

**FALLS COUNTY, TEXAS  
ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended  
September 30, 2025**

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## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR’S REPORT

To the Honorable County Judge and  
Commissioners’ Court  
Falls County, Texas

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the cash-basis financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Falls County, Texas (the “County”), as of and for the year 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 referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities and the major funds of the County as of September 30, 2025, and the respective changes in cash-basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

#### *Basis for Opinion*

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

#### *Emphasis of Matter – Basis of Accounting*

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

## ***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 opinion. 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.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8 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 cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2026, on our consideration of Falls County, Texas internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Falls County, Texas internal control over financial reporting and compliance.

*P. Andrew Hall LLC.*

P. Andrew Hall, LLC  
May 18, 2026

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FALLS COUNTY, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

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

**Financial Highlights**

The assets and equity of Falls County, Texas at the close of the most recent fiscal year are \$13,653,157 (net position). Of this amount, \$9,477,371 or 69% (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net position increased by \$1,393,950. This increase is mainly attributable to excess sales tax revenue and careful budget management.

Falls County, Texas' total restricted and committed net position on September 30, 2025, is \$4,537,165 or 33% of net position. This was an increase of \$616,633 from the previous year. This increase is mainly attributable to excess sales tax revenue and careful budget management.

**Overview of the Financial Statements**

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of Falls County's finances.

The *statement of net position* presents information of Falls County, Texas' cash and investments and cash basis - net position. The reported change in financial condition is a change in cash position and not a change in the economic condition of Falls County, Texas.

The statement of activities presents information showing how Falls County, Texas' net position changed during the most recent fiscal year. All changes in net position are reported as cash receipts are received, and disbursements are made. Thus, receipts and disbursements are reported in these statements.

The governmental activities on the government-wide financial statements of Falls County, Texas are principally supplied by taxes and intergovernmental receipts. The governmental activities of Falls County, Texas include general government, legal, health and welfare, judicial, public safety, culture and recreation, roads and bridges and principal and interest on long-term debt.

**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. Falls County, Texas, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All the funds of Falls County, Texas can be divided into two categories: governmental 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. Falls County, Texas maintains thirty-six (39) individual governmental funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of receipts, disbursements, and changes in cash basis fund balances for the General, Road and Bridge, Farm to Market Lateral Road, Falls County Renovation Grant funds, and the Grant fund, all of which are major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Falls County Commissioners Court adopts an annual appropriated budget for its General, Road and Bridge, and Farm to Market Lateral Road Funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with these budgets.

**FALLS COUNTY, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

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**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 supplement Falls County's own programs.

**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 combining fund statements that further support the information in the financial statements. The combining fund statements and schedules for non-major funds are presented immediately following the required supplementary schedule.

**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 Falls County, cash, and net position were \$13,653,157 at the close of the most recent fiscal year.

	Governmental Activities	
	2025	2024
Current and Other Assets	\$ 13,653,157	\$ 12,259,207
Total Assets	13,653,157	12,259,207
Restricted	4,175,786	3,920,532
Unrestricted	9,477,371	8,338,675
Total Net position	\$ 13,653,157	\$ 12,259,207

A portion of Falls County, Texas' net position (29 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$9,477,371 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Falls County, Texas can report positive balances in all categories of net position, both for the government, as well as for its separate governmental activities.

The government's total net position increased by \$1,393,950. This increase is mainly attributable to excess sales tax revenue and careful budget management.

**Governmental activities:** There were no business-type activities so any analysis regarding governmental activities will be the same as the analysis of the Government-wide Financial Analysis. Governmental activities total net position increased by \$1,393,950. This increase is mainly attributable to excess sales tax revenue and careful budget management.

**FALLS COUNTY, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

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**CHANGE IN NET POSITION - CASH BASIS**

	Governmental Activities	
	<u>2025</u>	<u>2024</u>
Receipts:		
Program Receipts:		
Charges for Services	\$ 1,663,681	\$ 1,261,654
Grants and Contributions	698,414	1,722,892
General Receipts:		
Maintenance and Operations Taxes	10,900,544	10,191,357
Sales Taxes	1,031,593	977,910
Other Taxes	7,217	7,827
Unrestricted Investment Earnings	612,497	651,264
Miscellaneous	1,069,691	1,042,267
Total Revenue	<u>15,983,637</u>	<u>15,855,171</u>
Disbursements:		
General Administration	\$ 3,213,114	4,166,730
Legal	454,527	425,972
Judicial	357,729	322,436
Financial Administration	587,228	548,672
Public Facilities	235,364	142,147
Public Safety	4,351,612	3,576,168
Public Transportation	4,160,861	4,402,126
Culture and Recreation	22,963	22,317
Health and Welfare	741,639	712,174
Conservation - Agriculture	105,538	97,713
Equipment	-	-
Principal, Interest and Fiscal Charges	359,112	338,725
Total Disbursements	<u>14,589,687</u>	<u>14,755,180</u>
Increase in Net Position	<u>1,393,950</u>	<u>1,099,991</u>
Net Position - Beginning of Year	<u>12,259,207</u>	<u>11,159,216</u>
Net Position - End of Year	<u><u>\$ 13,653,157</u></u>	<u><u>\$ 12,259,207</u></u>

**FALLS COUNTY, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

**STATEMENT OF ACTIVITIES**

Functions/Programs	Disbursements	Program Receipts		
		Operating Charges for Services	Grants and Contributions	Capital Grants and Contributions
Primary government				
Government activities:				
General Administration	\$ 3,046,292	\$ 624,914	\$ 46,981	\$ -
Legal	454,527	-	-	-
Judicial	484,957	11,744	31,530	-
Financial Administration	626,822	-	-	-
Public Facilities	235,364	-	-	54,950
Public Safety	4,351,612	421,933	559,328	5,625
Public Transportation	4,160,861	605,090	-	-
Culture and Recreation	22,963	-	-	-
Health and Welfare	741,639	-	-	-
Conservation - Agriculture	105,538	-	-	-
Principal, Interest and Fiscal Charges	359,112	-	-	-
Total government activities	<u>\$ 14,589,687</u>	<u>\$ 1,663,681</u>	<u>\$ 637,839</u>	<u>\$ 60,575</u>

Receipts by source - Governmental Activities

	Receipts	%
Charges for Services	\$ 1,663,681	10%
Grants and Contributions	698,414	4%
Maintenance and Operations Taxes	10,900,544	68%
Sales Taxes	1,031,593	6%
Other Taxes	7,217	0%
Unrestricted Investment Earnings	612,497	4%
Miscellaneous	1,069,691	7%
	<u>\$15,983,637</u>	<u>100.00%</u>

For the most part, the increases and decreases in expenses closely paralleled inflation and growth in the demand for services.

**Financial Analysis of the Government's Funds**

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

**Governmental Funds.** The focus of Falls County's *governmental funds* is to provide information on cash receipts and disbursements.

At the end of fiscal year 2025, Falls County's *governmental funds* reported a combined ending cash basis fund balances of \$13,653,157 an increase of \$1,393,950 in comparison with the prior year. Governmental Funds total net position increased by \$1,393,950. This increase is mainly attributable to excess sales tax revenue and careful budget management.

The General Fund is the chief operating fund of Falls County. At the end of fiscal year 2025, the General Fund had an ending cash basis fund balance of \$6,377,012. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance of \$6,297,838 to total fund expenditures. Unassigned cash basis fund balance represents 72% of total General Fund disbursements.

The fund balance of Falls County's General Fund increased by \$842,847 during 2025. This increase is primarily due to careful budget management.

