total		$ 29,220,433	

Interfund transfers:

Transfer In	Transfer Out	Amount	Reason
Nonmajor Governmental	General Fund	$ 1,313,747	Supplemental funding
		$ 1,313,747	

F. Long-Term Debt

Long-Term Debt consists of various issues of General Obligation Bonds, Certificates of Obligation and Tax Notes; the County's accrued liability for compensated absences; and other payables such as capital leases and judgments payable. General Obligation Bonds, Certificates of Obligation and Tax Notes are direct obligations of the County with the County's full faith and credit pledged towards payment of those obligations. General Obligation Bonds are issued after approval by the public at open elections. Certificates of Obligation and Tax Notes are issued by the vote of the Commissioners Court as allowed under state laws governing debt issuance. Principal and interest payments on the County's bonded debt are secured solely by ad valorem taxes levied on all taxable property within the County. Denton County's outstanding bonded debt is limited, per Article 3, Section 52 of the Texas Constitution, to an amount not exceeding 25% of the assessed taxable value of real property in the County. At yearend, the County's debt was significantly below this limit.

A summary of long-term debt of the County is as follows:

Issuance Title	Original Issuance Amount	Interest Rate	Maturity Year	Balance at 9/30/2025
GO Refunding, Taxable Series 2013	$ 36,525,000	2.33%	2026	$ 3,760,000
PI Bonds Series 2014	29,245,000	3.49%	2039	3,325,000
PI Refunding Series 2014	29,550,000	2.29%	2028	1,660,000
PI Refunding Series 2015	61,815,000	3.50%	2040	28,120,000
PI Refunding Series 2016	120,845,000	2.78%	2034	77,200,000
PI Bonds Series 2017	58,615,000	3.06%	2040	45,400,000
PI Refunding Series 2017	76,530,000	1.77%	2031	56,860,000
GO Refunding Bonds Series 2019	14,390,000	1.77%	2026	2,670,000
Tax Notes Series 2019	14,245,000	1.76%	2026	2,335,000
PI Refunding Series 2019A	129,645,000	2.21%	2044	102,080,000
GO Refunding Bonds Series 2020	12,830,000	1.84%	2029	12,675,000
Tax Notes Series 2020	18,330,000	1.69%	2027	5,760,000
GO Refunding Bonds Series 2020A	69,920,000	1.74%	2038	27,980,000
PI Refunding Series 2022	16,860,000	2.16%	2036	16,400,000
Tax Notes Series 2022	18,405,000	5.00%	2029	11,215,000
PI Refunding Series 2023	114,665,000	5.00%	2048	110,405,000
PI Bonds Series 2024	108,070,000	5.00%	2049	106,410,000
PI Bonds Series 2025	106,845,000	5.00%	2045	106,845,000
				$ 721,100,000

Changes in the County's long-term debt, as well as changes in the arbitrage liability related to long-term debt, for the year ended September 30, 2025, are as follows:

Description	Beginning Balance, as Restated	Additions	Retirements	Ending Balance	Due Within One Year
Long-term debt:					
Bonds Payable	$ 673,670,000	$ 106,845,000	$ 59,415,000	$ 721,100,000	$ 47,505,000
Bond Premium	46,896,202	8,706,903	5,601,563	50,001,542	-
SBITA liability	15,193,908	5,387,561	5,537,346	15,044,123	3,151,958
Compensated Absences	22,342,926	3,615,928	-	25,958,854	6,489,714
Total long-term debt	$ 758,103,036	$ 124,555,392	$ 70,553,909	$ 812,104,519	$ 57,146,672
Arbitrage liability	$ 8,958,165	$ -	$ 939,823	$ 8,018,342	$ -

The compensated absences liability is reported as a net change.

