OFFICIAL NOTICE OF SALE,
OFFICIAL BID FORM,
AND
PRELIMINARY OFFICIAL STATEMENT

$5,000,000*

ATASCOSA COUNTY, TEXAS

Designated by the County as
"QUALIFIED TAX-EXEMPT OBLIGATIONS"
FOR FINANCIAL INSTITUTIONS

COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2018

Bids due
Monday, July 23, 2018
at
10:00 A.M. Central Time

***Preliminary, subject to change based on bid structures. See "THE CERTIFICATES – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE CERTIFICATES" IN THE OFFICIAL NOTICE OF SALE.**

This Official Notice of Sale does not alone constitute an invitation for bids but is merely notice of sale of the Certificates defined and described herein. The invitation for bids on the Certificates is being made by means of this Official Notice of Sale, the Official Bid Form and the Preliminary Official Statement.

OFFICIAL NOTICE OF SALE

$5,000,000*
ATASCOSA COUNTY, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2018

THE CERTIFICATES WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BID: The Commissioners Court of Atascosa County, Texas (the "County" or the "Issuer") is offering for sale at competitive bid its $5,000,000* Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2018 (the "Certificates").

BIDS BY INTERNET: Interested bidders may, at their option and risk, submit their bid by electronic media, as described below, by 10:00 A.M. Central Time, on July 23, 2018. Bidders submitting a bid by internet shall not be required to submit signed Official Bid Forms prior to the award. Any prospective bidder that intends to submit an electronic bid must submit its electronic bid via the facilities of the i-Deal, LLC Parity System ("PARITY") and should, as a courtesy, register with PARITY by 9:00 A.M., Central Time, on July 23, 2018 indicating their intent to submit a bid by internet

In the event of a malfunction in the electronic bidding process, bidders may submit their bids by email to mmcliney@samcocapital.com. If there is a malfunction of the electronic bidding process and a bidder submits a bid via a facsimile, please call 210-832-9760 to notify the Financial Advisor of the incoming bid. Any bid received after the scheduled time for their receipt will not be accepted.

The official time for the receipt of bids shall be the time maintained by PARITY. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale, Official Bid Form and the Preliminary Official Statement. To the extent that any instructions or directions set forth in PARITY conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about the PARITY System, potential bidders may contact PARITY, c/o Ipreo Holdings LLC, 1359 Broadway, New York, New York 10018, 212-849-5021.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Certificates on the terms provided in this Official Notice of Sale, and shall be binding upon the bidder as if made by a signed sealed bid delivered to the County. The County shall not be responsible for any malfunction or mistake made by, or as a result of the use of PARITY, the use of such facilities being at the sole risk of the prospective bidder.

BIDS BY FACSIMILE: BIDS BY FACSIMILE WILL NOT BE ACCEPTED.

BIDS BY TELEPHONE: BIDS BY TELEPHONE WILL NOT BE ACCEPTED.

OPENING OF BIDS: Bids will be opened and publicly read at 10:00 A.M., Central Time, on Monday, July 23, 2018, following which the bids will be evaluated by SAMCO Capital Markets, Inc. (the "Financial Advisor") and the Commissioners Court shall provide final approval of the award at a Commissioners Court meeting that will start at 9:00 A.M., Central Time. The County Judge or his representative shall award the Certificates as described in the section entitled "AWARD AND SALE OF THE CERTIFICATES" below.

AWARD AND SALE OF THE CERTIFICATES: By 11:00 A.M., Central Time, on the date set for receipt of bids, the County Judge or his representative shall award the Certificates to **the low qualified bidder (the "Winning Bidder"), as described in the section entitled "CONDITIONS OF SALE – Basis of Award" herein subject to final approval of the Commissioners Court which will take action to adopt an order (the "Order")** authorizing the issuance and awarding sale of the Certificates or will reject all bids promptly at a scheduled meeting to commence at 9:00 A.M. Central Time on Monday, July 23, 2018. The County reserves the right to reject any or all bids and to waive any irregularities, except time of filing.

*Preliminary, subject to change based on bid structures. See "THE CERTIFICATES – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE CERTIFICATES" herein.

THE CERTIFICATES

DESCRIPTION OF CERTAIN TERMS OF THE CERTIFICATES: The Certificates will be dated August 1, 2018 (the "Dated Date") with interest to accrue from the Dated Date and be payable initially on February 1, 2019, and semiannually on each August 1 and February 1 thereafter until the earlier of stated maturity or prior redemption. The Certificates will be issued as fully registered Certificates 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 Certificates will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. Purchasers of the Certificates ("Beneficial Owners") will not receive physical delivery of Certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by UMB Bank, N.A., Austin, 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 Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" in the Official Statement.) The Certificates will be stated to mature on February 1 in each of the following years in the following amounts:

MATURITY SCHEDULE
(Due February 1)

Stated Maturity	Principal Amount*	Stated Maturity	Principal Amount*
2020	$350,000	2027	$300,000
2021	460,000	2028	310,000
2022	480,000	2029	325,000
2023	500,000	2030	340,000
2024	265,000	2031	355,000
2025	275,000	2032	370,000
2026	285,000	2033	385,000

ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE CERTIFICATES: The County reserves the right to increase or decrease the principal (maturity) amount of any maturity of the Certificates, including the elimination of a maturity or maturities; provided, however, that the aggregate principal (denominational) amount of the Certificates shall not exceed $5,000,000. Notice of any such changes shall be given to the successful bidder as soon as practicable following the notification of award, as described below, and this Official Notice of Sale may be amended at the sole discretion of the County to reflect such increase or decrease. The County will attempt to maintain total underwriter per bond spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined. The successful bidder may not withdraw its bids or change the rates bid or any initial reoffering prices as a result of any changes made to the principal (denominational) amounts.

SERIAL CERTIFICATES AND/OR TERM CERTIFICATES: Bidders may provide that all of the Certificates be issued as serial maturities or may provide that any two or more consecutive annual principal amounts with stated maturities from 2029-2033 be combined into one or more term certificates. (the "Term Certificates").

MANDATORY SINKING FUND REDEMPTION: If the Winning Bidder designates principal amounts to be combined into one or more Term Certificates, each such Term Certificate will be subject to mandatory sinking fund redemption commencing on February 1 of the first year which has been combined to form such Term Certificate and continuing on February 1 in each year thereafter until the stated maturity date of that Term Certificate. The amount redeemed in any year will be equal to the principal amount for such year set forth in the table above under the caption "MATURITY SCHEDULE". Certificates to be redeemed in any year by mandatory sinking fund redemption will be redeemed at par and will be selected by lot from among the Certificates then subject to redemption. The County, at its option, may credit against any mandatory sinking fund redemption requirement Term Certificates of the maturity then subject to redemption which have been purchased and canceled by the County or have been optionally redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

OPTIONAL REDEMPTION: The County reserves the right, at its option, to redeem the Certificates maturing on or after February 1, 2029, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on February 1, 2028, or any date thereafter, at the redemption price of par plus accrued interest as further described in the Official Statement.

SECURITY FOR PAYMENT: The Certificates are being issued pursuant to the Constitution and general laws of the State, particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, Chapter 1473, as amended, Texas Government Code, and the Order to be adopted by the Commissioners Court. (See "THE CERTIFICATES - Authority for Issuance" in the Preliminary Official Statement.)

OTHER TERMS AND COVENANTS: Other terms of the Order and the various covenants of the County contained in the Order are described in the Official Statement, to which reference is made for all purposes.

SUCCESSOR PAYING AGENT/REGISTRAR: The initial Paying Agent/Registrar is UMB Bank, N.A., Austin, Texas. In the Order, the County covenants to provide a Paying Agent/Registrar at all times while the Certificates are outstanding, and any Paying Agent/Registrar selected by the County shall be a commercial bank or trust company organized under the laws of the United States and any state and duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Certificates. The Paying Agent/Registrar will maintain the Security Register containing the names and addresses of the registered owners of the Certificates.

*Preliminary, subject to change based on bid structure.

In the Order, the County retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the County, 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 County, shall be qualified as described in the Preliminary Official Statement. Upon a change in the Paying Agent/Registrar for the Certificates, the County agrees to promptly cause written notice thereof to be sent to each registered owner of the Certificates by United States mail, first-class, postage prepaid.

CONDITIONS OF SALE

TYPES OF BIDS AND INTEREST RATES: The Certificates will be sold in one block on an "All or None" basis, and at a price of not less than their par value, plus accrued interest on the Certificates from the Dated Date of the Certificates to the date of Initial Delivery (defined herein) of the Certificates. **No bid producing a cash premium on the Certificates that results in a dollar price of less than 102% nor greater than 107% will be considered; provided, however, that any bid is subject to adjustment as described under the caption "ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS".** Bidders are invited to name the rate(s) of interest to be borne by the Certificates, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1% and the net effective interest for the Certificates (calculated in the manner required by Chapter 1204, as amended, Texas Government Code) must not exceed 15%. **The highest rate bid may not exceed the lowest rate bid by more than 300 basis points (or 3% in rate). No limitation is imposed upon bidders as to the number of rates or changes which may be used.** All Certificates of one stated maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

BASIS OF AWARD: The sale of the Certificates will be awarded to the bidder making a bid that conforms to the specifications herein and which produces the lowest True Interest Cost (defined herein) rate to the County. The "True Interest Cost" rate is that rate which, when used to compute the total present value as of the Dated Date of all debt service payments on the Certificates on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Certificates plus the premium bid, (but not interest accrued from the Dated Date to the date of their initial delivery to the Purchaser). In the event of a bidder's error in interest cost rate calculations, the interest rates, and premium, set forth in the Official Bid Form will be considered as the intended bid.

ESTABLISHING THE ISSUE PRICE OF THE CERTIFICATES

General: In order to provide the County with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the exclusion of interest on the Certificates from the gross income of their owners, the Winning Bidder will be required to complete, execute, and deliver to the County or to the Financial Advisor at least five business days before the Delivery Date (defined herein) of the Certificates, a certification as to the Certificates' "issue price" (the "Issue Price Certificate") substantially in one of the forms and to the effect attached hereto or accompanying this Notice of Sale. In the event the Winning Bidder will not reoffer any maturity of the Certificates for sale to the Public (as defined herein) by the Delivery Date of the Certificates, the Issue Price Certificate may be modified in a manner approved by the County and Bond Counsel (identified in the Preliminary Official Statement). Each bidder, by submitting its bid, agrees to complete, execute, and timely deliver the appropriate Issue Price Certificate, if its bid is accepted by the County. It will be the responsibility of the Winning Bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts as are necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

Defined Terms: For purposes of this section of this Notice of Sale:

(i) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

(ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the County (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public).

(iii) "Related Party" means any two or more persons who are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(iv) "Sale Date" means the date that the Certificates are awarded by the County to the Winning Bidder.

All actions to be taken by the County under this Notice of Sale to establish the issue price of the Certificates may be taken on behalf of the County by the Financial Advisor, and any notice or report to be provided to the County may be provided to the Financial Advisor.

The County will consider any bid submitted pursuant to this Notice of Sale to be a firm offer for the purchase of the Certificates, as specified in the bid.

Three Bid Requirement: The County intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) for purposes of establishing the issue price of municipal bonds, which requires, among other things, that the County receives bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Three Bid Requirement"). In the event that the

Three Bid Requirement is not satisfied, the Treasury Regulations permit the issue price for any maturity of the Certificates to be determined based upon either (i) the first price at which 10% of such maturity is sold to the Public (the "10% Test") or (ii) if the requirements of the "Hold-the-Offering-Price Rule" described below are met, the initial offering price to the Public as of the Sale Date. For purposes hereof, if different interest rates apply within a maturity, each separate CUSIP number will be treated separately.