The Road and Bridge Fund had an ending fund balance of \$1,520,153 an increase of \$307,151, and the Farm-to-Market Lateral Road Fund ending fund balance was \$1,531,174, an increase of \$465,881. The increase in the Road and Bridge Fund was primarily due to increased property tax receipts and the increase in the Farm-to-Market Lateral Road Fund was due to a decrease in gravel expenditures. The cash basis fund balance represents 73% of total Road and Bridge Fund disbursements and 126% of total Farm-to-Market Lateral Road Fund disbursements.

**FALLS COUNTY, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

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**Budgetary Highlights:**

The was no difference between the original budget and the final amended budget in the general fund.

**Economic Factors:**

The County's elected officials considered many factors when setting the 2026 budget. The County continues to follow a conservative approach for budget preparation. The primary goal of the 2026 budget was to adopt a balanced budget for all funds. With hard work and dedication of the County staff and Commissioners Court, this goal was accomplished.

**Requests for Information**

This financial report is designed to provide our citizen's taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If questions are encountered regarding this report; contact Falls County Auditor's Office, 125 Bridge Room, Marlin, TX. 76661.

## **BASIC FINANCIAL STATEMENTS**

**FALLS COUNTY, TEXAS**  
**STATEMENT OF NET POSITION - CASH BASIS**  
**SEPTEMBER 30, 2025**

	Primary Government	
	Governmental Activities	Total
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 11,389,097	\$ 11,389,097
Investments	2,264,060	2,264,060
Total Assets	\$ 13,653,157	\$ 13,653,157
 <b>NET POSITION - CASH BASIS</b>		
Restricted		
Administration	\$ 376,149	\$ 376,149
Culture and Recreation	2,450	2,450
Debt Service	125,406	125,406
Elections	58,498	58,498
Judicial	280,454	280,454
Legal	2,740	2,740
Public Facilities	122,710	122,710
Public Safety	156,052	156,052
Public Transportation	3,051,327	3,051,327
Unrestricted	9,477,371	9,477,371
Total Net Position - Cash Basis	\$ 13,653,157	\$ 13,653,157

The accompanying notes are an integral part of these statements.

**FALLS COUNTY, TEXAS**  
**STATEMENT OF ACTIVITIES - CASH BASIS**  
**YEAR ENDED SEPTEMBER 30, 2025**

Functions/ Programs	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in	
					Governmental Activities	Total
Primary government						
Government activities:						
General Administration	\$ 3,046,292	\$ 624,914	\$ 46,981	\$ -	\$ (2,374,397)	\$ (2,374,397)
Legal	454,527	-	-	-	(454,527)	(454,527)
Judicial	484,957	11,744	31,530	-	(441,683)	(441,683)
Financial Administration	626,822	-	-	-	(626,822)	(626,822)
Public Facilities	235,364	605,090	-	54,950	424,676	424,676
Public Safety	4,351,612	421,933	559,328	5,625	(3,364,726)	(3,364,726)
Public Transportation	4,160,861	-	-	-	(4,160,861)	(4,160,861)
Culture and Recreation	22,963	-	-	-	(22,963)	(22,963)
Health and Welfare	741,639	-	-	-	(741,639)	(741,639)
Conservation - Agriculture	105,538	-	-	-	(105,538)	(105,538)
Debt Service						
Principal, Interest and Fiscal Charges	359,112	-	-	-	(359,112)	(359,112)
Total government activities	<u>14,589,687</u>	<u>1,663,681</u>	<u>637,839</u>	<u>60,575</u>	<u>(12,227,592)</u>	<u>(12,227,592)</u>
Total Primary Government	<u>\$ 14,589,687</u>	<u>\$ 1,663,681</u>	<u>\$ 637,839</u>	<u>\$ 60,575</u>	<u>(12,227,592)</u>	<u>(12,227,592)</u>
General Receipts						
Property Taxes, Levies for General Purposes					\$ 10,900,544	\$ 10,900,544
Sales Taxes					1,031,593	1,031,593
Other Taxes					7,217	7,217
Unrestricted Investment Earnings					612,497	612,497
Miscellaneous					1,069,691	1,069,691
Total General Receipts and Transfers					<u>13,621,542</u>	<u>13,621,542</u>
Change in Net Position - Cash Basis					1,393,950	1,393,950
Net Position - Cash Basis - Beginning					<u>12,259,207</u>	<u>12,259,207</u>
Net Position - Cash Basis - Ending					<u>\$ 13,653,157</u>	<u>\$ 13,653,157</u>

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

**FALLS COUNTY, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - CASH BASIS**  
**SEPTEMBER 30, 2025**

	General Fund	Road and Bridge	F.M. Lateral Road Fund	American Rescue Plan	Budget Stabilization	Non-major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 6,377,012	\$ 1,520,153	\$ 1,531,174	\$ 174,103	\$ 415,443	\$ 1,371,212	\$ 11,389,097
Investments	-	-	-	-	2,264,060	-	2,264,060
Total Assets	<u>\$ 6,377,012</u>	<u>\$ 1,520,153</u>	<u>\$ 1,531,174</u>	<u>\$ 174,103</u>	<u>\$ 2,679,503</u>	<u>\$ 1,371,212</u>	<u>\$ 13,653,157</u>
<b>FUND BALANCES:</b>							
Fund Balances:							
Restricted							
Administration	\$ 23,980	\$ -	\$ -	\$ 174,103	\$ -	\$ 178,066	\$ 376,149
Culture and Recreation	-	-	-	-	-	2,450	2,450
Debt Service	-	-	-	-	-	125,406	125,406
Elections	-	-	-	-	-	58,498	58,498
Judicial	-	-	-	-	-	280,454	280,454
Legal	-	-	-	-	-	2,740	2,740
Public Facilities	-	-	-	-	-	122,710	122,710
Public Safety	55,194	-	-	-	-	100,858	156,052
Public Transportation	-	1,520,153	1,531,174	-	-	-	3,051,327
Committed							
Cemetery	-	-	-	-	-	280	280
Equipment Replacement	-	-	-	-	-	361,099	361,099
Unassigned	6,297,838	-	-	-	2,679,503	138,651	9,115,992
Total Fund Balance	<u>6,377,012</u>	<u>1,520,153</u>	<u>1,531,174</u>	<u>174,103</u>	<u>2,679,503</u>	<u>1,371,212</u>	<u>13,653,157</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,377,012</u>	<u>\$ 1,520,153</u>	<u>\$ 1,531,174</u>	<u>\$ 174,103</u>	<u>\$ 2,679,503</u>	<u>\$ 1,371,212</u>	<u>\$ 13,653,157</u>

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

**FALLS COUNTY, TEXAS**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - CASH BASIS**  
**YEAR ENDED SEPTEMBER 30, 2025**