The debt service requirements on the aforementioned bonded debt are as follows:

Fiscal Year Ended September 30,	Principal	Interest	Total
2026	$ 47,505,000	$ 30,309,760	$ 77,814,760
2027	50,130,000	27,689,884	77,819,884
2028	49,340,000	25,412,250	74,752,250
2029	51,510,000	23,205,735	74,715,735
2030	50,105,000	21,087,806	71,192,806
2031-2035	202,870,000	75,929,511	278,799,511
2036-2040	115,515,000	46,186,333	161,701,333
2041-2045	108,685,000	22,695,400	131,380,400
2046-2049	45,440,000	4,228,800	49,668,800
Total	$ 721,100,000	$ 276,745,479	$ 997,845,479

The County's bonds, tax notes, and certificates do not contain acceleration clauses. In the event of default, any registered owner of the obligations may seek a writ of mandamus from a court of proper jurisdiction requiring the County to make payment.

Authorized But Unissued Bonds

Due to voter approval of a County bond election in May 2004, the County had a total of $2,000,000 in authorized but unissued permanent improvement bonds as of September 30, 2015. The $2 million in bonds was approved for purchasing voting equipment. Of the total amount of bonds authorized in the election, the County issued $31,450,000 of authorized bonds in 2005. $87,515,000 of road and building bonds was issued in 2007. $15,400,000 of building bonds was issued in April 2008; $15,000,000 of road bonds were issued in the 2009 bond sale; $45,145,527 of road bonds were issued in the 2010 bond sale and; $10,359,473 of road bonds were issued in the 2012 bond sale. Due to the receipt of significant grant funding for voting equipment since 2004, the County has no plans to issue the remaining authorized bonds.

New Debt Issuance

On May 15, 2025, the County issued $106,845,000 of Permanent Improvement Bonds, Series 2025. The bonds bear interest at a rate of 5% and mature serially on January 15 and July 15 of each year, beginning January 15, 2026, through July 2045. The County received net cash proceeds of $115,019,438, including a bond premium of $8,706,903 and net of an underwriter's discount of $532,465. Proceeds were deposited in the 2025 PI Bond Project Fund and will be used for the construction and improvement of County roads.

Defeasance of Long-term Debt

During fiscal year 2025, the County defeased in substance an additional portion of its Taxable Series 2020A Bonds using existing resources on hand. The resources were accumulated as a result of excess debt service property tax revenues than were necessary for debt service. The County placed $12,148,524 (net of costs of defeasance) into an irrevocable trust to pay the debt service until the bonds mature, which will occur in series from fiscal years 2026 to 2030. In accordance with the terms of the defeasance, the escrow agent assumed primary responsibility to fulfill all remaining debt service; as such, the outstanding principal of $12,940,000 is no longer an obligation of the County and it has been removed from the County's financial statements.

Defeased Debt Outstanding

Because the County is no longer the obligor for defeased bonds, they are removed from the County's financial statements. As of September 30, 2025, the total outstanding defeased bonds is $12,940,000.

Arbitrage Rebate

The Tax Reform Act of 1986 requires that governmental entities issuing tax-exempt debt subsequent to August 1986 calculate and rebate arbitrage earnings to the federal government. Specifically, the excess of the aggregated amount earned on investments purchased with bond proceeds over the amount that would have been earned if the proceeds were invested at a rate equal to the bond yield, is to be rebated to the federal government. As of September 30, 2025, the County has recognized an arbitrage liability of $8,018,342.

Subscription Based IT Arrangements

The County has entered into various subscription agreements for the use of software in County operations. When these agreements extend into a noncancelable period of more than 1 year, they are reported in the government-wide financial statements as a right to use asset and corresponding SBITA liability.

The County's SBITAs generally do not contain stated interest rates; thus, the County has imputed an incremental borrowing rate based on its own obligations and other market factors. Interest rates used range from 2.28% to 3.77%.