In the event that the Three Bid Requirement is satisfied, the sale of the Certificates will be awarded to the bidder making a bid that conforms to the specifications herein. In the event that the Three Bid Requirement is not satisfied, the County will notify the prospective Winning Bidder to that effect, and the prospective winning bidder will advise the County of any maturity of the Certificates that satisfies the 10% Test. For any maturity of the Certificates that does not meet the 10% Test, it is the County's intention to apply the "Hold-the-Offering-Price Rule" to any such maturity, as described below.

Hold-the-Offering-Price Rule: If the "Hold-the-Offering-Price Rule" is applied to any maturity of the Certificates (each, a "Held Maturity"), the Winning Bidder agrees, on behalf of each Underwriter participating in the purchase of the Certificates, that each Underwriter will neither offer nor sell any Held Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

(1) the close of the fifth business day after the Sale Date; or

(2) the date on which the Underwriters have satisfied the 10% Test with respect to that Held Maturity at a price that is no higher than the initial offering price to the Public.

The Winning Bidder shall promptly advise the County when the Underwriters have satisfied the 10% Test with respect to each Held Maturity at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth business day after the Sale Date. On or after the sixth business day after the Sale Date, if requested by the County, the Winning Bidder will confirm that the Underwriters have complied with the Hold-the-Offering-Price-Rule. If at any time the Winning Bidder becomes aware of any noncompliance by an Underwriter with respect to the Hold-the-Offering Price Rule, the Winning Bidder will promptly report such noncompliance to the County.

Additional Requirements: By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Certificates to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Certificates of each maturity allotted to it until it is notified by the Winning Bidder that either the 10% Test has been satisfied as to the Certificates of that maturity or all Certificates of that maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the Winning Bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Certificates to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Certificates to the Public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the Public the unsold Certificates of each maturity allotted to it until it is notified by the Winning Bidder or such Underwriter that either the 10% Test has been satisfied as to the Certificates of that maturity or all Certificates of that maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the Winning Bidder or such Underwriter and as set forth in the related pricing wires.

ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS: See "THE CERTIFICATES – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE CERTIFICATES" for a description of the County's reservation of the right to increase or decrease the principal (maturity) amount of any maturity of the Certificates, including the elimination of a maturity or maturities.

GOOD FAITH DEPOSIT: A bank cashier's check payable to the order of "Atascosa County, Texas" in the amount of $100,000, which is 2% of the par value of the Certificates (the "Good Faith Deposit"), is required. The Good Faith Deposit will be retained uncashed by the County until the Certificates are delivered, and at that time it will be returned to the Purchaser uncashed on the date of delivery of the Certificates; however, should the Purchaser fail or refuse to take up and pay for the Certificates, said Good Faith Deposit is to be cashed by the County and the proceeds accepted as full and complete liquidated damages. The above mentioned Good Faith Deposit may accompany the bid, or it may be submitted separately; however, if submitted separately, it shall be made available to the County prior to the opening of the bids and shall be accompanied by instructions from the bank on which it is drawn which will authorize its use as a Good Faith Deposit by the Purchaser who shall be named in such instructions. No interest will be paid or allowed on any Good Faith Deposit. The checks accompanying all other bids will be returned immediately after the bids are opened and the award of the sale of the Certificates has been made.

ADDITIONAL CONDITION OF AWARD — DISCLOSURE OF INTERESTED PARTY FORM: New obligation of the County to receive information from Winning Bidder. Effective January 1, 2016, pursuant to Texas Government Code, Section 2252.908 (the "Interested Party Disclosure Act"), the County may not award the Certificates to a bidder unless the Winning Bidder submits a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the County as prescribed by the Texas Ethics Commission ("TEC"). In the event that the bidder's bid for the Certificates is the best bid received, the County, acting through its financial advisor, will promptly notify the Winning Bidder. That notification will serve as the County's conditional verbal acceptance of the bid, and will obligate the Winning Bidder to establish (unless the Winning Bidder has previously so established) an account with the TEC, and promptly file a completed Disclosure Form, as described below, in order to allow the County to complete the award.

Written representation regarding exemption. If the Winning Bidder is claiming an exemption from the filing requirement under Section 2252.908(c)(4), the written representation that the Winning Bidder is not required to file a Form 1295 (the "Written Exemption") must state that it is a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity and identify the publicly traded business entity that allows them to utilize the exemption.

Process for completing the Disclosure Form. For purposes of illustration, the Disclosure Form is attached hereto, and reference should be made to such form for the following information needed to complete it: (a) item 2 – name of the governmental entity (Atascosa County, Texas) and (b) item 3 – the identification number assigned to this contract by the County (Atascosa CO2018 – Bid Form) and description of the goods or services (Purchase of the Atascosa County, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2018). The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the "Disclosure Rules") require a business entity contracting with the County to complete the Disclosure Form electronically at https://www.ethics.state.tx.us/main/file.htm, print, sign, notarize, and deliver, in physical form, the certified Disclosure Form that is generated by the TEC's "electronic portal" to the County. The (physical or PDF) notarized Disclosure Form or Written Exemption, if applicable, must be sent by email, to the County's financial advisor at mmcliney@samcocapital.com, as soon as possible following the notification of conditional verbal acceptance and prior to the final written award. Upon receipt of the final written award, the Winning Bidder must submit the Disclosure Form with original signatures by mail to Carey Troell, c/o Bracewell LLP, 300 Convent Street, Suite 1500, San Antonio, Texas 78205 with a PDF copy to carey.troell@bracewell.com.

Preparations for completion, and the significance of, the reported information. In accordance with the Interested Party Disclosure Act, the information reported by the bidder MUST BE ACKNOWLEDGED BY AND SUBMITTED UNDER A NOTARY STAMP. No exceptions may be made to that requirement. The Interested Party Disclosure Act and the Disclosure Form provides that such acknowledgment is made "under oath and under penalty of perjury." Consequently, a bidder should take appropriate steps prior to completion of the Disclosure Form to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the Disclosure Form. Time will be of the essence in submitting the form to the County, and no final award will be made by the County regarding the sale of the Certificates until a completed Disclosure Form is received. The County reserves the right to reject any bid that does not satisfy the requirement of a completed Disclosure Form, as described herein. Neither the County nor its consultants have the ability to verify the information included in a Disclosure Form, and neither party has an obligation nor undertakes responsibility for advising any bidder with respect to the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Certificates should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the County that its bid is the conditional winning bid. Instructional videos on logging in and creating a certificate are provided on the TEC's website at
https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm.

CERTIFICATE OF COMPLIANCE WITH TEXAS CONTRACTING LAWS: The award and delivery of the Certificates is conditioned upon verification by the bidder on behalf of itself and each syndicate member listed on the Official Bid Form that, to the extent Section 2270.002 of the Texas Government Code is applicable to the sale of the Certificates, solely for purposes of compliance with Chapter 2270 of the Texas Government Code, and subject to applicable Federal law, neither the bidder nor any syndicate member listed on the Official Bid Form nor any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the same, (i) boycotts Israel or (ii) will boycott Israel through the delivery date of the [Bonds/Notes/Certificates]. The terms "boycotts Israel" and "boycott Israel" as used in this paragraph have the meanings assigned to the term "boycott Israel" in Section 808.001 of the Texas Government Code, as amended.

Additionally, the award and delivery of the Certificates is conditioned upon verification by the bidder on behalf of itself and each syndicate member listed on the Official Bid Form that, to the extent the bid for the Certificates represents a governmental contract within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of compliance with Chapter 2252 of the Texas Government Code, and except to the extent otherwise required by applicable federal law, neither the bidder nor a syndicate member listed on the Official Bid Form, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same (i) engages in business with Iran, Sudan, or any foreign terrorist organization as described in Chapters 806 or 807 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) is a company listed by the Texas Comptroller of Public Accounts under Sections 806.051, 807.051, or 2252.153 of the Texas Government Code. The term "foreign terrorist organization" as used in this paragraph has the meaning assigned to such term in Section 2252.151 of the Texas Government Code.

IMPACT OF BIDDING SYNDICATE ON AWARD: For purposes of contracting for the sale of the Certificates, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Certificates. The Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the County is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

OFFICIAL STATEMENT

To assist the Purchaser in complying with Rule 15c2-12, as amended (the "Rule"), of the United States Securities and Exchange Commission ("SEC"), the County and the Purchaser contract and agree, by the submission and acceptance of the winning bid, as follows:

COMPLIANCE WITH RULE: The County has approved and authorized distribution of the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Certificates, but does not presently intend to prepare any other document or version thereof for such purpose, except as described below. Accordingly, the County deems the accompanying Preliminary Official Statement to be final as of its date, within the meaning of the Rule, except for information relating to the offering prices, interest rates, final debt service schedule, selling compensation, identity of the Purchaser and other similar information, terms and provisions to be specified in the competitive bidding process. The Purchaser shall be responsible for promptly informing the County of the initial offering yields of the Certificates.

The County agrees to provide, or cause to be provided, to the Purchaser, the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto in a "designated electronic format" (or printed format with respect to the final Official Statement) as may be required for the Purchaser to comply with the Rule or the rules of the Municipal Securities Rulemaking Board ("MSRB"). The County consents to the distribution of such documents in a "designated electronic format." Upon receipt, the Purchaser shall promptly file the Official Statement with the MSRB in accordance with the applicable MSRB rules.

The County will complete and authorize distribution of the Official Statement identifying the Purchaser and containing information omitted from the Preliminary Official Statement. The County does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. By delivering the final Official Statement or any amendment or supplement thereto in the requested quantity to the Purchaser on or after the sale date, the County intends the same to be final as of such date, within the meaning of Section 15c2-12(b)(3) of the Rule. Notwithstanding the foregoing, the County makes no representation concerning the absence of material misstatements or omissions from the Official Statement, except only as and to the extent under "CERTIFICATION OF THE OFFICIAL STATEMENT" as described below. To the best knowledge and belief of the County, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Certificates.

FINAL OFFICIAL STATEMENT: In addition to delivering the Official Statement in a "designated electronic format", the County will furnish to the Purchaser, within seven (7) days after the sale date, an aggregate maximum of fifty (50) copies of the Official Statement, together with information regarding interest rates and other terms relating to the reoffering of the Certificates, in accordance with Section 15c2-12(b)(3) of the Rule. The Purchaser may arrange, at its own expense, to have the Official Statement reproduced and printed if it requires more than 50 copies and may also arrange, at its own expense and responsibility, for completion and perfection of the first or cover page of the Official Statement so as to reflect interest rates and other terms and information related to the reoffering of the Certificates. The Purchaser will be responsible for providing information concerning the County and the Certificates to subsequent purchasers of the Certificates, and the County will undertake no responsibility for providing such information other than to make the Official Statement available to the Purchaser as provided herein. The County agrees to provide, or cause to be provided, to the Purchaser the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto in a "designated electronic format" (or printed format with respect to the final Official

Statement) as may be required for the Purchaser to comply with the Rule or the rules of the MSRB. The County consents to the distribution of such documents in a “designated electronic format”. Upon receipt, the Purchaser shall promptly file the Official Statement with the MSRB in accordance with the MSRB Rule G-32. The County's obligation to supplement the Official Statement to correct key representations determined to be materially misleading, after the date of the Official Statement, shall terminate upon initial delivery of the Certificates to the Purchaser, unless the Purchaser notifies, in writing, the County that less than all of the Certificates have been sold to ultimate customers on or before such date, in which case the obligation will extend for an additional period of time (but not more than 90 days after the sale date) until all of the Certificates have been sold to ultimate customers.