	General Fund	Road and Bridge	F.M. Lateral Road Fund	American Rescue Plan	Budget Stabilization	Non-major Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>							
Taxes							
Property	\$ 7,234,936	\$ 1,783,546	\$ 1,594,508	\$ -	\$ -	\$ 287,554	\$ 10,900,544
Sales	600,000	-	289	-	431,304	-	1,031,593
Other	7,217	-	-	-	-	-	7,217
Intergovernmental	51,393	-	-	-	-	688,901	740,294
Licenses and Permits	-	605,090	-	-	-	-	605,090
Charges for Services	535,144	-	-	-	-	199,491	734,635
Fines and Forfeitures	282,076	-	-	-	-	-	282,076
Interest	477,645	-	60,035	52,201	5,552	17,064	612,497
Miscellaneous	501,998	-	30,806	-	389,799	147,088	1,069,691
Total Receipts	<u>9,690,409</u>	<u>2,388,636</u>	<u>1,685,638</u>	<u>52,201</u>	<u>826,655</u>	<u>1,340,098</u>	<u>15,983,637</u>
<b>DISBURSEMENTS</b>							
Current:							
General Administration	2,538,901	-	-	26,837	-	480,554	3,046,292
Legal	454,527	-	-	-	-	-	454,527
Judicial	439,329	-	-	-	-	45,628	484,957
Financial Administration	626,822	-	-	-	-	-	626,822
Public Facilities	149,207	-	-	-	-	86,157	235,364
Public Safety	3,721,376	-	-	-	-	630,236	4,351,612
Public Transportation	-	2,081,485	1,127,726	951,650	-	-	4,160,861
Culture and Recreation	22,963	-	-	-	-	-	22,963
Health and Welfare	741,639	-	-	-	-	-	741,639
Conservation - Agriculture	105,538	-	-	-	-	-	105,538
Debt Service							
Principal, Interest and Fiscal Charges	150	-	92,031	-	-	266,931	359,112
Total Disbursements	<u>8,800,452</u>	<u>2,081,485</u>	<u>1,219,757</u>	<u>978,487</u>	<u>-</u>	<u>1,509,506</u>	<u>14,589,687</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	889,957	307,151	465,881	(926,286)	826,655	(169,408)	1,393,950
<b>OTHER FINANCING SOURCES (USES):</b>							
Other Financing Sources							
Operating Transfers In	-	-	-	664,000	-	699,786	1,363,786
Operating Transfers Out	(47,110)	-	-	-	(664,000)	(652,676)	(1,363,786)
Total Other Financing Sources (Uses)	<u>(47,110)</u>	<u>-</u>	<u>-</u>	<u>664,000</u>	<u>(664,000)</u>	<u>47,110</u>	<u>-</u>
Net Changes in Fund Balances	842,847	307,151	465,881	(262,286)	162,655	(122,298)	1,393,950
Fund Balances - Beginning	5,534,165	1,213,002	1,065,293	436,389	2,516,848	1,493,510	12,259,207
Fund Balances - Ending	<u>\$ 6,377,012</u>	<u>\$ 1,520,153</u>	<u>\$ 1,531,174</u>	<u>\$ 174,103</u>	<u>\$ 2,679,503</u>	<u>\$ 1,371,212</u>	<u>\$ 13,653,157</u>

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

**FALLS COUNTY, TEXAS  
GENERAL FUND  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes				
Property	\$ 7,131,300	\$ 7,131,300	\$ 7,234,936	\$ 103,636
Sales	625,000	625,000	600,000	(25,000)
Other	7,500	7,500	7,217	(283)
Intergovernmental	58,650	58,650	51,393	(7,257)
Charges for Services	582,701	582,701	535,144	(47,557)
Fines and Forfeitures	216,500	216,500	282,076	65,576
Interest	1	1	477,645	477,644
Miscellaneous	144,077	144,077	501,998	357,921
Contingency	1	1	-	(1)
Total Receipts	<u>8,765,730</u>	<u>8,765,730</u>	<u>9,690,409</u>	<u>924,679</u>
<b>DISBURSEMENTS</b>				
Current:				
General Administration				
County Judge	162,639	162,639	147,818	14,821
Court Reporter	122,105	122,105	115,766	6,339
Elections Administration	190,343	190,343	166,822	23,521
Non-Departmental	2,060,009	2,060,009	2,108,647	(48,638)
Legal				
County/District Attorney	459,917	459,917	454,527	5,390
Judicial				
County and District Clerk	455,037	455,037	439,329	15,708
Justice's of the Peace	270,403	270,403	271,903	(1,500)
Financial Administration				
County Treasurer	131,004	131,004	116,487	14,517
County Auditor	224,257	224,257	223,849	408
Tax Assessor-Collector	302,862	302,862	286,485	16,377
Public Facilities				
Building and Yards	139,201	139,201	149,206	(10,005)
Comm. Towers	13,300	13,300	-	13,300
Public Safety				
Emergency Management	112,397	112,397	109,441	2,956
Constables	316,363	316,363	313,514	2,849
Jail	1,546,420	1,546,420	1,518,466	27,954
Sheriff	1,381,271	1,381,271	1,508,052	(126,781)
Culture and Recreation				
Brazos Park	27,051	27,051	22,963	4,088
Health and Welfare				
Indigent Health	744,500	744,500	741,639	2,861
Conservation - Agriculture				
Agriculture Extension Service	106,651	106,651	105,538	1,113
Total Disbursements	<u>8,765,730</u>	<u>8,765,730</u>	<u>8,800,452</u>	<u>(34,722)</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<u>-</u>	<u>-</u>	<u>889,957</u>	<u>959,401</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers Out	-	-	(47,110)	47,110
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(47,110)</u>	<u>47,110</u>
<b>Net Changes in Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>842,847</u>	<u>\$ (842,847)</u>
Fund Balances - Beginning			5,534,165	
Fund Balances - Ending			<u>\$ 6,377,012</u>	

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

**FALLS COUNTY, TEXAS  
ROAD AND BRIDGE FUND  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CASH BASIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes				
Property	\$ 1,558,378	\$ 1,558,378	\$ 1,783,546	\$ 225,168
Licenses and Permits	665,000	665,000	605,090	(59,910)
Miscellaneous	8	8	-	(8)
Total Receipts	<u>2,223,386</u>	<u>2,223,386</u>	<u>2,388,636</u>	<u>165,250</u>
<b>DISBURSEMENTS</b>				
Current				
Public Transportation				
Road and Bridge	2,223,386	2,223,386	2,081,485	141,901
Total Disbursements	<u>2,223,386</u>	<u>2,223,386</u>	<u>2,081,485</u>	<u>141,901</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<u>\$ -</u>	<u>\$ -</u>	\$ 307,151	<u>\$ 307,151</u>
			<u>1,213,002</u>	
			<u>\$ 1,520,153</u>	

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

**FALLS COUNTY, TEXAS  
FARM TO MARKET LATERAL FUND  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CASH BASIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes				
Property	\$ 1,615,132	\$ 1,615,132	\$ 1,594,508	\$ (20,624)
Licenses and Permits	1,000	1,000	-	(1,000)
Interest	50,000	50,000	60,035	10,035
Miscellaneous	32,041	32,041	31,095	(946)
Carryover	1,090,066	1,090,066	-	(1,090,066)
Total Receipts	<u>2,788,239</u>	<u>2,788,239</u>	<u>1,685,638</u>	<u>(1,102,601)</u>
<b>DISBURSEMENTS</b>				
Current				
Public Transportation				
Road and Bridge	2,788,239	2,788,239	1,219,757	1,568,482
Total Disbursements	<u>2,788,239</u>	<u>2,788,239</u>	<u>1,219,757</u>	<u>1,568,482</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<u>-</u>	<u>-</u>	<u>465,881</u>	<u>465,881</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>465,881</u>	<u>\$ 465,881</u>
Fund Balances - Beginning			<u>1,065,293</u>	
Fund Balances - Ending			<u>\$ 1,531,174</u>	

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

**FALLS COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS**  
**AGENCY FUNDS**  
**SEPTEMBER 30, 2025**

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	Agency Funds	
	County Officer Accounts	TOTAL
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 271,022	\$ 271,022
Total Assets	\$ 271,022	\$ 271,022
<b>LIABILITIES:</b>		
Due to Others	\$ 271,022	\$ 271,022
Total Liabilities	\$ 271,022	\$ 271,022

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

**FALLS COUNTY, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Agency Funds	
	County Officer Accounts	TOTAL
<b>ADDITIONS</b>		
Contributions:		
Receipts from governments and Others	\$ 1,429,319	\$ 1,429,319
Interest Received	10,968	10,968
<b>TOTAL ADDITIONS</b>	1,440,287	1,440,287
<b>DEDUCTIONS</b>		
Distributions to other governments and Others	1,467,704	1,467,704
Total Deductions	1,467,704	1,467,704
Change in Net Position	(27,417)	(27,417)
Net Position-Beginning	298,439	298,439
Net Position-Ending	\$ 271,022	\$ 271,022

Note: The Agency funds were the only fiduciary fund type of the County in the 2025 year.