A list of the SBITAs recognized as of September 30, 2025, are as follows:

Description of Subscription	Original Issuance Amount	Issuance Year	Annual Payments	Maturity Year	Balance at 9/30/2025
Attorney Justice Premier	$ 2,850,633	2024	$ 235,487	2034	$ 2,290,337
AUTODESK Build and Plan Grid Construction Management	184,703	2025	62,986	2027	121,717
AviatCare - Subscription	66,413	2022	22,138	2027	42,294
Cisco Enterprise Agreement - 5yr	3,425,291	2025	724,214	2030	2,701,077
Clear Proflex - District Attorney	83,160	2022	45,625	2027	86,872
Clear Proflex - Sheriff	70,929	2023	21,742	2026	24,227
CLEAR Subscription for Constales	321,931	2023	24,458	2026	8,240
Clearview AI Facial Recognition 2	68,400	2023	7,876	2026	7,613
SOE Software Corporation	109,337	2024	37,285	2027	72,052
Dell - Absolute DDS	44,894	2023	11,284	2028	21,722
Device 42 - IT Operations Management	78,431	2025	26,820	2028	51,611
GRC Compliance	48,832	2023	12,208	2026	11,870
Indigent Defense with Microsoft Azure SaaS, 2-YR Subscription	95,217	2025	45,640	2026	49,577
Lexipol Subscription	53,649	2022	10,741	2026	10,935
LexisNexis - Prison Solution	207,389	2023	23,100	2026	13,372
LexisNexis Digital Library	196,000	2022	56,495	2027	107,356
Library Maintenance	507,429	2022	103,856	2027	170,526
Mark43 SaaS	5,486,092	2022	987,816	2026	1,886,455
Modria ADR	23,698	2022	7,970	2027	15,234
Online Public Resource Directory Software from Aunt Bertha (dba FindHelp)	26,429	2024	20,000	2026	7,269
OpenGov Tax and Revenue Lodge Tax	26,094	2024	13,650	2027	13,244
SaaS ELEMENT LMS Subscription 2-YR Term	64,441	2025	21,880	2027	42,561
Samsara Dash Camera 2	31,258	2024	2,886	2027	2,806
Samsara GPS & Camera Tracking System 2	112,264	2024	65,910	2027	64,083
SOE Software Suite	157,812	2022	48,597	2028	198,656
VFA Facility SaaS, 3-YR Subscription	33,075	2025	11,310	2028	21,765
Workday Adaptive Planning	364,531	2024	40,401	2034	324,130
Workday ERP System	7,577,308	2024	559,898	2034	6,676,522
Total					$ 15,044,123

The future principal and interest payments as of September 30, 2025, are as follows:

Year Ended September 30,	Principal	Interest	Total Requirements
2026	$ 3,151,958	$ 391,496	$ 3,543,454
2027	3,012,676	304,052	3,316,728
2028	1,763,885	221,677	1,985,562
2029	1,839,736	175,770	2,015,506
2030	1,140,686	127,924	1,268,610
2031-2034	4,135,182	222,132	4,357,314
Totals	$ 15,044,123	$ 1,443,051	$ 16,487,174

G. Fund Balance

As of September 30, 2025, governmental fund balance is composed of the following:

Fund Balance Classification	General	Debt Service	American Rescue Plan	Road & Bridge	2023 PI & Ref. Bond	2025 PI Proj Bond	Local Provider Participation Fdund	Permanent Improvement	Other Governmental	Totals
Nonspendable:										
Inventories	$ 98,275	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 98,275
Restricted:										
Road and bridge	-	-	-	27,883,333	-	-	-	-	-	27,883,333
County records management	-	-	-	-	-	-	-	-	19,165,042	19,165,042
Juvenile probation	-	-	-	-	-	-	-	-	20,229,627	20,229,627
Indigent care and public health	-	-	5,572,255	-	-	-	70,548,218	-	26,103,284	102,223,757
Law enforcement	-	-	-	-	-	-	-	-	9,254,727	9,254,727
Technology and security	-	-	-	-	-	-	-	-	3,162,499	3,162,499
Other statutory restrictions	-	-	-	-	-	-	-	-	8,293,402	8,293,402
Retirement of long term debt	-	16,047,171	-	-	-	-	-	-	-	16,047,171
Capital projects	-	-	-	-	90,843,802	111,374,269	-	77,138,654	198,352,962	477,709,687
Economic development	-	-	-	-	-	-	-	-	13,306,083	13,306,083
Grants	-	-	-	-	-	-	-	-	325,949	325,949
Assigned:										
Subsequent year's budget	2,047,000	-	-	-	-	-	-	-	-	2,047,000
Unassigned	154,700,171	-	-	-	-	-	-	-	-	154,700,171
Total Governmental Fund Balance	$ 156,845,446	$ 16,047,171	$ 5,572,255	$ 27,883,333	$ 90,843,802	$ 111,374,269	$ 70,548,218	$ 77,138,654	$ 298,193,575	$ 854,446,723