CHANGES TO OFFICIAL STATEMENT: If, subsequent to the date of the Official Statement, the County learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Purchaser of any adverse event which causes the Official Statement to be materially misleading, and unless the Purchaser elects to terminate its obligation to purchase the Certificates, as described below under "DELIVERY AND ACCOMPANYING DOCUMENTS - CONDITIONS TO DELIVERY", the County will promptly prepare and supply to the Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Purchaser and in a “designated electronic format”; provided, however, that the obligation of the County to do so will terminate when the County delivers the Certificates to the Purchaser, unless the Purchaser notifies the County on or before such date that less than all of the Certificates have been sold to ultimate customers, in which case the County's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the County delivers the Certificates) until all of the Certificates have been sold to ultimate customers.

CERTIFICATION OF THE OFFICIAL STATEMENT: At the time of payment for and delivery of the hereinafter defined Initial Certificates (the “Delivery Date”), the Purchaser will be furnished a certificate, executed by proper officials of the County, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the County contained in its Official Statement, and any addenda, supplement or amendment thereto, for the Certificates, on the date of such Official Statement, on the date of sale of said Certificates and the acceptance of the best bid therefore, and on the date of the initial delivery thereof, were and are true and correct in all material respects; (b) insofar as the County and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the County, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the County believes to be reliable and the County has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the County since the date of the last financial statements of the County appearing in the Official Statement. The Official Statement and Official Notice of Sale will be approved as to form and content and the use thereof in the offering of the Certificates will be authorized, ratified and approved by the Commissioners Court of the County on the date of sale, and the Purchaser will be furnished, upon request, at the time of payment for and the delivery of the Certificates, a certified copy of such approval, duly executed by the proper officials of the County.

CONTINUING DISCLOSURE AGREEMENT: The County will agree in the Order to provide certain periodic information and notices of certain events in accordance with the Rule, as described in the Official Statement under "CONTINUING DISCLOSURE OF INFORMATION". The Purchaser's obligation to accept and pay for the Certificates is conditioned upon delivery to the Purchaser or its agent of a certified copy of the Order containing the agreement described under such heading.

COMPLIANCE WITH PRIOR UNDERTAKINGS: During the past five years, the County has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

DELIVERY AND ACCOMPANYING DOCUMENTS

INITIAL DELIVERY OF INITIAL CERTIFICATES: The initial delivery of the Certificates to the Purchaser on the Delivery Date, will be accomplished by the issuance of either (i) a single fully registered Certificate in the total principal amount of $5,000,000 (preliminary, subject to change) payable in stated installments to the Purchaser and numbered T-1, or (ii) as one (1) fully registered Certificate for each year of stated maturity in the applicable principal amount and denomination, to be numbered consecutively from R-1 and upward (in either case, the "Initial Certificate(s)"), signed by manual or facsimile signature of the County Judge and County Clerk approved by the Attorney General of Texas, and registered and manually signed by an authorized representative of the Comptroller of Public Accounts of the State of Texas. Initial Delivery (defined below) of the Certificates will be at the corporate trust office of the Paying Agent/Registrar. Upon delivery of the Initial Certificate(s), they shall be immediately canceled and one Certificate for each stated maturity will be registered in the name of Cede & Co. and deposited with DTC in connection with DTC’s Book-Entry-Only System. Payment for the Initial Certificates must be made in immediately available funds for unconditional credit to the County, or as otherwise directed by the County. The Purchaser will be given six (6) business days' notice of the time fixed for delivery of the Certificates. It is anticipated that Initial Delivery of the Initial Certificates can be made on or about August 21, 2018, but if for any reason the County is unable to make delivery by August 21, 2018, then the County shall immediately contact the Purchaser and offer to allow the Purchaser to extend for an additional thirty (30) days its obligation to take up and pay for the Certificates. If the Purchaser does not so elect within six (6) business days thereafter, then the Good Faith Deposit will be returned, and both the County and the Purchaser shall be relieved of further obligation. In no event shall the County be liable for any damages by reason of its failure to deliver the Certificates, provided such failure is due to circumstances beyond the County's reasonable control.

EXCHANGE OF INITIAL CERTIFICATES FOR DEFINITIVE CERTIFICATES: Upon payment for the Initial Certificate(s) at the time of such delivery, the Initial Certificate(s) are to be canceled by the Paying Agent/Registrar and registered definitive Certificates delivered in lieu thereof, in multiples of $5,000 for each stated maturity, in accordance with written instructions received from the Purchaser and/or members of the Purchaser's syndicate. Such Certificates shall be registered by the Paying Agent/Registrar. It shall be the duty of the Purchaser and/or members of the Purchaser's syndicate to furnish to the Paying Agent/Registrar, at least five days prior to the delivery of the Initial Certificate(s), final written instructions identifying the names and addresses of the registered owners, the stated maturities, interest rates, and denominations. The Paying Agent/Registrar will not be required to accept changes in such written instructions after the five-day period, and if such written instructions are not received by the Paying Agent/Registrar five days prior to the delivery, the cancellation of the Initial Certificate(s) and delivery of registered definitive Certificates may be delayed until the fifth day next following the receipt of such written instructions by the Paying Agent/Registrar.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on the Certificates, but neither the failure to print such number on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Certificates in accordance with the terms of the Official Bid Form and this Official Notice of Sale. All expenses in relation to the printing of CUSIP numbers on the Certificates shall be paid by the County; however, the CUSIP Service Bureau's charge for the assignment of the numbers shall be paid by the Purchaser.

CONDITIONS TO DELIVERY: The obligation to take up and pay for the Certificates is subject to the following conditions: the issuance of an approving opinion of the Attorney General of Texas, the Purchaser's acknowledgment of the receipt of the Initial Certificate, the Purchaser's receipt of the legal opinions of Bond Counsel and the no-litigation certificate, and the non-occurrence of the events described below under the caption "No Material Adverse Change", all as described below. In addition, if the County fails to comply with its obligations described under "FINAL OFFICIAL STATEMENT" above, the Purchaser may terminate its contract to purchase the Certificates by delivering written notice to the County within five (5) days thereafter.

NO MATERIAL ADVERSE CHANGE: The obligation of the Purchaser to take up and pay for the Certificates, and of the County to deliver the Initial Certificate(s), are subject to the condition that, up to the time of delivery of and receipt of payment for the Initial Certificate(s), there shall have been no material adverse change in the affairs of the County subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been finalized, supplemented or amended through the date of delivery.

LEGAL OPINIONS: The Certificates are offered when, as and if issued, subject to the approval of certain legal matters by the Attorney General of the State of Texas and Bond Counsel (see discussion "LEGAL MATTERS - Legal Opinions and No-Litigation Certificate" in the Preliminary Official Statement).

CHANGE IN TAX-EXEMPT STATUS: At any time before the Certificates are tendered for initial delivery to the Purchaser, the Purchaser may withdraw its bid if the interest on obligations such as the Certificates shall be declared to be includable in the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes, either by United States Treasury regulations, by ruling or administrative guidance of the Internal Revenue Service, by a decision of any federal court, or by the terms of any federal income tax legislation enacted subsequent to the date of this Official Notice of Sale.

GENERAL CONSIDERATIONS

FUTURE REGISTRATION: The Certificates 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 Certificate may be assigned by the execution of an assignment form on the Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Certificate or Certificates will be delivered by the Paying Agent/Registrar in lieu of the Certificates being transferred or exchanged at the corporate trust office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered owner's request, risk, and expense. To the extent possible, new Certificates issued in an exchange or transfer of Certificates 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 Certificates 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 its duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in denominations of $5,000 for any one stated maturity or any integral multiple thereof and for a like aggregate principal amount and interest rate as the Certificates surrendered for exchange or transfer.

RECORD DATE: The record date ("Record Date") for determining the party to whom the semiannual interest on the Certificates is payable on any interest payment date is the fifteenth day of the month next preceding such interest payment date.

RATING: A municipal bond rating application has been made to S&P Global Ratings ("S&P"). The outcome of the results will be made available to the Purchaser as soon as possible. (See "OTHER PERTINENT INFORMATION - Ratings" in the Preliminary Official Statement). An explanation of the significance of such a rating may be obtained from S&P. The rating of the Certificates by S&P reflects only the view of S&P 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 the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Certificates.

SALE OF ADDITIONAL CERTIFICATES: The County currently has no plans to issue additional ad valorem tax supported debt in fiscal year ending September 30, 2018 or 2019.

REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE: No registration statement relating to the Certificates has been filed with the SEC under the Securities Act of 1933, as amended (the "Act"), in reliance upon exemptions provided in such Act. The Certificates have not been approved or disapproved by the SEC, nor has the SEC passed upon the accuracy or adequacy of the Official Statement. Any representation to the contrary is a criminal offense. The Certificates have not been registered or qualified under the Securities Act of Texas in reliance upon exemptions contained therein, nor have the Certificates been registered or qualified under the securities acts of any other jurisdiction. The County assumes no responsibility for registration or qualification of the Certificates under the securities laws of any jurisdiction in which the Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

It is the obligation of the Purchaser to register or qualify the sale of the Certificates under the securities laws of any jurisdiction which so requires. The County agrees to cooperate, at the Purchaser's written request and expense and within reasonable limits, in registering or qualifying the Certificates, or in obtaining an exemption from registration or qualification in any state where such action is necessary, but will in no instance execute a general consent to service of process in any state that the Certificates are offered for sale.

ADDITIONAL COPIES: Subject to the limitations described herein, an electronic copy of this Official Notice of Sale, the Official Bid Form, and the Official Statement may be obtained from www.samcocapital.com.

The Board has approved the form and content of the Official Notice of Sale, the Official Bid Form, and the Official Statement and authorized the use thereof in its initial offering of the Certificates. On the date of the sale, the Certificates will, in the Order authorizing the issuance of the Certificates, reconfirm its approval of the form and content of the Official Statement, and any addenda, supplement, or amendment thereto, and authorize its further use in the reoffering of the Certificates by the Purchaser.

/s/ Robert L. Hurley
County Judge,
Atascosa County

ATTEST:

/s/ Diane Gonzales
County Clerk,
Atascosa County

July 16, 2018

OFFICIAL BID FORM

Honorable Judge and Commissioners Court
Atascosa County
1 Courthouse Circle Drive, Suite 101
Jourdanton, Texas, 78026

July 23, 2018

Dear Ladies and Gentlemen:

Subject to the terms of your Official Notice of Sale and Preliminary Official Statement dated July 16, 2018, which terms are incorporated by reference to this proposal, we hereby submit the following bid for $5,000,000 (preliminary, subject to change) ATASCOSA COUNTY, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2018, dated August 1, 2018 (the "Certificates").

For said legally issued Certificates, we will pay you $__________ (being a price of no less than 102% and no more than 107% of par value) plus accrued interest from their date to the date of delivery to us for Certificates maturing February 1 and bearing interest per annum as follows:

Year of Stated Maturity	Principal Amount at Stated Maturity	Coupon %	Year of Stated Maturity	Principal Amount at Stated Maturity	Coupon %
2019	$350,000		2026	$300,000	
2020	460,000		2027	310,000	
2021	480,000		2028	325,000	
2022	500,000		2029*	340,000	
2023	265,000		2030*	355,000	
2024	275,000		2031*	370,000	
2025	285,000		2032*	385,000	

** Maturities available for Term Bonds.*

ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS: The County reserves the right to increase or decrease the principal (maturity) amount of any maturity of the Certificates, including the elimination of a maturity or maturities; provided, however, that the aggregate principal (denominational) amount of the Certificates shall not exceed $5,000,000. Notice of any such changes shall be given to the successful bidder as soon as practicable following the notification of award, as described below, and this Notice of Sale may be amended at the sole discretion of the County to reflect such increase or decrease. The County will attempt to maintain total per bond underwriter spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined. The successful bidder may not withdraw its bids or change the rates bid or any initial reoffering prices as a result of any changes made to the principal (denominational) amounts.