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

## **NOTES TO FINANCIAL STATEMENTS**

**FALLS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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**NOTE 1:**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This cash basis of accounting differs from GAAP primarily because receipts (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and disbursements or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

**A. Reporting Entity**

The financial statements of Falls County, Texas are intended to present the financial position - cash basis and the changes in financial position - cash basis of only the portion of governmental activities, each major fund, and the aggregate remaining fund information of the County. They do not purport to, and do not, present fairly the financial position of Falls County, Texas, as of September 30, 2025, and the changes in its financial position - cash basis for the year ended in conformity with accounting principles generally accepted in the United States.

**B. Government-wide Fund Financial Statements**

The Statement of Net Position and Statement of Activities display information about the reporting government. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts, and other non-exchange receipts.

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The County has presented all major funds that met those qualifications.

The County reports the following major governmental funds:

**General Fund** - Is the primary operating fund of Falls County, Texas and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

**Road and Bridge Fund** - Is a Special Revenue Fund used to account for revenue derived from ad valorem taxes, vehicle registration fees and rebates from the State of Texas. Disbursements are for maintenance and construction of County roads and bridges.

**Farm-to-Market Lateral Road Fund** - Is a Special Revenue Fund used to account for revenue derived from ad valorem taxes. Disbursements are for maintenance and construction of County farm-to-market roads.

**American Rescue Plan fund** - Is a Special Revenue Fund used to account for COVID-19 related grant and reimbursement activity.

**Budget Stabilization Fund** - Is a special revenue fund used to account for revenue derived from solar farms.

**FALLS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2025**

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**NOTE 1:**            **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Additionally, Falls County, Texas reports the following fund types:

Fiduciary Funds are used to account for assets held by Falls County, Texas as an agent for individuals and other governments. Agency Funds are custodial in nature and do not include measurements of results of operations.

The government-wide and fund financial statements are presented under the cash basis of accounting. The cash basis of accounting involves the measurement of cash and investments and changes in cash and investments resulting from cash receipt and disbursement transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. As a result of the use of this cash basis of accounting, certain assets, and their related receipts (such as capital assets, accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as long-term debt, accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. If Falls County, Texas utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the government-wide financials would be presented on the accrual basis of accounting.

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

Amounts reported as program receipts include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general revenue includes all taxes.

**Assets, Liabilities, and Net Assets or Equity**

**Deposits and Investments**

The government's cash and cash equivalents are cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Government and the District to invest in obligations of the U.S. Treasury. Investments for the Government are reported at fair value. For purposes of the statement of cash flows, the County considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

**Property Taxes**

Property taxes are levied by October 1st, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1st of the year in which imposed. On July 1st of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The County bills and collects property taxes for itself and for certain government entities within the County. Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the tax assessor's agency fund. Tax collections deposited for the County are distributed on a periodic basis to the general, road and bridge, and Debt Service Funds of the County. This distribution is based upon the tax rate established for each fund by order of the Commissioners' Court for the tax year for which the collections are made.

**FALLS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2025**

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**NOTE 1:**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The appraisal of property within the County is the responsibility of the County- wide appraisal district, which is required under the Property Tax Code to assess all property within the appraisal district based on 100 percent of its appraised value and is prohibited from applying any assessment ratios. The appraisal district must review the value of the property within the County every three years unless the County, at its own expense, requires more frequent reviews. The County may challenge the appraised values through various appeals and, if necessary, legal action. Under this legislation, the County sets tax rates on County property.

**Net Position**

Equity is classified as net position and displayed in two components:

**Restricted net position** - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**Unrestricted net position** - net position that does not meet the definition of "restricted."

It is Falls County, Texas' policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**Fund Balance**

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:

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

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

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

**FALLS COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The following table presents the County's fund balances at September 30, 2025:

Fund Balances:	
Restricted	
Administration	\$ 376,149
Culture and Recreation	2,450
Debt Service	125,406
Elections	58,498
Judicial	280,454
Legal	2,740
Public Facilities	122,710
Public Safety	156,052
Public Transportation	3,051,327
Committed	
Cemetery	280
Equipment Replacement	361,099
Unassigned	<u>9,115,992</u>
Total Fund Balance	<u><u>\$ 13,653,157</u></u>

**Stewardship, Compliance, and Accountability**

**Budgetary Information**

The original budget is adopted by the Commissioner's Court and filed with the County Clerk. Amendments are made during the year on approval by the Commissioner's Court.

The final amended budget is used in this report. The budget should not be exceeded in any expenditure category under State law. Unused appropriations lapse at the end of each year. The County Judge is, by statute, the Budget Officer of the County. He usually requests and relies on the assistance of the County Auditor to prepare the annual budget. After being furnished budget guidelines by the Commissioner's Court, the County Auditor prepares an estimate of receipts and a compilation of requested departmental disbursements and submits this data to the Commissioner's Court.

The Commissioner's Court invites various department heads to appear for a hearing concerning the departments' budget requests. Before determining the final budget, the Commissioner's Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the County Auditor's estimate of receipts and available cash. The final budget can be legally amended by the Commissioner's Court to whatever extent the Court desires if the amended figures do not exceed the County Auditor's estimate of receipts and available cash.

When the Budget has been adopted by the Commissioner's Court, the County Auditor is responsible for monitoring the disbursements of the various departments of the County to prevent disbursements from exceeding budgeted appropriations and for keeping the members of the Commissioner's Court advised of the condition of the various funds and accounts. The level of control for each legally adopted annual operating budget is the fund.

Budgets for the 2025 fiscal year were adopted for the General Fund, the Road and Bridge Fund, and the Farm-to-Market Lateral Road Fund.

**FALLS COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025**

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**NOTE 1:            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Excess of Disbursements over Appropriations**

For the year ended September 30, 2025, disbursements did not exceed appropriations in any fund.

**Deficit fund equity**

At September 30, 2025, no funds had a deficit fund balance

**NOTE 2:            DEPOSITS AND INVESTMENTS**

**Legal and Contractual Provisions Governing Deposits and Investments**

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

**Policies Governing Deposits and Investments**

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy. That policy does address the following risks:

As of September 30, 2025, the government had investments totaling \$2,264,060.

**Custodial credit risk – Deposits**

This is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government has a deposit policy for custodial credit risk. As of September 30, 2025, the government's bank balance of \$12,746,289 with the Cadence Bank was not exposed to custodial credit risk because it was fully insured by the U.S. Government and/or the State of Texas and/or is collateralized with securities held by the pledging financial institution's trust department or agent. The book balance of the cash on September 30, 2025 is \$11,389,097.

**FALLS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2025**

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**NOTE 3:**        **RISK MANAGEMENT**

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no instances where settlements exceeded insurance coverage in any of the three previous years. Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and number of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claim's liability estimate.

**General Liability Insurance**

The County is insured for general, police officers and automobile liability.

The County has joined with other governments in the Texas Association of Counties Risk Management Pool. The County pays an annual premium to Risk Management for auto vehicle insurance coverage. The agreement with Risk Management provides that Risk Management will be self-sustaining through member premiums and will reinsure through commercial companies for claims more than \$100,000 to \$300,000 for each insurance event. The County anticipates no contingent losses. Texas Association of Counties Risk Management Pool has published its own financial report that can be obtained from the Texas Association of Counties Risk Management Pool.

The County carries commercial fidelity bonds for elected officials and for management.

**Property and Casualty Insurance**

Property, casualty, mobile equipment insurance is provided by Texas Association of Counties Risk Management Pool.

**Workers' Compensation Insurance**

The County insures against workers' compensation claims through Texas Association of Counties Risk Management Pool.

**Group Health and Life Insurance**

The County maintains a group health insurance plan for active employees and their eligible dependents. Costs are recorded in the fund from which the employees' compensation is paid.