H. Tax Abatements

Denton County provides two types of tax abatements through its economic development program. As authorized by Chapters 311 and 312 of the Texas Property Code, the County's policy provides for tax incentives for historic preservation, housing, and economic development. These incentive agreements are either traditional property tax abatements with private investors and property owners, or tax increment financing district agreements with the municipalities in the County. Denton County's tax revenues are not affected by any abatement agreements that have been approved solely by other local governments.

In all cases, ad valorem taxes on real and/or personal property are being abated. To be eligible for an abatement, the project must be new and not already under way. The proposed new investment must total at least $10,000,000. To qualify for an incentive as a tax increment financing district, the project must be expected to provide a net economic benefit to the County, and it must provide for a minimum of 25 jobs for new business. Tax abatements are awarded as a percentage of applicable taxes, and taxes are reduced for up to 10 years by a reduction in the assessed value of the subject property. For reinvestment zones, taxes are fully assessed but a percentage of the incremental taxes collected are paid over by the County to the governing authority of the increment reinvestment zone. Taxes abated may be recovered by the County on any incentive agreements for which the investment criteria are not met.

Denton County has nine active traditional tax abatement agreements totaling $489,894 in abated taxes. These agreements have terms **r**anging from five to nine years and abatement rates ranging from 25% to 75%.

IV. OTHER INFORMATION

A. Risk Management

Denton County is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to County assets, errors and omissions and personnel risks which relate to workers compensation. The County carries commercial insurance in order to manage the above listed risks. Amounts of coverage for the above types of risk have not been subject to a significant reduction in the past year. There have been no claims in excess of the County's insurance coverage in the past year.

The County has established a limited risk management program for employees' and their dependents' medical and dental insurance coverage. Employees' premiums are paid by the General, Special Revenue, and some Custodial funds into the Insurance Internal Service fund. These premiums are recorded as expenditures in the paying funds and are available to pay claims, excess coverage insurance and administrative costs of the program. During fiscal year 2025, a total of $30,123,896 was paid in benefits, excess coverage premiums and administrative costs. The excess coverage insurance covers the plan against individual claims in excess of $350,000 per covered person per year. Estimated claims payable, based upon claims filed and estimated un-filed claims at year end, were $2,950,000. Changes in the balances of claims liabilities during the past year are as follows:

	2025	2024
Unpaid Claims, beginning of fiscal year	$ 1,984,805	$ 1,916,239
Incurred Claims (including incurred but not reported)	31,089,091	26,128,952
Claim payments	(30,123,896)	(26,060,386)
Unpaid Claims, end of fiscal year	$ 2,950,000	$ 1,984,805

For the past three fiscal years, no settlements have exceeded insurance coverage.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

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

C. Defined Benefit Pension Plan / Employee Retirement System

Plan Description

The County's nontraditional defined benefit pension plan, Texas County and District Retirement System (TCDRS), provides pensions for all of its full-time employees. The TCDRS Board of Trustees is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 890 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report on a calendar year basis. The report is available online at *www.tcdrs.org*.

Benefits Provided

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.