By its acceptance of this bid, we understand the County will provide the copies of the Final Official Statement and of any amendments or supplements thereto in accordance with the Official Notice of Sale, and will cooperate to permit the undersigned to comply with Rule 15c2-12 of the United States Securities and Exchange Commission. The Purchaser by submitting this bid for the Certificates agrees to promptly file the Official Statement when received from the County with the Municipal Securities Rulemaking Board.

Of the principal maturities set forth in the table above, we have created term certificates (the "Term Certificates") as indicated in the following table (which may include no more than three Term Certificates). For those years which have been combined into a Term Certificate, the principal amount shown in the table shown on page ii of the Official Notice of Sale will be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the Term Certificate maturity date will mature in such year. The Term Certificates created are as follows:

Term Certificate Maturity Date February 1	**Year of First Mandatory Redemption**	**Principal Amount of Term Certificate**	**Interest Rate**
__________	__________	__________	__________
__________	__________	__________	__________
__________	__________	__________	__________

The Initial Certificate shall be registered in the name of ________________________________ (Syndicate Manager), which will upon payment for the Certificates, be canceled by the Paying Agent/Registrar. The Certificates will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the Book-Entry-Only System. We will advise DTC of registration instructions at least five business days prior to the date set for Initial Delivery.

Cashier's Check of the _______________________________ Bank, _______________, in the amount of $100,000 which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this bid), and is submitted in accordance with the terms as set forth in the Official Notice of Sale. Upon delivery of the Certificates, said check shall be returned to the Initial Purchaser.

We agree to accept delivery of the Initial Certificate(s) through DTC and make payment for the Initial Certificate(s) in immediately available funds at UMB Bank, N.A., Austin, Texas, no later than 10:00 A.M., Central Daylight Time, on Thursday, August 21, 2018, or thereafter on the date the Initial Certificate(s) are tendered for delivery, pursuant to the terms set forth in the Official Notice of Sale.

The undersigned agrees to complete, execute and deliver to the County by the date of delivery of the Certificates, a certificate relating to the "issue price" of the Certificates in the form and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to the Bond Counsel for the Issuer. The undersigned also agrees to provide the County and its consultants, at least ten business days prior to the delivery of the Certificates, a breakdown of its "underwriting spread" among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

For purposes of contracting for the sale of the Certificates, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Certificates. The Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the County is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

Upon notification of conditional verbal acceptance, the undersigned will complete an electronic form of the Certificate of Interested Parties Form 1295 (the "Disclosure Form") through the Texas Ethics Commission's (the "TEC") electronic portal and the resulting certified Disclosure Form that is generated by the TEC's electronic portal will be printed, signed, notarized and sent by email to the County's financial advisor at MMcLiney@samcocapital.com and Bond Counsel at Carey.troell@bracewell.com. The undersigned understands that the failure to provide the certified Disclosure Form will prohibit the County from providing final written award of the enclosed bid.

By executing this Bid Form, the bidder represents that, to the extent Section 2270.002 of the Texas Government Code is applicable to the sale of the Certificates, solely for purposes of compliance with Chapter 2270 of the Texas Government Code, and subject to applicable Federal law, neither the bidder nor any syndicate member listed on the Official Bid Form nor any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the same, (i) boycotts Israel or (ii) will boycott Israel through the delivery date of the Certificates. For purposes of this representation, the terms "boycotts Israel" and "boycott Israel" have the meanings assigned to the term "boycott Israel" in Section 808.001 of the Texas Government Code, as amended.

Additionally, by executing this Bid Form, the bidder also represents that, to the extent the bid for the Certificates represents a governmental contract within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of Chapter 2252 of the Texas Government Code, and except to the extent otherwise required by applicable federal law, neither the bidder nor a syndicate member listed on the Official Bid Form, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same (i) engages in business with Iran, Sudan, or any foreign terrorist organization as described in Chapters 806 or 807 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) is a company listed by the Texas Comptroller of Public Accounts under Sections 806.051, 807.051, or 2252.153 of the Texas Government Code. For the purposes of this representation, the term "foreign terrorist organization" has the meaning assigned to such term in Section 2252.151 of the Texas Government Code.

By: ____________________________________

Authorized Representative

____

Telephone Number

____

E-mail Address

ACCEPTANCE CLAUSE

THE ABOVE AND FOREGOING BID IS IN ALL THINGS HEREBY ACCEPTED this 23rd day of July 2018, by the Commissioners Court of Atascosa County, Texas.

ATTEST:

____

County Judge, Atascosa County, Texas

____

County Clerk, Atascosa County, Texas

ISSUE PRICE CERTIFICATE

[THREE BID REQUIREMENT SATISFIED]

I, the undersigned officer of ___________________ (the "Purchaser"), acting on behalf of itself and any underwriting syndicate, make this certification in connection with the Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2018 (the "Certificates") issued by Atascosa County, Texas (the "County").

1. I hereby certify as follows in good faith as of the date hereof:

(a) I am the duly chosen, qualified and acting officer of the Purchaser for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Purchaser and any underwriting syndicate. I am the officer of the Purchaser charged, along with other officers of the Purchaser and any underwriting syndicate, with responsibility for the Certificates.

(b) The reasonably expected initial offering prices of the Certificates to the Public by the Purchaser as of the Sale Date are the prices set forth on the inside cover of the Official Statement prepared in connection with the Certificates (the "Initial Offering Prices"). The Initial Offering Prices are the applicable prices for the Certificates used by the Purchaser in formulating its bid to purchase the Certificates. Attached hereto as Attachment I is a true and correct copy of the bid provided by the Purchaser to purchase the Certificates.

(c) The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

(d) The bid submitted by the Purchaser constituted a firm offer to purchase the Certificates.

(e) The aggregate of the Initial Offering Prices of all maturities of the Certificates is $___________. The Certificates were sold with pre-issuance accrued interest in the amount of $__________. The sum of these two amounts is $_____________.

(f) Please choose the appropriate statement:

(___) The Purchaser will not purchase bond insurance for the Certificates.

(___) The Purchaser will purchase bond insurance from ____________ (the "Insurer") for a fee/premium of $__________________ (the "Fee"). The Fee is a reasonable amount payable solely for the transfer of credit risk for the payment of debt service on the Certificates and does not include any amount payable for a cost other than such guarantee, e.g., a credit rating or legal fees. The Purchaser represents that the present value of the Fee for each obligation constituting the Certificates to which such Fee is properly allocated and which are insured thereby is less than the present value of the interest reasonably expected to be saved as a result of the insurance on each obligation constituting the Certificates. The Fee has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Certificates. In determining present value for this purpose, the yield of the Certificates (determined with regard to the payment of the guarantee fee) has been used as the discount rate. No portion of the Fee is refundable upon redemption of any of the Certificates in an amount which would exceed the portion of such Fee that has not been earned. The Purchaser will also be responsible for payment of any rating fees on the Certificates, if and as required by the Insurer to be obtained in connection with the purchase of insurance.

2. For purposes of this Issue Price Certificate, the following definitions apply:

(a) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

(b) "Related Party" means any two or more persons who are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(c) "Sale Date" means the first day on which there is a binding contract in writing for the sale or exchange of the Certificates. The Sale Date of the Certificates is ___________, 2018.

(d) "Underwriter" means (i) any person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the County with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by Bracewell LLP in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the County from time to time relating to the Certificates.

EXECUTED as of this _______ day of _____________, 2018.

[NAME OF PURCHASER OR MANAGER OF PURCHASING SYNDICATE]

By:____

Name:____

Title:____

ISSUE PRICE CERTIFICATE

[THREE BID REQUIREMENT NOT SATISFIED – HOLD-THE-OFFERING-PRICE RULE]

I, the undersigned officer of ___________________ (the "Purchaser"), acting on behalf of itself and any underwriting syndicate, make this certification in connection with the Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2018 (the "Certificates") issued by Atascosa County, Texas (the "County").

1. I hereby certify as follows in good faith as of the date hereof:

(a) I am the duly chosen, qualified and acting officer of the Purchaser for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Purchaser and any underwriting syndicate. I am the officer of the Purchaser charged, along with other officers of the Purchaser and any underwriting syndicate, with responsibility for the Certificates.

(b) For the Certificates maturing in _____________________________, the first price at which at least 10% of each maturity was sold to the Public is the price for each such maturity set forth on the inside cover of the Official Statement prepared in connection with the Certificates (each, an "Actual Sales Price").

(c) For the Certificates maturing in _____________________________ (each, a "Held Maturity"), the Purchaser on or before the Sale Date offered for purchase each such maturity to the Public at the applicable initial offering price set forth on the inside cover of the Official Statement prepared in connection with the Certificates (each, an "Initial Offering Price"). A copy of the pricing wire evidencing the Initial Offering Prices is attached hereto as Attachment I. In connection with the offering of the Certificates, the Purchaser and each member of any underwriting syndicate agreed in writing that (i) during the Hold Period, it would neither offer nor sell any Held Maturity to any person at a price higher than the applicable Initial Offering Price (the "Hold-the-Offering-Price Rule") and (ii) any selling group agreement would contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement would contain the agreement of each broker-dealer who is a party to the retail distribution agreement, that, during the Hold Period, such party would comply with the Hold-the-Offering-Price Rule. In accordance with such agreements, no Underwriter offered or sold any of the Held Maturities at a price higher than the applicable Initial Offering Price for such Held Maturity during the hold period.

(d) The aggregate of the Actual Sales Prices and the Initial Offering Prices is $________________. The Certificates were sold with pre-issuance accrued interest in the amount of $________________. The sum of these two amounts is $________________.

(e) Please choose the appropriate statement:

(___) The Purchaser will not purchase bond insurance for the Certificates.

(___) The Purchaser will purchase bond insurance from ____________ (the "Insurer") for a fee/premium of $__________________ (the "Fee"). The Fee is a reasonable amount payable solely for the transfer of credit risk for the payment of debt service on the Certificates and does not include any amount payable for a cost other than such guarantee, e.g., a credit rating or legal fees. The Purchaser represents that the present value of the Fee for each obligation constituting the Certificates to which such Fee is properly allocated and which are insured thereby is less than the present value of the interest reasonably expected to be saved as a result of the insurance on each obligation constituting the Certificates. The Fee has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Certificates. In determining present value for this purpose, the yield of the Certificates (determined with regard to the payment of the guarantee fee) has been used as the discount rate. No portion of the Fee is refundable upon redemption of any of the Certificates in an amount which would exceed the portion of such Fee that has not been earned. The Purchaser will also be responsible for payment of any rating fees on the Certificates, if and as required by the Insurer to be obtained in connection with the purchase of insurance.

2. For purposes of this Issue Price Certificate, the following definitions apply:

(a) "Hold Period" means, with respect to a Held Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the Underwriters have sold at least 10% of such Held Maturity to the Public at a price no higher than the applicable Initial Offering Price.

(b) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

(c) "Related Party" means any two or more persons who are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(d) "Sale Date" means the first day on which there is a binding contract in writing for the sale or exchange of the Certificates. The Sale Date of the Certificates is ___________, 2018.

(e) “Underwriter” means (i) any person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser’s interpretation of any laws, including specifically sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the County with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by Bracewell LLP in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the County from time to time relating to the Certificates.
EXECUTED as of this _______ day of _____________, 2018.

[NAME OF PURCHASER OR MANAGER OF PURCHASING SYNDICATE]

By:____

Name:____

Title:____

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold, nor may offers to buy them 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 a 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, qualification or filing under the securities laws of any such jurisdiction.

NEW ISSUE BOOK-ENTRY-ONLY

Rating: S&P: "Applied for"
(See "OTHER PERTINENT INFORMATION - Rating", herein)

PRELIMINARY OFFICIAL STATEMENT
July 16, 2018

In the opinion of Bond Counsel (defined herein), under existing law, interest on the Certificates (defined herein) is excludable from gross income for federal income tax purposes and the certificates are not "private activity bonds." See "TAX MATTERS" for a discussion of the opinion of Bond Counsel.