**Unemployment Compensation Insurance**

The County insures against unemployment compensation claims through an agreement with the Texas Association of Counties.

**FALLS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2025**

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**NOTE 4:**            **RELATED PARTY TRANSACTIONS**

Jay T. Elliott (County Judge) is Madison Elliott's (Justice of Peace #4) father.

Milton Albright (County Commissioner) and Sheryl Pringle (County Treasurer) are cousins.

Preble Polk (Justice of the Peace #3) is Kristy Pruitt's (Chief Deputy to County Tax Assessor) mother.

Laurie Smith (County District Clerk) is Lisa Reneau's (Tax Deputy Clerk) sister.

Kayci Nehring (County Tax Assessor) is Edd Nehring's (part-time Jailer) daughter-in-law.

Sheryl Pringle (County Treasurer) is Blake Odenbach's (full-time Dispatcher) aunt.

Elizabeth Garcia (District Attorney's Administrative Assistant) is Maggie Garcia's (Sheriff's Administrative Assistant) mother.

Sharon Scott (Chief Deputy to County Clerk) is Raymond Scott's (full-time Jailer) spouse.

Tonya Martinez (Chief Deputy to District Clerk) is Gabriel Martinez's (Jail Maintenance) spouse.

Thomas Jeff Watkins (Emergency Management Coordinator) is Lisa Watkin's (Election Administrator's Assistant Deputy) father.

**NOTE 5:**            **SUBSEQUENT EVENTS**

In preparing the financial statements, Falls County has evaluated events and transactions for potential recognition or disclosure through May 18, 2026, the date that the financial statements were available to be issued.

**NOTE 6:**            **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 disbursements that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

**NOTE 7**            **LITIGATION**

At September 30, 2025, the County is involved in various lawsuits pending against the County. These lawsuits involve claims relating to general liability, automobile liability, civil rights actions and various contractual matters. Any settlements arising out of these lawsuits will be paid from the County's insurance. In the opinion of management, any liabilities resulting from such suits would not have a material adverse effect on the County's financial statements.

## **COMBINING AND INDIVIDUAL FUND STATEMENTS**

FALLS COUNTY, TEXAS  
 COMBINING BALANCE SHEETS - CASH BASIS  
 NON-MAJOR GOVERNMENTAL FUNDS  
 September 30, 2025

	SPECIAL REVENUE				
	911 FUND	CHAPTER 19 FUND	CHILD SAFETY FUND	COURT REPORTER	COST EQUIP
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 10,325	\$ 1,963	\$ 178,066	\$ 2,740	\$ 308,407
Total Assets	<u>\$ 10,325</u>	<u>\$ 1,963</u>	<u>\$ 178,066</u>	<u>\$ 2,740</u>	<u>\$ 308,407</u>
<b>FUND BALANCES - CASH BASIS</b>					
Fund Balance - Cash Basis					
Restricted					
Administration	\$ -	\$ -	\$ 178,066	\$ -	\$ -
Culture and Recreation	-	-	-	-	-
Debt Service	-	-	-	-	-
Elections	-	1,963	-	-	-
Judicial	-	-	-	-	-
Legal	-	-	-	2,740	-
Public Facilities	-	-	-	-	-
Public Safety	10,325	-	-	-	-
Committed					
Cemetery	-	-	-	-	-
Equipment Replacement	-	-	-	-	308,407
Unassigned	-	-	-	-	-
Total Fund Balance - Cash Basis	<u>10,325</u>	<u>1,963</u>	<u>178,066</u>	<u>2,740</u>	<u>308,407</u>
<b>TOTAL LIABILITIES AND FUND BALANCES - CASH BASIS</b>	<u>\$ 10,325</u>	<u>\$ 1,963</u>	<u>\$ 178,066</u>	<u>\$ 2,740</u>	<u>\$ 308,407</u>

(continued)

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

FALLS COUNTY, TEXAS  
 COMBINING BALANCE SHEETS - CASH BASIS  
 NON-MAJOR GOVERNMENTAL FUNDS  
 September 30, 2025

	SPECIAL REVENUE FUNDS				
	CO & DIST	D.A. - DEPT		D.A. - STATE	ELECTION
	COURT TECH	HUMAN SERVICES	DISTRICT ATTORNEY	FUND	SERVICE FUND
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 7,394	\$ 85	\$ 5,107	\$ 1,000	\$ 56,535
Total Assets	<u>\$ 7,394</u>	<u>\$ 85</u>	<u>\$ 5,107</u>	<u>\$ 1,000</u>	<u>\$ 56,535</u>
<b>FUND BALANCES - CASH BASIS</b>					
Fund Balance - Cash Basis					
Restricted					
Administration	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and Recreation	-	-	-	-	-
Debt Service	-	-	-	-	-
Elections	-	-	-	-	56,535
Judicial	7,394	85	5,107	-	-
Legal	-	-	-	-	-
Public Facilities	-	-	-	-	-
Public Safety	-	-	-	-	-
Committed					
Cemetery	-	-	-	-	-
Equipment Replacement	-	-	-	-	-
Unassigned	-	-	-	1,000	-
Total Fund Balance - Cash Basis	<u>7,394</u>	<u>85</u>	<u>5,107</u>	<u>1,000</u>	<u>56,535</u>
<b>TOTAL LIABILITIES AND FUND BALANCES - CASH BASIS</b>	<u><u>\$ 7,394</u></u>	<u><u>\$ 85</u></u>	<u><u>\$ 5,107</u></u>	<u><u>\$ 1,000</u></u>	<u><u>\$ 56,535</u></u>

(continued)

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

**FALLS COUNTY, TEXAS**  
**COMBINING BALANCE SHEETS - CASH BASIS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**September 30, 2025**

	SPECIAL REVENUE FUNDS			
	ESTRAY	FAMILY	GASSAWAY	INTER
	FUND	PROTECTION	CEMETERY	GOVERNMENTAL
	FUND	FUND	TRUST	TRANSFERS
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,870	\$ 10,340	\$ 280	\$ -
Total Assets	<u>\$ 4,870</u>	<u>\$ 10,340</u>	<u>\$ 280</u>	<u>\$ -</u>
<b>FUND BALANCES - CASH BASIS</b>				
Fund Balance - Cash Basis				
Restricted				
Administration	\$ -	\$ -	\$ -	\$ -
Culture and Recreation	-	-	-	-
Debt Service	-	-	-	-
Elections	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Public Facilities	-	-	-	-
Public Safety	4,870	10,340	-	-
Committed				
Cemetery	-	-	280	-
Equipment Replacement	-	-	-	-
Unassigned				
Total Fund Balance - Cash Basis	<u>4,870</u>	<u>10,340</u>	<u>280</u>	<u>-</u>
<b>TOTAL LIABILITIES AND</b>				
<b>FUND BALANCES - CASH BASIS</b>	<u>\$ 4,870</u>	<u>\$ 10,340</u>	<u>\$ 280</u>	<u>\$ -</u>

(continued)

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

**FALLS COUNTY, TEXAS**  
**COMBINING BALANCE SHEETS - CASH BASIS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**September 30, 2025**