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 they must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

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

Employees covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	1,042
Inactive employees entitled to but not yet receiving benefits	2,038
Active employees	1,920
	5,000

Contributions

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

Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the County were 14.90% and 14.32% in calendar years 2024 and 2025, respectively. The County's contributions to TCDRS for the year ended September 30, 2025, were $22,928,220 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, applied to all periods included in the measurement:

Inflation	2.50% per year
Salary Increases	4.70%, including inflation
Discount Rate	7.50%, net of administrative and investment expenses, including inflation

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 2021 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 7.60%. 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 2025 information for a 10-year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term time horizon; the most recent analysis was performed in March 2021.

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

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

[1] Target asset allocation adopted at the March 2025 TCDRS Board meeting.
[2] Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.35%, per Cliffwater's 2025 capital market assumptions.
[3] Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.
[4] Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.
[5] Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

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

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

Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TCDRS financial report.

Changes in the Net Pension Liability

Changes in Net Pension Liability/ (Asset)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 12/31/2023	$ 676,816,665	$ 629,151,846	$ 47,664,819
Changes for the year:			
Service cost	19,295,123	-	19,295,123
Interest on total pension liability [1]	51,791,524	-	51,791,524
Effect of plan changes[2]	-	-	-
Effect of economic/demographic gains or losses	5,041,197	-	5,041,197
Refund of contributions	(1,668,027)	(1,668,027)	-
Benefit payments	(28,167,008)	(28,167,008)	-
Administrative expenses	-	(378,901)	378,901
Member contributions	-	10,414,736	(10,414,736)
Net investment income	-	64,189,425	(64,189,425)
Employer contributions	-	22,168,504	(22,168,504)
Other [3]	-	339,233	(339,233)
Balance at 12/31/2024	$ 723,109,474	$ 696,049,808	$ 27,059,666

[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.*

In governmental activities, the Net Pension Liability is typically liquidated by the General Fund.

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

	1% Decrease in Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
Total pension liability	$ 825,367,713	$ 723,109,474	$ 638,361,475
Fiduciary net position	696,049,808	696,049,808	696,049,808
Net pension liability/(asset)	$ 129,317,905	$ 27,059,666	$ (57,688,333)

Pension plan fiduciary net position. Detailed information about the pension plan's Fiduciary Net Position is available in the separately issued TCDRS financial report. The report may be obtained at *www.tcdrs.org*.

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

For the year ended September 30, 2025, the County recognized pension expense of $7,833,699.

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	$ 4,790,101	$ -
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	-	6,317,460
Contributions subsequent to the measurement date	17,074,032	-
Total	$ 21,864,133	$ 6,317,460

The $17,074,032 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, but before September 30, 2025, will be recognized as a reduction of the Net Pension Liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended September 30,	
2026	$ (3,167,617)
2027	10,740,538
2028	(5,845,712)
2029	(3,254,568)

D. Other Post-Employment Benefits: Denton County Retiree Welfare Plan

OPEB Plan Description and Benefits Provided

The County's group medical plans ("Plan") are administered through the Public Employee Benefits Cooperative. The Plan is a single-employer defined benefit healthcare plan funded on a pay-as-you-go basis. Other post-employment benefits (OPEB) include health insurance and Medicare supplements. Contribution, adjustment or elimination of the contribution, and adjustments to OPEB eligibility are subject to the Commissioners Court's annual budgetary discretion. For the fiscal year ended September 30, 2025, retirees were not obligated to fully vacate County programs and utilize Medicare. Neither the plan nor the PEBC issues separate financial statements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Age-adjusted premium amounts are not incorporated with the policy, except after the age of 65. The County annually adopts a premium structure for retirees and their eligible dependents who participate in the various plans offered. The County supplements retiree premiums in all plans by amounts varying from 0% to 100%.

The County is not required by Texas law or by contractual agreement to provide funding for OPEB other than the pay-as-you-go amount necessary to provide current budget year benefits to retirees and their eligible dependents. Contributions, adjustment or elimination of the contributions, and adjustments to eligibility are subject to the Commissioners Court's annual budgetary discretion. Because the plan is funded on a pay-as-you-go basis, contributions are considered equal to benefit payments. Benefit payments include both payments made for retiree premiums and an implicit subsidy for blended premiums. For the fiscal year ended September 30, 2025, the County contributed $2,648,501.