THE COUNTY WILL DESIGNATE THE CERTIFICATES AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

$5,000,000*
ATASCOSA COUNTY, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2018

Dated Date: August 1, 2018 **Due: February 1, as shown on page 2**

Atascosa County, Texas (the "County" or the "Issuer") $5,000,000* Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2018 (the "Certificates") are being issued pursuant to the Constitution and laws of the State of Texas (the "State"), including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, Texas Government Code, Chapter 1473, as amended, and an order (the "Order") to be adopted on July 23, 2018, by the Commissioners Court of the County. (See "THE CERTIFICATES - Authority for Issuance" herein.)

The Certificates 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 and are additionally payable from a lien on and limited pledge of the net revenues (the "Net Revenues") derived from the operation of the County's library system (the "System"); such pledge being limited to $1,000. (See "THE CERTIFICATES - Security for Payment" herein.)

Interest on the Certificates will accrue from August 1, 2018 (the "Dated Date") as shown above and will be payable on February 1, 2019, and on each August 1 and February 1 thereafter, until stated maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Certificates 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 Certificates will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. Purchasers of the Certificates ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by UMB Bank, N.A., Austin, Texas, as Paying Agent/Registrar, to DTC, 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 Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the County to be incurred for making permanent public improvements and other public purposes, to-wit: (1) designing, acquiring, constructing, renovating, improving, and equipping a new Atascosa County animal control center; (2) designing, acquiring, constructing, renovating, improving, and equipping a new Atascosa County Justice of the Peace Precinct 3 facility; (3) designing, acquiring, constructing, renovating, improving, and equipping the existing Atascosa County Tax Assessor/Collector Facilities; (4) designing, acquiring, constructing, renovating, improving, and equipping the existing Atascosa County Jail and Sheriff's Offices; (5) designing, acquiring, constructing, renovating, improving and equipping a new Atascosa County courthouse justice center; and (6) designing, acquiring, constructing, renovating, improving, expanding, and equipping the existing Atascosa County Jail; and (7) the payment of professional services related to the design, construction, project management, and financing of the aforementioned projects. (See "THE CERTIFICATES - Use of Certificate Proceeds" herein.)

SEE PAGE 2 FOR STATED MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL YIELDS, CUSIP NUMBERS, AND REDEMPTION PROVISIONS FOR THE CERTIFICATES

The Certificates are offered for delivery, when, as and if issued and received by the initial purchaser (the "Purchaser") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Bracewell LLP, San Antonio, Texas, Bond Counsel. (See Appendix C – Form of Legal Opinion of Bond Counsel.) (See "OTHER PERTINENT INFORMATION - Legal Opinions and No-Litigation Certificate" herein). It is expected that the Certificates will be available for delivery through DTC on or about August 21, 2018.

BIDS DUE ON MONDAY, JULY 23, 2018 AT 10:00 A.M., CENTRAL TIME

*Preliminary, subject to change.

$5,000,000*
ATASCOSA COUNTY, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2018

STATED MATURITY SCHEDULE
(Due February 1)

Base CUSIP – 046573[(a)]

Stated Maturity 2/1	Principal Amount*	Interest Rate	Intital Yield	CUSIP No. Suffix [(a)]	Stated Maturity 2/1	Principal Amount*	Interest Rate	Intital Yield	CUSIP No. Suffix [(a)]
2020	$ 350,000				2027	$ 300,000			
2021	460,000				2028	310,000			
2022	480,000				2029	325,000			
2023	500,000				2030	340,000			
2024	265,000				2031	355,000			
2025	275,000				2032	370,000			
2026	285,000				2033	385,000			

(Interest to accrue from the Dated Date)

The Issuer reserves the right to redeem the Certificates maturing on or after February 1, 2029, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof on February 1, 2028, or any date thereafter, at the redemption price of par plus accrued interest as further described herein. Additionally, the Purchaser may select certain maturities of the Certificates to be grouped together as a "term certificate" and such term certificates would be subject to mandatory sinking fund redemption. (See "THE CERTIFICATES - Redemption Provisions of the Certificates" herein.)

**Preliminary, subject to change.*

[(a)] CUSIP numbers are included solely for the convenience of the owner of the Certificates. CUSIP is a registered trademark of The American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence 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 County, the Financial Advisor, or the Purchaser is responsible for the selection or correctness of the CUSIP numbers set forth herein.

ATASCOSA COUNTY, TEXAS
#1 Courthouse Circle Drive, Suite #101
Jourdanton, Texas 78026
(830) 769-3093 Phone

ELECTED OFFICIALS

Name	Title	Years Served	Term Expires
Robert L. Hurley	County, Judge	2	12/31/2018
Mark Gillespie*	Commissioner, Precinct 1	<1	12/31/2018
William Torans	Commissioner, Precinct 2	10	12/31/2018
Eliseo Perez	Commissioner, Precinct 3	1	12/31/2020
Bill Carroll	Commissioner, Precinct 4	6	12/31/2018

*Appointed by the County Judge to serve as the Precinct 1 County Commissioner until November 2018 General Election.

ADMINISTRATION

Name	Position	Years with the County
Raymond Samson	County Auditor	13
Diane Gonzales	County Clerk	45
Loretta Holley	Tax Assessor- Collector	13
David Soward	County Sheriff	41
Lucinda Vickers	District Attorney	8

CONSULTANTS AND ADVISORS

Bond Counsel .... Bracewell LLP
San Antonio, Texas

Certified Public Accountants .... Beyer & Co.
Pleasanton, Texas

Financial Advisor .... SAMCO Capital Markets, Inc.
San Antonio, Texas

For Additional Information Please Contact:

Mr. Raymond Samson
County Auditor
Atascosa County
#1 Courthouse Circle Drive, Suite #101
Jourdanton, Texas 78026
Telephone: (830) 769-3093
countyauditor@atascosacounty.texas.gov

Mr. Mark McLiney
Senior Managing Director
SAMCO Capital Markets, Inc.
1020 NE Loop 410, Suite 640
San Antonio, Texas 78209
Telephone: (210) 832-9760
mmcliney@samcocapital.com

Mr. Andrew Friedman
Managing Director
SAMCO Capital Markets, Inc.
1020 NE Loop 410, Suite 640
San Antonio, Texas 78209
Telephone: (210) 832-9760
afriedman@samcocapital.com

USE OF INFORMATION IN THE OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the "Rule"), this document constitutes an "official statement" of the Issuer with respect to the Certificates that has been "deemed final" by the Issuer 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.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information must not be relied upon.

Certain information set forth herein has been provided by sources other than the County that the County believes to be reliable, but the County makes no representation as to the accuracy of such information. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of the Official Statement nor any sale made hereunder shall, 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 COUNTY NOR ITS FINANCIAL ADVISOR MAKES 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.

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

TABLE OF CONTENTS

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 Certificates 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	Atascosa County, Texas (the "County" or "Issuer"), a political subdivision of the State of Texas, is a south central Texas county with an economy based on mineral production and agriculture. The County operates under a county judge-commissioners Court type of government. The County covers 1,232 square miles and has an estimated 2018 population of 48,981. The County seat is in the City of Jourdanton, which is located at the intersection of State Highways 97 and 16. (See "APPENDIX B - General Information Regarding Atascosa County, Texas and the City of Jourdanton, Texas" herein.)
The Certificates	The Certificates are being issued pursuant to the Constitution and laws of the State of Texas (the "State"), including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, Chapter 1473, Texas Government Code, as amended, and an order (the "Order") to be adopted by the Commissioners Court of the County, on July 23, 2018. (See "THE CERTIFICATES - Authority for Issuance" herein.)
Paying Agent/Registrar	The initial Paying Agent/Registrar for the Certificates is UMB Bank, N.A., Austin, Texas.
Security	The Certificates 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 and are additionally payable from a lien on and limited pledge of the Net Revenues derived from the operation of the County's library system. (See "THE CERTIFICATES - Security for Payment" herein.
Redemption Provision	The Issuer reserves the right to redeem the Certificates maturing on or after February 1, 2029, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof on February 1, 2028, or any date thereafter, at the redemption price of par plus accrued interest as further described herein. Additionally, the Purchaser may select certain maturities of the Certificates to be grouped together as a "term certificate" and such term certificates would be subject to mandatory sinking fund redemption. (See "THE CERTIFICATES - Redemption Provisions of the Certificates" herein.)
Tax Matters	In the opinion of Bond Counsel (defined herein), under existing law, interest on the Certificates (defined herein)is excludable from gross income for federal income tax purposes and the Certificates are not "private activity bonds." See "TAX MATTERS" for a discussion of the Opinion of Bond Counsel.
Use of Certificate Proceeds	Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the County to be incurred for making permanent public improvements and other public purposes, to-wit: (1) designing, acquiring, constructing, renovating, improving, and equipping a new Atascosa County animal control center; (2) designing, acquiring, constructing, renovating, improving, and equipping a new Atascosa County Justice of the Peace Precinct 3 facility; (3) designing, acquiring, constructing, renovating, improving, and equipping the existing Atascosa County Tax Assessor/Collector Facilities; (4) designing, acquiring, constructing, renovating, improving, and equipping the existing Atascosa County Jail and Sheriff's Offices; (5) designing, acquiring, constructing, renovating, improving and equipping a new Atascosa County courthouse justice center; and (6) designing, acquiring, constructing, renovating, improving, expanding, and equipping the existing Atascosa County Jail; and (7) the payment of professional services related to the design, construction, project management, and financing of the aforementioned projects. (See "THE CERTIFICATES - Use of Certificate 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 Certificates will be made to the beneficial owners of the Certificates. Such Book-Entry-Only System may affect the method and timing of payments on the Certificates and the manner the Certificates may be transferred. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)
Rating	A municipal bond rating application has been made to S&P Global Ratings ("S&P") relating to the Certificates. The outcome of the results will be made available as soon as possible. (See "OTHER PERTINENT INFORMATION - Rating" herein.)

Qualified Tax-Exempt Obligations	The Issuer will designate the Certificates as "Qualified Tax-Exempt Obligations" for financial institutions. (See "TAX MATTERS – Purchase of Tax-Exempt Obligations" herein.)
Issuance of Additional Debt	The County currently has no plans to issue additional ad valorem tax supported debt in fiscal year ending December 31, 2018 and December 31, 2019.
Payment Record	The County has never defaulted on Unlimited Tax Road Bonds or Permanent Improvement Obligations. It has not defaulted since 1934 on its Road & Bridge and General Fund Obligations when it became current on debt service without refunding.
Delivery	When issued, anticipated on or about August 21, 2018.
Legality	Delivery of the Certificates is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to legality by Bracewell LLP, San Antonio, Texas, Bond Counsel.

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PRELIMINARY OFFICIAL STATEMENT

relating to
$5,000,000* ATASCOSA COUNTY, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2018

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by Atascosa County, Texas (the "County" or the "Issuer") of its $5,000,000* Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2018 (the "Certificates") identified on the cover page hereof.

The Issuer is a political subdivision of the State of Texas (the "State') and operates under the statutes and the Constitution of the State. The Certificates are being issued pursuant to the Constitution and general laws of the State, including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, Texas Government Code, Chapter 1473, as amended, and an order (the "Order") to be adopted by the Commissioners Court of the County, on July 23, 2018. (See "THE CERTIFICATES - Authority for Issuance" herein.)

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 Certificates 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 Financial Advisor noted on page 3 hereof.

All financial and other information presented in this official statement has been provided by the county from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in financial position or other affairs of the County. No representation is made that the past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. Copies of the final Official Statement relating to the Certificates will be deposited with the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access ("EMMA") system. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the County's undertaking to provide certain information on a continuing basis.