	SPECIAL REVENUE FUNDS				
	JUSTICE	KEEP	LAW	OFFICE OF	PERMANENT
	COURT TECH	FALLS CO BEAUTIFUL	ENFORCEMENT EDUCATION	AG-VCLG	IMPROVEMENT
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,980	\$ 2,450	\$ 30,209	\$ 1	\$ 52,692
Total Assets	<u>\$ 1,980</u>	<u>\$ 2,450</u>	<u>\$ 30,209</u>	<u>\$ 1</u>	<u>\$ 52,692</u>
<b>FUND BALANCES - CASH BASIS</b>					
Fund Balance - Cash Basis					
Restricted					
Administration	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and Recreation	-	2,450	-	-	-
Debt Service	-	-	-	-	-
Elections	-	-	-	-	-
Judicial	1,980	-	-	-	-
Legal	-	-	-	-	-
Public Facilities	-	-	-	-	-
Public Safety	-	-	30,209	-	-
Committed					
Cemetery	-	-	-	-	-
Equipment Replacement	-	-	-	-	52,692
Unassigned	-	-	-	1	-
Total Fund Balance - Cash Basis	<u>1,980</u>	<u>2,450</u>	<u>30,209</u>	<u>1</u>	<u>52,692</u>
<b>TOTAL LIABILITIES AND FUND BALANCES - CASH BASIS</b>	<u><u>\$ 1,980</u></u>	<u><u>\$ 2,450</u></u>	<u><u>\$ 30,209</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 52,692</u></u>

(continued)

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

FALLS COUNTY, TEXAS  
 COMBINING BALANCE SHEETS - CASH BASIS  
 NON-MAJOR GOVERNMENTAL FUNDS  
 September 30, 2025

	SPECIAL REVENUE FUNDS				
	RECORDS MGMT	SHERIFF FORFEITURE FUND	VAWA INVESTIGATOR	CRIME VICTIM RESTITUTION	Pre-Trial Intervention Program
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 184,604	\$ 8,127	\$ 3,407	\$ 233	\$ 43,649
Total Assets	<u>\$ 184,604</u>	<u>\$ 8,127</u>	<u>\$ 3,407</u>	<u>\$ 233</u>	<u>\$ 43,649</u>
<b>FUND BALANCES - CASH BASIS</b>					
Fund Balance - Cash Basis					
Restricted					
Administration	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and Recreation	-	-	-	-	-
Debt Service	-	-	-	-	-
Elections	-	-	-	-	-
Judicial	184,604	-	-	-	43,649
Legal	-	-	-	-	-
Public Facilities	-	-	-	-	-
Public Safety	-	8,127	-	-	-
Committed					
Cemetery	-	-	-	-	-
Equipment Replacement	-	-	-	-	-
Unassigned	-	-	3,407	233	-
Total Fund Balance - Cash Basis	<u>184,604</u>	<u>8,127</u>	<u>3,407</u>	<u>233</u>	<u>43,649</u>
<b>TOTAL LIABILITIES AND FUND BALANCES - CASH BASIS</b>	<u><u>\$ 184,604</u></u>	<u><u>\$ 8,127</u></u>	<u><u>\$ 3,407</u></u>	<u><u>\$ 233</u></u>	<u><u>\$ 43,649</u></u>

(continued)

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

**FALLS COUNTY, TEXAS**  
**COMBINING BALANCE SHEETS - CASH BASIS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**September 30, 2025**

	SPECIAL REVENUE FUNDS				
	Chilton Water-Sewer Project	TWDB Grant	Falls County Grant	Falls on Brazos Park Project	Opioid Abatement
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ -	\$ 37,635	\$ 134,010	\$ 122,710	\$ 23,231
Total Assets	<u>\$ -</u>	<u>\$ 37,635</u>	<u>\$ 134,010</u>	<u>\$ 122,710</u>	<u>\$ 23,231</u>
<b>FUND BALANCES - CASH BASIS</b>					
Fund Balance - Cash Basis					
Restricted					
Administration	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and Recreation	-	-	-	-	-
Debt Service	-	-	-	-	-
Elections	-	-	-	-	-
Judicial	-	37,635	-	-	-
Legal	-	-	-	-	-
Public Facilities	-	-	-	122,710	-
Public Safety	-	-	-	-	23,231
Committed					
Cemetery	-	-	-	-	-
Equipment Replacement	-	-	-	-	-
Unassigned	-	-	134,010	-	-
Total Fund Balance - Cash Basis	<u>-</u>	<u>37,635</u>	<u>134,010</u>	<u>122,710</u>	<u>23,231</u>
<b>TOTAL LIABILITIES AND FUND BALANCES - CASH BASIS</b>	<u>\$ -</u>	<u>\$ 37,635</u>	<u>\$ 134,010</u>	<u>\$ 122,710</u>	<u>\$ 23,231</u>

(continued)

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

FALLS COUNTY, TEXAS  
 COMBINING BALLANCE SHEETS - CASH BASIS  
 NON-MAJOR GOVERNMENTAL FUNDS  
 September 30, 2025

	SPECIAL REVENUE FUNDS					TOTAL
	SB22 GRANTS			TPWD	I & S 2010	
	Sheriff	Constable	Prosecutor	Grant Boat	FUND	
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 10,671	\$ -	\$ 3,085	\$ -	\$ 125,406	\$ 1,371,212
Total Assets	<u>\$ 10,671</u>	<u>\$ -</u>	<u>\$ 3,085</u>	<u>\$ -</u>	<u>\$ 125,406</u>	<u>\$ 1,371,212</u>
<b>FUND BALANCES - CASH BASIS</b>						
Fund Balance - Cash Basis						
Restricted						
Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178,066
Culture and Recreation	-	-	-	-	-	2,450
Debt Service	-	-	-	-	125,406	125,406
Elections	-	-	-	-	-	58,498
Judicial	-	-	-	-	-	280,454
Legal	-	-	-	-	-	2,740
Public Facilities	-	-	-	-	-	122,710
Public Safety	10,671	-	3,085	-	-	100,858
Committed						
Cemetery	-	-	-	-	-	280
Equipment Replacement	-	-	-	-	-	361,099
Unassigned	-	-	-	-	-	138,651
Total Fund Balance - Cash Basis	<u>10,671</u>	<u>-</u>	<u>3,085</u>	<u>-</u>	<u>125,406</u>	<u>1,371,212</u>
<b>TOTAL LIABILITIES AND FUND BALANCES - CASH BASIS</b>	<u>\$ 10,671</u>	<u>\$ -</u>	<u>\$ 3,085</u>	<u>\$ -</u>	<u>\$ 125,406</u>	<u>\$ 1,371,212</u>

(concluded)

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

**FALLS COUNTY, TEXAS**  
**COMBINING STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	SPECIAL REVENUE FUNDS				
	911 FUND	CHAPTER 19 FUND	CHILD SAFETY FUND	COURT REPORTER	COST EQUIP
<b>RECEIPTS</b>					
Taxes					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	33,747	4,650	-
Interest	-	-	-	-	-
Miscellaneous	22,430	-	-	-	100,432
Total Receipts	<u>22,430</u>	<u>-</u>	<u>33,747</u>	<u>4,650</u>	<u>100,432</u>
<b>DISBURSEMENTS</b>					
Current:					
General Administration	-	-	1,189	-	-
Judicial	-	-	-	26,393	-
Public Facilities	-	-	-	-	-
Public Safety	22,803	-	-	-	-
Equipment	-	-	-	-	-
Debt Service					
Principal, Interest and Fiscal Charges	-	-	-	-	-
Total Disbursements	<u>22,803</u>	<u>-</u>	<u>1,189</u>	<u>26,393</u>	<u>-</u>
Excess (Deficiency) of Receipts					
Over (Under) Disbursements	<u>(373)</u>	<u>-</u>	<u>32,558</u>	<u>(21,743)</u>	<u>100,432</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balance - Cash Basis	<u>(373)</u>	<u>-</u>	<u>32,558</u>	<u>(21,743)</u>	<u>100,432</u>
Fund Balance - Cash Basis - Beginning	10,698	1,963	145,508	24,483	207,975
Fund Balance - Cash Basis - Ending	<u>\$ 10,325</u>	<u>\$ 1,963</u>	<u>\$ 178,066</u>	<u>\$ 2,740</u>	<u>\$ 308,407</u>