Employees covered by benefit terms. As of the measurement date of September 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	362
Active members	1,707
Total	2,069

Actuarial Valuation and Changes in Total OPEB Liability

The County's total OPEB liability of $94,517,617 reported for the fiscal year ending September 30, 2025, was measured as of September 30, 2024, and was determined by an actuarial valuation as of that same date.

	Total OPEB Liability
Balances - October 1, 2024	$ 115,815,504
Changes for the year:	
Service cost	7,349,668
Interest on the Total OPEB Liability	4,983,294
Difference between expected and actual experience	2,946,277
Changes in assumptions and other inputs	(33,928,625)
Benefit payments	(2,648,501)
Net changes	(21,297,887)
Balances - September 30, 2025	$ 94,517,617

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

As of the measurement date of September 30, 2024, no changes in benefit and eligibility provisions have occurred. Accordingly, the benefit and eligibility provisions used in this valuation have not changed since the prior valuation.

Assumptions and Inputs

The County's Total OPEB Liability was determined by an actuarial valuation as of September 30, 2024, using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal bases on level percentage of projected salary.
Inflation	2.50%
Salary Increases	3.41% to 8.41%, both including 3% assumed wage inflation.
Discount Rate	3.81%
Health Care Cost Trend Rates	8.00% for FY25 decreasing 0.50% per year to an ultimate rate of 4.50% for FY32 and later years.
Mortality Rates	a. Service Retirees, Survivors, and other Inactive Members: Pub-2010 General Retirees Amount-Weighted table multiplied by 135% for males and 120% for females with Ultimate MP-2021 Projection Scale from the year 2010. b. Disability Retirees: Pub-2010 General Disabled Retirees Amount-Weighted table multiplied by 160% for males and 125% for females with Ultimate MP-2021 Projection Scale from the year 2010. c. Active Members: Pub-2010 General Employees Amount-Weighted table multiplied by 135% for males and 120% for females with Ultimate MP-2021 Projection Scale from the year 2010.
Plan Participation Percentage, Dependency Status, and Declinations	For the active participant population, female spouses are assumed to be three years younger than their husbands and 40% of the population is assumed to be married and 100% of assumed married individuals are assumed to elect spousal coverage. 55% of the active participant population is assumed to accept coverage at retirement and remain covered until death. Those who waive coverage at retirement are not eligible to elect coverage at a later date.

Sensitivity analysis. The following two tables present the County's Total OPEB Liability reported as of September 30, 2025, and measured as of September 30, 2024, as well as what the Total OPEB Liability would be if it were calculated using a discount rate and a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the FY2025 rates, respectively.

	1% Decrease in Discount Rate	Discount Rate (3.81%)	1% Increase in Discount Rate
Total OPEB liability	$ 109,964,243	$ 94,517,617	$ 81,989,448

	1% Decrease in Cost Trend Rate	Healthcare Cost Trend Rate (8.00%)	1% Increase in Cost Trend Rate
Total OPEB liability	$ 79,969,357	$ 94,517,617	$ 113,208,428

Discount rate. The discount rate is 3.81% as of September 30, 2024. The source of the municipal bond rate is The Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. In describing their index, The Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's AA rating.