THE CERTIFICATES

General

The Certificates will be dated August 1, 2018 (the "Dated Date"). The Certificates are stated to mature on February 1 in the years and in the principal amounts set forth on page 2 hereof. The Certificates shall bear interest from their Dated Date on the unpaid principal amounts, and the amount of interest to be paid with respect to each payment period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Certificates will be payable on February 1, 2019, and on each August 1 or February 1 thereafter until stated maturity or prior redemption. Principal is payable at the designated offices of the "Paying Agent/Registrar" for the Certificates, initially UMB Bank, N.A., Austin, Texas. Interest on the Certificates shall be paid to the registered owners whose names appear on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (as hereinafter defined) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk of, the registered owner. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the County where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to be closed, 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.

Initially, the Certificates will be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described below. No physical delivery of the Certificates will be made to the Beneficial Owners. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will distribute the amounts received to the appropriate DTC Participants, who shall in turn make payment to the Beneficial Owners of the Certificates. Such Book-Entry-Only System may change the method and timing of payment for the Certificates and the method of transfer. See "BOOK-ENTRY-ONLY SYSTEM" below for a more complete description of such Book-Entry-Only System.

Authority for Issuance

The Certificates are being issued pursuant to the Constitution and general laws of the State, including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, Texas Government Code, Chapter 1473, as amended, and an order (the "Order") to be adopted by the Commissioners Court of the County, on July 23, 2018.

Security for Payment

The Certificates 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 and are additionally payable from a lien on and limited pledge of the Net Revenues derived from the operation of the County's library system. (See "COUNTY APPLICATION OF THE PROPERTY TAX CODE" herein.)

*Preliminary, subject to change.

Use of Certificate Proceeds

Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the County to be incurred for making permanent public improvements and other public purposes, to-wit: (1) designing, acquiring, constructing, renovating, improving, and equipping a new Atascosa County animal control center; (2) designing, acquiring, constructing, renovating, improving, and equipping a new Atascosa County Justice of the Peace Precinct 3 facility; (3) designing, acquiring, constructing, renovating, improving, and equipping the existing Atascosa County Tax Assessor/Collector Facilities; (4) designing, acquiring, constructing, renovating, improving, and equipping the existing Atascosa County Jail and Sheriff's Offices; (5) designing, acquiring, constructing, renovating, improving and equipping a new Atascosa County courthouse justice center; and (6) designing, acquiring, constructing, renovating, improving, expanding, and equipping the existing Atascosa County Jail; and (7) the payment of professional services related to the design, construction, project management, and financing of the aforementioned projects.

Sources and Uses

Sources of Funds	**The Certificates**
Par Amount of Certificates	$
Accrued Interest	
[Net] Original Issue Reoffering Premium	
Total Sources of Funds	**$**
Uses of Funds	
Construction Fund Deposit	$
Costs of Issuance (including bond insurance, if any)	
Certificate Fund Deposit	
Total Uses of Funds	**$**

Redemption Provisions

Optional Redemption: The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature on February 1, 2029, in whole or from time to time in part, in principal amounts of $5,000 or any integral multiple thereof (and, if within a stated maturity, selected at random and by lot by the Paying Agent/Registrar) on February 1, 2028, or any date thereafter, at the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. The respective years of maturity of the Certificates called for redemption shall be selected by the County. If less than all of the Certificates within a stated maturity are to be redeemed, the particular Certificates to be redeemed shall be selected by lot or by other customary random method by the Paying Agent/Registrar.

Selection of Certificates Redeemed in Part

If less than all of the Certificates are to be redeemed, the County may select the maturities of Certificates to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book- Entry-Only form) shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

Notice of Redemption

The County is required to cause a notice of redemption to be given to the registered owners of Certificates to be redeemed not less than 30 days prior to the date of such redemption. The notice of redemption will be sent by United States mail, first class, postage prepaid, to the registered owners of Certificates to be redeemed, in whole or in part, at the address of such owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the mailing of such notice.

ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. SUBJECT TO THE COUNTY'S RIGHT TO GIVE A CONDITIONAL NOTICE OF REDEMPTION AS DESCRIBED IN THE FOLLOWING PARAGRAPH, NOTICE OF REDEMPTION HAVING BEEN SO GIVEN, THE CERTIFICATES CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND, NOTWITHSTANDING THAT ANY CERTIFICATE OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH CERTIFICATE OR PORTION THEREOF SHALL CEASE TO ACCRUE AND SUCH CERTIFICATE SHALL BE NO LONGER OUTSTANDING EXCEPT FOR THE PAYMENT OF THE REDEMPTION PRICE.

Conditional Notice. In the Order the County has reserved the right to give a notice of redemption to redeem Certificates pursuant to an optional redemption that is conditioned upon the occurrence of events subsequent to the giving of such notice. The conditional notice of redemption may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the County retains the right to rescind such notice at any time prior to the scheduled redemption date if the County delivers a certificate to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the conditional notice of redemption and such notice and redemption shall be of no effect. The Paying Agent/Registrar is required to give prompt notice of any such rescission of a conditional notice of redemption to the affected

Payment Record

The County has never defaulted on its Unlimited Tax Road Bonds or Permanent Improvement Obligations. It has not defaulted since 1934 on its Road and Bridge and General Fund Obligations when it became current on debt service without refunding.

Legality

The Certificates are offered when, as and if issued, subject to the approving opinion the Attorney General of the State of Texas and the approval of certain legal matters by Bracewell LLP, San Antonio, Texas, Bond Counsel. A form of the legal opinion of Bond Counsel appears in APPENDIX- C attached hereto.

Defeasance

The Order provides that the County may discharge its obligations to the registered owners of any or all of the Certificates to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either by (i) depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium if any, and all interest to accrue on the Certificates to maturity or prior redemption or (ii) by depositing with a paying agent, or other authorized escrow agent, amounts sufficient to provide for the payment and/or redemption of the Certificates; provided that such deposits may be invested and reinvested only in (a) direct, non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) non-callable 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 are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) non-callable obligations of a state or an agency or a county, municipality or other political subdivision of a state that have been refunded and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; or (iii) any combination of (i) and (ii) above. The foregoing obligations may be in book-entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Certificates, as the case may be. If any of the Certificates are to be redeemed prior to their respective dates of maturity, provision must have been made for the payment to the registered owners of such Certificates at the date of maturity or prior redemption of the full amount to which such owner would be entitled and for giving notice of redemption as provided in the Order.

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 Certificates. 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 United States 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 Certificates 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. After firm banking and financial arrangements for the discharge and final payment or redemption of the Certificates have been made as described above, all rights of the County to initiate proceedings to call the Certificates for redemption or take any other action amending the terms of the Certificates are extinguished; provided, however, that the right to call the Certificates for redemption is not extinguished if the County: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption; (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Upon defeasance, such defeased Certificates shall no longer be regarded to be outstanding or unpaid.

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 Certificates 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 Certificates then outstanding, no such amendment, addition, or rescission shall (i) extend the time or times of payment of the principal or, premium, if any, and interest on the Certificates, 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 Certificates, (ii) give any preference to any Certificate over any other Certificate or (iii) reduce the aggregate principal amount of Certificates 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 Certificates. If the County defaults in the payment of principal, interest, or redemption price on the Certificates 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 Certificates if there is no other available remedy at law to compel performance of the Certificates or 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 Certificates 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 certificateholders 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. 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. Because it is unclear whether the Texas legislature has effectively waived the County's sovereign immunity from a suit for money damages, certificateholders may not be able to bring such a suit against the County for breach of the Certificates or Order covenants. 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 Certificates. 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 and the pledge of a specific source of revenues, such as the surplus Net Revenue, is subject to judicial discretion. 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 certificateholders 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 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 Certificates are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity that permit the exercise of judicial discretion.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar for the Certificates is UMB Bank, N.A., Austin, 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 bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon a change in the Paying Agent/Registrar for the Certificates, the Issuer agrees to promptly cause written notice thereof to be sent to each registered owner of the Certificates by United States mail, first-class, postage prepaid.

The Certificates will be issued in fully registered form in multiples of $5,000 for any one 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 Certificates, 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 Certificates shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the County 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 Certificate on any Interest Payment Date means the fifteenth day of the month next preceding such Interest Payment Date.

In the event of a non-payment of interest on an Interest 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 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

In the event the Certificates are not in the Book-Entry-Only System, the Certificates will be printed and delivered to the registered owners thereof, and thereafter the Certificates 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 Certificate may be assigned by the execution of an assignment form on the Certificate or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Certificate or Certificates will be delivered by the Paying Agent/Registrar in lieu of the Certificates being transferred or exchanged at the corporate trust office of the Paying Agent/Registrar, or sent by United States mail, first class postage prepaid, to the new registered. New Certificates issued in an exchange or transfer of Certificates 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 Certificates 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 Certificates registered and delivered in an exchange or transfer shall be in denominations of $5,000 for any one stated maturity or any integral multiple thereof and for a like aggregate principal amount and rate of interest as the Certificate or Certificates surrendered for exchange or transfer. (See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system initially to be utilized in regard to ownership and transferability of the Certificates.)

Limitation on Transferability

Neither the County nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate called for redemption, in whole or in part, within forty-five (45) days of the date fixed for the redemption of such Certificate; provided, however, such limitation on transferability shall not be applicable to an exchange by the Holder of the unredeemed balance of a Certificate called for redemption in part.

Replacement Certificates

The Issuer has agreed to replace mutilated, destroyed, lost, or stolen Certificates upon surrender of the mutilated Certificates to the Paying Agent/Registrar, or receipt of satisfactory evidence of authenticity of ownership thereof and of such destruction, loss, or theft, and receipt by the Issuer and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The Issuer may require payment of taxes, governmental charges, and other expenses in connection with any such replacement.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by DTC while the Certificates 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 County and the Financial Advisor believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The County cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or redemption or other 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 Certificates), or redemption or other 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 United States 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 Certificates. The Certificates will be issued as fully-registered Certificates 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 each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities 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 securities certificates. 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"). Direct Participants and Indirect Participants are jointly referred to as "Participants". DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the 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 Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates 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 Certificates 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 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The 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 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates 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 notices be provided directly to them.

Redemption notices for the Certificates shall be sent to DTC. If less than all of the Certificates within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District 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 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Certificates 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 District or the Paying Agent/Registrar, on 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 Certificates 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, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment on the Certificates 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 Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the County or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Certificates are required to be printed and delivered. The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Certificates will be printed and delivered.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the County, the Financial Advisor, or the initial purchaser of the Certificates.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Certificates 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 Participant acquires an interest in the Certificates, 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

The County invests funds in instruments authorized by Texas law, specifically the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "PFIA"), in accordance with and investment policies approved by the Commissioners Court. The Commissioners Court has designated the County Treasurer as the "Investment officer" of the County. Both State law and the County's investment policies are subject to change under Texas law, the County is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas 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 of Texas or the United States or their respective agencies and instrumentalities, (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) 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 successors, (7) (a) certificates of deposit and share certificates issued by a depository institution that has its main office or branch office in the State of Texas, that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors, or are secured as to principal by obligations described in clauses (1) through (5) and clause (14) 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 branch office in this state and is selected from a list adopted by the County; (ii) a depository institution that has a main office or branch office in this state and that is selected by the County; (b) the broker or depository institution selected by the County arranges for the deposit of funds in one or more federally insured depository institutions, wherever located; (c) the certificates of deposit are insured by the United States or an instrumentality of the United States; and (d) the County appoints the depository institution acts as a custodian for the County with respect to the certificates of deposit, an entity described by Section 2257.041(d) 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), (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1) and require the security being purchased by the County to be 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 or a financial institution doing business in the State of Texas, (9) bankers' acceptances with the remaining term of 270 days or less from the date of issuance, 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, (10) commercial paper with the remaining term of 270 days or less from the date of issuance that is rated at least "A-1" or "P-1" or the equivalent by at least (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, (11) no-load money market mutual funds registered with and regulated by the United States Securities and Exchange Commission that comply with federal Securities and Exchange Commission Rule 2a-7, (12) no-load mutual fund registered with the United States 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, (13) public funds investment pools that have an advisory board which includes participants in the pool and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent or no lower than investment grade with a weighted average maturity no greater than 90 days, and (14) bonds issued, assumed or guaranteed by the State of Israel. Texas law also permits the County to invest bond proceeds in a guaranteed investment contract subject to the limitations set forth in Chapter 2256, as amended, Texas Government Code.