**(Continued)**

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

**FALLS COUNTY, TEXAS**  
**COMBINING STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	SPECIAL REVENUE FUNDS				
	CO & DIST	D.A. - DEPT		D.A. - STATE	ELECTION
	COURT TECH	HUMAN SERVICES	DISTRICT ATTORNEY	FUND	SERVICE FUND
<b>RECEIPTS</b>					
Taxes					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for Services	555	-	-	28,353	1,943
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	4,500
Total Receipts	<u>555</u>	<u>-</u>	<u>-</u>	<u>28,353</u>	<u>6,443</u>
<b>DISBURSEMENTS</b>					
Current:					
General Administration	-	-	-	28,353	2,812
Judicial	-	-	98	-	-
Public Facilities	-	-	-	-	-
Public Safety	-	-	-	-	-
Equipment	-	-	-	-	-
Debt Service					
Principal, Interest and Fiscal Charges	-	-	-	-	-
Total Disbursements	<u>-</u>	<u>-</u>	<u>98</u>	<u>28,353</u>	<u>2,812</u>
Excess (Deficiency) of Receipts					
Over (Under) Disbursements	<u>555</u>	<u>-</u>	<u>(98)</u>	<u>-</u>	<u>3,631</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balance - Cash Basis	<u>555</u>	<u>-</u>	<u>(98)</u>	<u>-</u>	<u>3,631</u>
Fund Balance - Cash Basis - Beginning	6,839	85	5,205	1,000	52,904
Fund Balance - Cash Basis - Ending	<u>\$ 7,394</u>	<u>\$ 85</u>	<u>\$ 5,107</u>	<u>\$ 1,000</u>	<u>\$ 56,535</u>

(Continued)

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

**FALLS COUNTY, TEXAS**  
**COMBINING STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	SPECIAL REVENUE FUNDS			
	ESTRAY FUND	FAMILY PROTECTION FUND	GASSAWAY CEMETERY TRUST	INTER GOVERNMENTAL TRANSFERS
<b>RECEIPTS</b>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for Services	4,368	-	-	-
Interest	-	-	1	-
Miscellaneous	-	-	-	-
Total Receipts	<u>4,368</u>	<u>-</u>	<u>1</u>	<u>-</u>
<b>DISBURSEMENTS</b>				
Current:				
General Administration	-	-	-	-
Judicial	-	-	-	-
Public Facilities	-	-	-	-
Public Safety	2,970	-	-	-
Equipment	-	-	-	-
Debt Service				
Principal, Interest and Fiscal Charges	-	-	-	-
Total Disbursements	<u>2,970</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<u>1,398</u>	<u>-</u>	<u>1</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In	-	-	-	652,676
Operating Transfers Out	-	-	-	(652,676)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balance - Cash Basis	<u>1,398</u>	<u>-</u>	<u>1</u>	<u>-</u>
Fund Balance - Cash Basis - Beginning	3,472	10,340	279	-
Fund Balance - Cash Basis - Ending	<u>\$ 4,870</u>	<u>\$ 10,340</u>	<u>\$ 280</u>	<u>\$ -</u>

**(Continued)**

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

**FALLS COUNTY, TEXAS**  
**COMBINING STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	SPECIAL REVENUE FUNDS				
	JUSTICE COURT TECH	KEEP FALLS CO BEAUTIFUL	LAW ENFORCEMENT EDUCATION	OFFICE OF AG-VCLG	PERMANENT IMPROVEMENT
<b>RECEIPTS</b>					
Taxes					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	41,711
Charges for Services	363	-	10,351	47,140	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Receipts	<u>363</u>	<u>-</u>	<u>10,351</u>	<u>47,140</u>	<u>41,711</u>
<b>DISBURSEMENTS</b>					
Current:					
General Administration	-	-	-	64,372	27,047
Judicial	2,368	-	-	-	-
Public Facilities	-	-	-	-	-
Public Safety	-	-	3,259	-	-
Equipment	-	-	-	-	-
Debt Service					
Principal, Interest and Fiscal Charges	-	-	-	-	-
Total Disbursements	<u>2,368</u>	<u>-</u>	<u>3,259</u>	<u>64,372</u>	<u>27,047</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<u>(2,005)</u>	<u>-</u>	<u>7,092</u>	<u>(17,232)</u>	<u>14,664</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In	-	-	-	11,975	-
Operating Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,975</u>	<u>-</u>
Net Changes in Fund Balance - Cash Basis	<u>(2,005)</u>	<u>-</u>	<u>7,092</u>	<u>(5,257)</u>	<u>14,664</u>
Fund Balance - Cash Basis - Beginning	3,985	2,450	23,117	5,258	38,028
Fund Balance - Cash Basis - Ending	<u>\$ 1,980</u>	<u>\$ 2,450</u>	<u>\$ 30,209</u>	<u>\$ 1</u>	<u>\$ 52,692</u>

(Continued)

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

**FALLS COUNTY, TEXAS  
COMBINING STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	SPECIAL REVENUE FUNDS				
	RECORDS MGMT	SHERIFF FORFEITURE FUND	VAWA INVESTIGATOR	CRIME VICTIM RESTITUTION	Pre-Trial Intervention Program
<b>RECEIPTS</b>					
Taxes					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	31,511	-	-
Charges for Services	68,021	-	-	-	-
Interest	-	-	-	9	-
Miscellaneous	-	-	-	-	5,960
Total Receipts	<u>68,021</u>	<u>-</u>	<u>31,511</u>	<u>9</u>	<u>5,960</u>
<b>DISBURSEMENTS</b>					
Current:					
General Administration	341,299	-	-	-	-
Judicial	-	-	-	-	16,769
Public Facilities	-	-	-	-	-
Public Safety	-	9,840	65,249	-	-
Equipment	-	-	-	-	-
Debt Service					
Principal, Interest and Fiscal Charges	-	-	-	-	-
Total Disbursements	<u>341,299</u>	<u>9,840</u>	<u>65,249</u>	<u>-</u>	<u>16,769</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<u>(273,278)</u>	<u>(9,840)</u>	<u>(33,738)</u>	<u>9</u>	<u>(10,809)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In	-	-	33,260	-	-
Operating Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>33,260</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balance - Cash Basis	<u>(273,278)</u>	<u>(9,840)</u>	<u>(478)</u>	<u>9</u>	<u>(10,809)</u>
Fund Balance - Cash Basis - Beginning	457,882	17,967	3,885	224	54,458
Fund Balance - Cash Basis - Ending	<u>\$ 184,604</u>	<u>\$ 8,127</u>	<u>\$ 3,407</u>	<u>\$ 233</u>	<u>\$ 43,649</u>

(Continued)

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

**FALLS COUNTY, TEXAS**  
**COMBINING STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	SPECIAL REVENUE FUNDS				
	Chilton Water-Sewer Project	TWDB Grant	Falls County Grant	Falls on Brazos Park Project	Opioid Abatement
<b>RECEIPTS</b>					
Taxes					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	54,950	-	27,119	-	-
Charges for Services	-	-	-	-	-
Interest	-	1,439	-	-	-
Miscellaneous	-	-	-	-	10,286
Total Receipts	<u>54,950</u>	<u>1,439</u>	<u>27,119</u>	<u>-</u>	<u>10,286</u>
<b>DISBURSEMENTS</b>					
Current:					
General Administration	-	1,000	6,982	-	-
Judicial	-	-	-	-	-
Public Facilities	54,950	-	-	31,207	-
Public Safety	-	-	-	-	-
Equipment	-	-	-	-	-
Debt Service					
Principal, Interest and Fiscal Charges	-	-	-	-	-
Total Disbursements	<u>54,950</u>	<u>1,000</u>	<u>6,982</u>	<u>31,207</u>	<u>-</u>
Excess (Deficiency) of Receipts					
Over (Under) Disbursements	<u>-</u>	<u>439</u>	<u>20,137</u>	<u>(31,207)</u>	<u>10,286</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balance - Cash Basis	<u>-</u>	<u>439</u>	<u>20,137</u>	<u>(31,207)</u>	<u>10,286</u>
Fund Balance - Cash Basis - Beginning	-	37,196	113,873	153,917	12,945
Fund Balance - Cash Basis - Ending	<u>\$ -</u>	<u>\$ 37,635</u>	<u>\$ 134,010</u>	<u>\$ 122,710</u>	<u>\$ 23,231</u>