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

The County recognized OPEB expense/(income) of ($5,174,649) for the fiscal year ended September 30, 2025, which was comprised of the following components:

	Components of OPEB Expense/(Income)
Service cost	$ 7,349,668
Interest on the Total OPEB Liability	4,983,294
Amortization of differences between expected and actual experience	(8,309,571)
Amortization of changes of assumptions or other inputs	(9,198,040)
OPEB plan administrative expense	-
Total OPEB expense/(income) as of September 30, 2025	$ (5,174,649)

The County also recognized deferred inflows and outflows of resources related to OPEB for the fiscal year ended September 30, 2025, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 10,768,190	$ 27,262,102
Changes of assumptions or other inputs	12,048,257	76,908,050
	22,816,447	104,170,152
Contributions made subsequent to the measurement date	2,800,000	-
Total	$ 25,616,447	$ 104,170,152

$2,800,000 reported as a deferred outflow of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended September 30, 2026. Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense (income) as follows:

For the Year Ended September 30,	
2026	$ (17,507,611)
2027	(17,507,611)
2028	(10,730,301)
2029	(8,811,667)
2030	(7,976,862)
Thereafter	(18,819,653)

E. Accounting Changes and Error Correction

Change within the Financial Reporting Entity. For Fiscal Year 2025, the County reported changes in its financial reporting entity. The Road & Bridge fund was previously reported as a nonmajor governmental fund and is now reported as a major governmental fund. This change in classification was required by GAAP based on qualitative factors.

Error Correction. For Fiscal Year 2025, the County reported an error in the reporting of a building in governmental activities. The County reviewed the capitalization of its administrative courthouse, which was completed in prior years with total construction costs of $50,228,658. However, only $21,730,908 of the costs were previously capitalized. This resulted in expenses in the statement of activities to be overstated, and the change in net position to be understated, between Fiscal Years 2017 through 2022 by $28,497,750. General government expense related to depreciation was understated, and the change in net position overstated, in Fiscal Years 2023 and 2024 by $1,711,947. As a result, beginning net position was understated by $26,785,803. The County has corrected the error in the current year.

Change in Accounting Principle. During fiscal year 2025, the County implemented GASB Statement No. 101, *Compensated Absences.* The adoption of this standard resulted in the recognition of additional liabilities for compensated absences. The cumulative effect of the accounting change increased liabilities and decreased beginning net position by $9,751,757 in the governmental activities.

The effects of these items on beginning fund balance and net position are summarized in the table below:

	10/1/2024 As Previously Reported	Change between Major/nonmajor Funds	Error Correction	Change in Accounting Principle	10/1/2024 As Restated
Governmental Activities	$ 211,416,568	$ -	$ 26,785,803	$ (9,751,757)	$ 228,450,614
Governmental Funds:					
General	$ 133,815,444	$ -	$ -	$ -	$ 133,815,444
Debt Service	16,673,964	-	-	-	16,673,964
American Rescue Plan	16,206,250	-	-	-	16,206,250
Road & Bridge	-	25,793,761	-	-	25,793,761
2023 PI & Refunding Bond	108,061,084	-	-	-	108,061,084
2025 PI Bond Project	-	-	-	-	-
Local Provider Participation	-	-	-	-	-
Permanent Improvement	100,307,802	-	-	-	100,307,802
Nonmajor funds	330,564,978	(25,793,761)	-	-	304,771,217
Total governmental funds	$ 705,629,522	$ -	$ -	$ -	$ 705,629,522

F. Subsequent Event

On October 1, 2025, Denton County issued two series of obligations: $51,950,000 Permanent Improvement Refunding Bonds, Series 2025, and $41,560,000 Tax Notes, Series 2025, with an interest rate of 5%. Proceeds from the sale of the refunding bonds will be used for the discharge and final payment of certain obligations of the County for debt service savings. The proceeds from the sale of the tax notes will be used for constructing new and improving various County facilities, such as County and District Court buildings, firefighting facilities, and jail facilities.

On June 15, 2026, Denton County issued $52,315,000 Permanent Improvement Refunding Bonds, Series 2026, with an interest rate of 5%. Proceeds from the sale of the refunding bonds will be used for the discharge of certain obligations of the County for debt service savings.

G. New Accounting Principles

Significant new accounting standards not yet implemented by the County include the following:

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

GASB Statement No. 104*, Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription-Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required for capital assets held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 105, *Subsequent Events* – The objective of this Statement is to 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.

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