A political subdivision such as the County may enter into 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 (5) and (14) 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 (5) above, clauses (11) through (14) above, 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 through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

Governmental bodies in the State such as the County are authorized to implement 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 (6) of the second paragraph under this caption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than "A" or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (6) and (10) through (12) of the second paragraph under this caption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body 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 of Texas; and (iv) the agreement to lend securities has a term of one year or less.

Under Texas law, the County 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 County funds, the maximum allowable stated maturity of any individual investment and 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 PFIA. All County 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, liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, the County'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 probable income to be derived." At least quarterly the County's investment officers must submit an investment report to the Commissioners Court detailing: (1) the investment position of the County, (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 for 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) Texas law. No person may invest County funds without express written authority from the Commissioners Court.

Under Texas law, the County is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, 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, or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the 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 County's designated Investment Officer; (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

State law does not require the Issuer to periodically mark its investments to market price, and the Issuer does not do so, other than annually upon the conclusion of each fiscal year, for the purpose of compliance with applicable accounting policies concerning the contents of the Issuer's audited financial statements. Given the nature of its investments, the Issuer does not believe that the market value of its investments differs materially from book value.

Table 1 – Current Investments

As of May 31, 2018, the Issuer's investable funds were invested as shown below.

Fund and Investment Type	Amount	Percentage of Portfolio
Cash or Cash Equivalent	$ 1,570,538.43	3.94%
TexPool	38304218.86	96.06%
Total	$ 39,874,757.29	100.00%

As of such date, the market value of such investments (as determined by the County by reference to published quotations, dealer bids, and comparable information) was approximately 100% of their book value. 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.

AD VALOREM TAX PROCEDURES

Property Tax Code and County-Wide Appraisal District

The Texas Property Tax Code (the "Tax Code") provides for county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district and an appraisal review board responsible for appraising property for all taxable units within the county. The Atascosa County Appraisal District (the "Appraisal District") is responsible for appraising property within the County generally as of January 1 of each year. The appraisal values set by the Appraisal District are subject to review and change by the Atascosa County Review Board (the "Appraisal Review Board") which is appointed by the Appraisal District. Such appraisal rolls, as approved by the Appraisal Review Board, are used by the Issuer in establishing its tax roll and tax rate.

Property Subject to Taxation by the Issuer

Except for certain exemptions provided by Texas law, all real and certain tangible personal property with a tax situs in the County are subject to taxation by the County. Principal categories of exempt property (including certain exemptions which are subject to local option by the Court) include property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain improvements to real property and certain tangible personal property located in designated reinvestment zones on which the Issuer has agreed to abate ad valorem taxes, certain household goods, family supplies and personal effects; farm products owned by the producers; certain property of a non-profit corporation used in scientific research and educational activities benefiting a college or university, and designated historical sites. Other principal categories of exempt property include tangible personal property not held or used for production of income, solar and wind-powered energy devices; most individually owned automobiles; certain varying amounts of valuation attributable to residential homesteads of disabled persons or persons ages 65 or over and property of disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; and certain classes of intangible property. Owners of agricultural and open space land, under certain circumstances, may request valuation of such land on the basis of productive capacity rather than market value.

At an election held on September 13, 2003, the voters of the State of Texas approved a constitutional amendment authorizing counties, cities, towns or junior college districts to establish an ad valorem "tax freeze" on residence homesteads of the disabled and persons sixty-five years of age or older. This "tax freeze" can be implemented by official action of a governing body, or pursuant to an election called by the governing body upon receipt of a petition signed by 5% of registered voters of the municipality. The County has not implemented this "tax freeze". The County may, in the future, revisit this issue.

Valuation of Property for Taxation

Generally, property in the County must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal role is prepared and finally approved by the Appraisal Review Board, it is used by the Issuer in establishing its tax rolls and tax rate. Assessments under the Tax Code are to be based on one hundred percent (100%) of appraised value, except as described below, and no assessment ratio can be applied.

State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence 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 residence homestead for a tax year to an amount not to exceed the lesser of (1) the market value of the property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of (a) 10% of the appraised value of the property for the preceding tax year, plus (b) the appraised value of the property for the preceding tax year plus (c) the market value of all new improvements to the property.

Article VIII of the Texas Constitution and the Tax Code permits land designated for agricultural use (Section 1-d), open space or timberland (Section 1-d-1) to be appraised at the lesser of its value based on the land's capacity to produce agricultural or timber products or its market value. Landowners wishing to avail themselves of the agricultural use designation must apply for the designation, and the appraiser is required by the Tax Code to act on each claimant's right to the designation individually. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the Issuer can collect taxes based on the new value, including three (3) years for agricultural use and five (5) years for agricultural open space land and timberland prior to the loss of the designation. The same land may not be qualified under both Section 1-d and 1-d-1.

The Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in the Appraisal District at least once every three (3) years. The Issuer, at its expense, has the right to obtain from the Appraisal District a current estimate of appraised values within the County or an estimate of any new property or improvements within the County. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the County, it cannot be used for establishing a tax rate within the County until such time as the Appraisal District chooses to formally include such values on its appraisal role.

Residential Homestead Exemptions

Under Section 1-b, Article VIII of the Texas Constitution, and State law, the governing body of a political subdivision, at its option, may grant:

1. An exemption of not less than $3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision. The Issuer has elected to grant an exemption of $25,000 for persons 65 years of age or older.

2. An exemption of up to 20% of the market value of residence homesteads; minimum exemption $5,000. The Issuer has not elected to grant this additional exemption.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created. The Issuer has not granted the additional exemption.

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from $5,000 to a maximum of $12,000. The surviving spouse of a deceased veteran who had received a disability rating of 100% is entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

Furthermore, the surviving spouse of a deceased veteran who had received a disability rating of 100% is entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until the surviving spouse remarries.

Following the approval by the voters at a November 5, 2013 statewide election, a partially disabled veteran or the surviving spouse of a partially disabled veteran is entitled to an exemption equal to the percentage of the veteran's disability, if the residence was donated at no cost to the veteran by a charitable organization.

Also approved by the November 5, 2013 election was a constitutional amendment providing that the surviving spouse of a member of the armed forces who is killed in action is entitled to a property tax exemption for all or part of the market value of such surviving spouse's residences homestead, if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption is transferable to a different property of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Section 11.131 to the Texas Tax Code states that a disabled veteran who receives from the United States Department of Veterans Affairs or its successor 100% disability compensation due to a service-connected disability and a rating of 100% disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead.

Freeport Goods and Goods-In-Transit Exemption

Article VIII, Section 1-j of the Texas Constitution provides for an exemption from ad valorem taxation for "freeport property," which is defined as goods detained in the state for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Taxing units that took action prior to April 1, 1990 may continue to tax freeport property and decisions to continue to tax freeport property may be reversed in the future. However, decisions to exempt freeport property are not subject to reversal. In addition, effective for tax years 2008 and thereafter, Article VIII, Section 1-n of the Texas Constitution provides for an exemption from taxation for "goods-in-transit", which are defined as personal property acquired or imported into the state and transported to another location inside or outside the state within 175 days of the date the property was acquired or imported into the state. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out- board motor, heavy equipment and manufactured housing inventory. After holding a public hearing, a taxing unit may take action by January 1 of the year preceding a tax year to tax goods-in- transit during the following tax year. A taxpayer may obtain only a freeport exemption or a goods-in-transit exemption for items of personal property. The County did not take official action before April 1, 1990 to tax freeport property. The County does not tax freeport goods or goods-in-transit.

Tax Abatement

The Issuer may designate areas within the County as a reinvestment zone. Thereafter, the Issuer may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity with taxing authority over the property will follow in granting tax abatement to owners of property.

The tax abatement agreement may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the Issuer, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. The terms of all tax abatement agreements must be substantially the same.

Issuer and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the Issuer, may appeal the orders of the Appraisal Review Board by filing a timely petition for review in district court within 45 days after notice is received that a final order has been entered. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party, or through binding arbitration, if requested by the taxpayer. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Tax Code.

The Tax Code sets forth notice and hearing procedures for certain tax rate increases by the Issuer and provides for taxpayer referenda that could result in the repeal of certain tax increases. The Tax Code also establishes a procedure for 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 role.

The Financial Institutions Act of 1989

The "Financial Institutions Reform, Recovery and Enforcement Act of 1989" ("FIRREA"), enacted on August 9, 1989, contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC").

Under FIRREA, real property held by the FDIC is still subject to ad valorem taxation, but such act states that (i) no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary lien shall attach to such property, (ii) the FDIC shall not be liable for any penalties or fines, including those arising from the failure to pay any real property tax when due, (iii) no personal property owned by FDIC is subject to ad valorem taxation, and (iv) notwithstanding failure of a person to challenge an appraisal in accordance with State law, such value shall be determined as of the period for which such tax is imposed.

As of the date hereof, the Issuer is not aware of any significant properties in the County which are under the control of the FDIC, however, real property could come under their control while acting as the receiver of an insolvent financial institution. Accordingly, to the extent the FIRREA provisions are valid and applicable to property in the County, and to the extent that the FDIC attempts to enforce the same, the provisions may affect the time at which the Issuer can collect taxes on property owned by the FDIC, if any, in the County.

Levy and Collection of Taxes

The Issuer is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. Before the later of September 30th or the 60th day after the date the certified appraisal roll is received by the taxing unit, the rate of taxation is set by the Issuer based upon the valuation of property within the County as of the preceding January 1. 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 Issuer. 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 Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances. The Issuer does not allow split payments or discounts.

Issuer's Rights in the Event of Tax Delinquencies

Taxes levied by the Issuer are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. 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 the State of Texas and each local taxing unit, including the Issuer, having power to tax the property. The Issuer'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 Issuer 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 Issuer 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 Issuer 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, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the County records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. 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.

TAX RATE LIMITATIONS

Available Tax Liens

<u>*Limited Tax Funded Debt Payable from Proceeds of $0.80 Constitutional Tax Rate:*</u> The Texas Constitution (Articles VIII, Section 9) imposes a tax rate limit of $0.80 per $100 assessed valuation of all taxable property within the County for general fund, permanent improvement fund, road and bridge fund and jury fund purpose, including debt service on bonds or other debt obligations issued against such funds. By administrative policy, the Attorney General of Texas will permit allocation of $0.40 of the constitutional tax rate calculated at 90% collection for the payment of the debt service requirements on the County's limited tax general obligation indebtedness, including the Obligations. The General Fund, Permanent Improvement Fund, Road and Bridge Fund, and Jury Fund receive operating funds from the $0.80 constitutional tax rate.

The Certificates described herein are being issued pursuant to the laws of the State of Texas, including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, and the Order. There are no specific limitations as to the amount of such debt under this authority; however, the Certificates are limited tax obligations payable from the $.80 constitutional tax rate.

<u>*Road and Bridge Maintenance:*</u> As imposed by statute (Chapter 256, Texas Transportation Code), $0.15 per $100 assessed valuation, no part of which may be used for debt service.

<u>*Farm-to-Market and/or Flood Control:*</u> As imposed by statute (Chapter 256, Texas Transportation Code) and Article VIII, Section 1-a, Texas Constitution, $0.30 per $100 assessed valuation after exemption of homesteads up to $3,000; no allocation prescribed by statute between debt service and maintenance. All or part may be used for either purpose.