**(Continued)**

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

**FALLS COUNTY, TEXAS**  
**COMBINING STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	SPECIAL REVENUE FUNDS					TOTAL
	SB22 GRANTS			TPWD	I & S 2010	
	Sheriff	Constable	Prosecutor	Grant Boat	FUND	
<b>RECEIPTS</b>						
Taxes						
Property	\$ -	\$ -	\$ -	\$ -	\$ 287,554	\$ 287,554
Intergovernmental	350,000	2,892	175,093	5,625	-	688,901
Charges for Services	-	-	-	-	-	199,491
Interest	7,523	-	-	-	8,092	17,064
Miscellaneous	-	47	3,433	-	-	147,088
Total Receipts	<u>357,523</u>	<u>2,939</u>	<u>178,526</u>	<u>5,625</u>	<u>295,646</u>	<u>1,340,098</u>
<b>DISBURSEMENTS</b>						
Current:						
General Administration	-	-	-	7,500	-	480,554
Judicial	-	-	-	-	-	45,628
Public Facilities	-	-	-	-	-	86,157
Public Safety	347,734	2,939	175,442	-	-	630,236
Equipment	-	-	-	-	-	-
Debt Service						
Principal, Interest and Fiscal Charges	-	-	-	-	266,931	266,931
Total Disbursements	<u>347,734</u>	<u>2,939</u>	<u>175,442</u>	<u>7,500</u>	<u>266,931</u>	<u>1,509,506</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<u>9,789</u>	<u>-</u>	<u>3,084</u>	<u>(1,875)</u>	<u>28,715</u>	<u>(169,408)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating Transfers In	-	-	-	1,875	-	699,786
Operating Transfers Out	-	-	-	-	-	(652,676)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,875</u>	<u>-</u>	<u>47,110</u>
Net Changes in Fund Balance - Cash Basis	<u>9,789</u>	<u>-</u>	<u>3,084</u>	<u>-</u>	<u>28,715</u>	<u>(122,298)</u>
Fund Balance - Cash Basis - Beginning	882	-	1	-	96,691	1,493,510
Fund Balance - Cash Basis - Ending	<u>\$ 10,671</u>	<u>\$ -</u>	<u>\$ 3,085</u>	<u>\$ -</u>	<u>\$ 125,406</u>	<u>\$ 1,371,212</u>
						<b>(Concluded)</b>

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

**SINGLE AUDIT SECTION**

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

To the County Judge and Commissioners' Court Falls  
County, Texas

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

***Internal Control over Financial Reporting***

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

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

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

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

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

***Purpose of this Report***

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

*P. Andrew Hall LLC.*

P. Andrew Hall, LLC  
Corpus Christi, Texas  
May 18, 2026

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the County Judge and Commissioners' Court  
Falls County, Texas

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Falls County, Texas (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2025. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control over Compliance**

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

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

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

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

*P. Andrew Hall LLC.*

P. Andrew Hall, LLC  
Corpus Christi, Texas  
May 18 2026

**FALL COUNTY, TEXAS  
SCHEDULE OF FEDERAL AND STATE EXPENDITURES  
SEPTEMBER 30, 2025**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>FEDERAL CFDA NUMBER</b>	<b>OTHER AWARD NUMBER</b>	<b>TOTAL FUND EXPENDITURES</b>
<b><u>Federal Expenditures</u></b>			
<b>U.S. Department of the Treasury</b>			
Passed Through the Texas Division of Emergency Management			
Corona Virus State and Local Fiscal Recovery Funds	21.027	JJUYXQ3LFJJ1	\$ 978,487
Total U.S. Department of the Treasury			<u>978,487</u>
<b>U.S. Department of Housing and Urban development</b>			
Passed Through the Texas Department of Agriculture			
Community Development Block Program (CDBG)	14.288	7219141	54,950
Total U.S. Department of Housing and Urban development			<u>54,950</u>
<b>U.S. Department of the Interior - U.S. Fish and Wildlife Service</b>			
Passed Through the Texas Department of Parks and Wildlife			
Sport Fish Restoration-Boat Access Program - FOBP	15.605	F24AF00868	7,500
Total U.S. Department of the Interior - U.S. Fish and Wildlife Service			<u>7,500</u>
Total Federal Expenditures			<u>\$ 1,040,937</u>
<b>State Grantor/Pass-Through Grantor/Program Title</b>			
<b><u>State Expenditures</u></b>			
Passed Through:			
Texas Attorney General (OAG)			
VINE/SAVNS		2218709	\$ 6,982
VCLG		4240501	64,372
VAWA Investigator		4257701	65,249
Total Texas Attorney General (OAG)			<u>136,603</u>
Passed Through:			
Texas Water Development Board (TWDB)			
Flood Control Planning Project No. 40002		G1001409	1,000
Total Texas Water Development Board (TWDB)			<u>1,000</u>
Passed Through:			
Texas Parks & Wildlife Department (TPWD)			
Local Park Grant Program - FOBP		54-24014	31,207
Total Texas Parks and Wildlife (TPWD)			<u>31,207</u>
Passed Through:			
Texas Comptroller of Public Accounts			
Rural Law Enforcement Salary Assistance Program - Sheriff		IA-0000000165	355,269
Rural Law Enforcement Salary Assistance Program - Constable		IA-0000000229	2,966
Rural Law Enforcement Salary Assistance Program - Prosecutor		IA-0000000210	176,925
Total Texas Comptroller of Public Accounts			<u>535,160</u>
Total State Expenditures			<u>\$ 703,970</u>
<b><u>Regional Expenditures</u></b>			
Heart of Texas Council of Governments			
9-1-1 Program			\$ 22,803
Total Regional Expenditures			<u>22,803</u>
<b>TOTAL EXPENDITURES OF FEDERAL, STATE AND REGIONAL AWARDS</b>			<u><u>\$ 1,767,710</u></u>

**FALLS COUNTY, TEXAS**  
**NOTES TO SCHEDULE EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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**NOTE A-BASIS OF PRESENTATION**

The accompanying schedule of expenditures of state awards (the Schedule) includes the state award activity of the Falls County, Texas under programs of the state government for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of the standards applicable to financial audits contained in Uniform Grant Management Standards promulgated by the Office of the Governor under 34 TAC Part 1, Chapter 20, Subchapter 1 - Comptroller. Because the Schedule presents only a selected portion of the operations of Falls County, Texas, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Falls County, Texas.

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

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Grant Management Standards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE C-INDIRECT COST RATE**

Falls County, Texas has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Grant Management Standards.

**FALLS COUNTY, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended September 30, 2025**

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I. Summary of Auditor's Results

A. Financial Statements

1. Type of auditor's report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified?  Yes  No
  - Significant deficiency(ies) identified that are not considered to be material  Yes  None Reported
3. Noncompliance material to financial statements noted?  Yes  No

B. Federal Awards

1. Internal control over major programs:
- Material weakness(es) identified?  Yes  No
  - Significant deficiency(ies) identified that are not considered to be material  Yes  None Reported
2. Type of auditor's report issued on compliance for major programs: Unmodified
- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a) of the Uniform Guidance?  Yes  No

3. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
21.027	Corona Virus State and Local Fiscal Recovery Funds
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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

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**Section II-Financial Statement Findings**

*None*

**Section III-Federal or State Award findings & Questioned Costs**

*None*