<u>*Unlimited Tax Road Bonds:*</u> Article III, Section 52 of the Texas Constitution authorizes the levy of a tax unlimited as to rate of amount for the payment of debt issued for various road purposes, subject to voter approval; however, total unlimited tax debt cannot exceed 25% of the assessed valuation of real property within the levying county.

<u>*Optional Sales Tax:*</u> The Tax Code provides certain cities and counties the option of assessing a maximum one-half percent (1/2%) 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 levies a one-half percent (1/2%) sales tax for this purpose. The County also levies an additional sales and use tax of one-half percent (1/2%) for County health services.

Annual Tax Rate

The County must annually calculate and publicize its "effective tax rate" and "rollback tax rate". The Court may not adopt a tax rate that exceeds the lower of the rollback rate or the effective tax rate until it has held two public hearings on the proposed increase following notice to the taxpayers and otherwise complied with the Tax Code. If the adopted tax rate exceeds the rollback tax rate, the qualified voters of the County, by petition, may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

"*Effective tax rate*" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"*Rollback tax rate*" means the rate that will produce last year's maintenance and operation tax levy (adjusted) from this year's values (unadjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (adjusted) divided by the anticipated tax collection rate.

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

TAX MATTERS

Tax Exemption

In the opinion of Bracewell LLP, Bond Counsel, under existing law, (i) interest on the Certificates is excludable from gross income for federal income tax purposes and (ii) the Certificates are not "private activity bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and, as such, interest on the Certificates is not subject to the alternative minimum tax.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Certificates, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The County has covenanted in the Order that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Order pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Certificates for federal income tax purposes and, in addition, will rely on representations by the County, the County's Financial Advisor and the Purchaser with respect to matters solely within the knowledge of the County, the County's Financial Advisor and the Purchaser, respectively, which Bond Counsel has not independently verified. If the County fails to comply with the covenants in the Order or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Certificates could become includable in gross income from the date of delivery of the Certificates, regardless of the date on which the event causing such inclusionoccurs.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Certificates.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the County as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Certificates could adversely affect the value and liquidity of the Certificates regardless of the ultimate outcome of the audit.

Purchase of Tax-Exempt Obligations by Financial Institutions

Section 265(a) of the Code provides, in general, that a deduction for interest on indebtedness incurred to acquire or carry tax- exempt obligations is disallowed. Section 265(b) of the Code provides a specific complete disallowance of any deduction by a financial institution of its pro rata interest expense to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. Section 265(b) of the Code provides an exception for financial institutions for tax-exempt obligations that are properly designated or deemed designated by an issuer as "qualified tax-exempt obligations."

The Certificates have been designated as "qualified tax-exempt obligations" based, in part, on the County's representation that the amount of the Certificates, when added to the amount of all other tax-exempt obligations (not including private activity bonds other than "qualified 501(c)(3) bonds" or any obligations issued to currently refund any obligation to the extent the amount of the refunding obligation did not exceed the outstanding amount of the refunded obligation) issued or reasonably anticipated to be issued by or on behalf of the County during 2018, is not expected to exceed $10,000,000. Further, the County and entities aggregated with the County under the Code have not designated more than $10,000,000 in "qualified tax-exempt obligations" (including the Certificates) during 2018.

Notwithstanding the designation of the Certificates as "qualified tax-exempt obligations" under this exception, financial institutions acquiring the Certificates will be subject to a 20% disallowance of allocable interest expense.

Additional Federal Income Tax Considerations

Collateral Tax Consequences. Prospective purchasers of the Certificates should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit, and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporationsdoing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Certificates. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Certificates should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Certificates, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium. The issue price of all or a portion of the Certificates may exceed the stated redemption price payable at maturity of such Certificates. Such Certificates (the "Premium Certificates") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Certificate in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Certificate in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Certificate by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Certificate that is amortizable each year (or shorter period in the event of a 'sale or disposition of a Premium Certificate) is determined using the yield to maturity on the Premium Certificate based on the initial offering price of such Premium Certificate.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Certificates that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Certificates should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Certificate and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Certificates.

Tax Accounting Treatment of Original Issue Discount. The issue price of all or a portion of the Certificates may be less than the stated redemption price payable at maturity of such Certificates (the "Original Issue Discount Certificates"). In such case, the difference between (i) the amount payable at the maturity of each Original Issue Discount Certificate, and (ii) the initial offering price to the public of such Original Issue Discount Certificate constitutes original issue discount with respect to such Original Issue Discount Certificate in the hands of any owner who has purchased such Original Issue Discount Certificate in the initial public offering of the Certificates. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Certificate equal to that portion of the amount of such 'original issue discount allocable to the period that such Original Issue Discount Certificate continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Certificates under the captions "TAX MATTERS - Tax Exemption" and "TAX MATTERS - Additional Federal Income Tax Considerations - Collateral Tax Consequences" and "-Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Certificate prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Certificate was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Purchaser has purchased the Certificates for contemporaneous sale to the public and (ii) all of the Original Issue Discount Certificates have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the County nor Bond Counsel has made any investigation or offers any comfort that the Original Issue Discount Certificates will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Certificate accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Certificates and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Certificate for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Certificate.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Certificates that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Original Issue Discount Certificates should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Certificates and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Certificates.

Tax Legislative Changes. Public Law No. 115-97 (i.e., Tax Cuts and Jobs Act), which makes significant changes to the Code, including changing certain provisions affecting tax-exempt obligations, such as the Certificates, was signed into law on December 22, 2017. The changes include, among others, changes to the federal income tax rates for individuals and corporations and the alternative minimum tax for tax years beginning after December 31, 2017. Further, current law may change so as to directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Certificates from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Certificates. Prospective purchasers of the Certificates should consult with their own tax advisors with respect to any proposed, pending or future legislation.

CONTINUING DISCLOSURE OF INFORMATION

General

In the Order, the County has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The County is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the County will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified mate events, to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be available to the general public at no charge from the MSRB as described below.

Annual Reports

The County 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 included (i) in Table 1 of the Official Statement and Tables 1 through 10 of APPENDIX A and (ii) in APPENDIX D. The County will update and provide this information within six months after the end of each fiscal year ending in or after 2018.

The County may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the United States Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12"). The updated information will include audited financial statements, if the County commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the County will provide unaudited financial statements within the required time and will provide audited financial statements when and if they become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX D or such other accounting principles as the County may be required to employ from time to time pursuant to state law orregulation.

The County's current fiscal year is January 1 to December 31. Accordingly, it must provide updated information by June 30 in each year, unless the County changes its fiscal year. If the County changes its fiscal year, it will notify the MSRB.

Material Event Notices

The County will provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner and not more than 10 business days after the occurrence of the event: (i) principal and interest payment delinquencies; (ii) nonpayment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) 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 Certificates, or other material events affecting the tax status of the Certificates; (vii) modifications to rights of Owners, if material; (viii) certificate calls, if material and tender offers; (ix) defeasance; (x) release, substitution, or sale of property securing repayment of the Certificates, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership, or similar event of the County, which will occur as described below; (xiii) 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 (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

For these purposes, any event described in the immediately preceding clause (xii) 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, 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 of business of the County.

The County will notify the MSRB, in a timely manner, of any failure by the County to provide financial information or operating data in accordance with the foregoing provisions by the time required therein.

Availability of Information from MSRB

The County has agreed to provide the foregoing information only to the MSRB. The information will be available free of charge to the general public via the Electronic Municipal Market Access system ("EMMA") at www.emma.msrb.org.

Limitations and Amendments

The County has agreed to update information and to provide notices of material events only as described above. The County 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 County makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Certificates at any future date. The County 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 holders of Certificates may seek injunctive relief to compel the County to comply with its agreement.

The County may amend its continuing disclosure agreement with respect to the Certificates 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 County, if (1) the agreement, as amended, would have permitted an underwriter to purchase or sell the Certificates in the offering described herein in compliance with Rule 15c2-12 and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Certificates consent to the amendment or (b) any person unaffiliated with the County (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Certificates. The County may also repeal or amend these provisions if the United States Securities and Exchange Commission amends or repeals the applicable provisions of Rule 15c2-12 or any court of final jurisdiction enters judgment that such provisions of Rule 15c2-12 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 Certificates in the primary offering of the Certificates giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of Rule 15c2-12. If the County so amends its agreement with respect to the Certificates, it has agreed to 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 Undertakings

During the past five years, the County has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

OTHER PERTINENT INFORMATION

Registration and Qualification of Certificates for Sale

The sale of the Certificates 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 Certificates have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Certificates been qualified under the securities acts of any jurisdiction. The Issuer assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which the Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

Litigation

In the opinion of 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 of the County.

Future Debt Issuance

The County currently has no plans to issue additional ad valorem tax supported debt in fiscal year ending December 31, 2018 and December 31, 2019.

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Certificates are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are real and 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 Certificates by municipalities or other political subdivisions or public agencies of the State, the PFIA requires that the Certificates 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 - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivision, and are legal security for those deposits to the extent of their fair market value. No review by the County has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

No representation is made that the Certificates 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 Certificates for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Certificates for such purposes.

Legal Opinions and No-Litigation Certificate

The Issuer will furnish the Purchaser with a complete transcript of proceedings incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Certificates are valid and legally binding obligations of the Issuer, and based upon examination of such transcript of proceedings, the approval of certain legal matters by Bond Counsel, to the effect that the Certificates are valid and legally binding obligations of the Issuer and, subject to the qualifications set forth herein under “Tax Matters,” including the alternative minimum tax consequences for corporations, the interest on the Certificates is excludable from the gross income of the owners thereof for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions existing on the date thereof. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Certificates, or which would affect the provision made for their payment or security, or in any manner questioning the validity of the Certificates will also be furnished. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Notice of Sale, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Certificates in the Official Statement to verify that such description conforms to the provisions of the Order. Such firm has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the Issuer for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firm’s limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to the accuracy or completeness of any of the information contained herein. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates are contingent on the sale and delivery of the Certificates. Though it represents the Financial Advisor and certain entities that may bid on the Certificates from time to time in matters unrelated to the issuance of the Certificates, Bond Counsel has been engaged by and only represents the County in connection with the issuance of the Certificates.

The various legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion the attorney does not become an insurer or guarantor of the 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 from the transaction.

Rating

A municipal bond rating application has been made to S&P Global Ratings (“S&P”), the results of which will be made available as soon as possible. Currently, the Issuer has an underlying rating of “AA” from S&P. An explanation of the significance of such rating may be obtained from the rating agency. An explanation of the significance of such rating may be obtained from the rating agency. A rating by a rating agency reflects only the view of such company at the time the rating is given, and the Issuer makes no representations as to the appropriateness of the rating. There is no assurance that such a rating will continue for any given period of time, or that it will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Certificates.

Financial Advisor

SAMCO Capital Markets, Inc. is employed as the Financial Advisor to the Issuer in connection with the issuance of the Certificates. In this capacity, the Financial Advisor has compiled certain data relating to the Certificates and has assisted in drafting this Official Statement. The Financial 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 Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The fees for the Financial Advisor are contingent upon the issuance, sale and delivery of the Certificates.

Winning Bidder

After requesting competitive bids for the Certificates, the County accepted the bid of____________________(the "Purchaser") to purchase the Certificates at the interest rates shown on the page 2 of this Official Statement at a price of par, plus a net original reoffering premium of $_____, plus accrued interest on the Certificates from their Dated Date to their date of initial delivery. The County can give no assurance that any trading market will be developed for the County after their sale by the County to the Purchaser. The County has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

Concluding Statement

The financial data and other information contained in this Official Statement have been obtained from the County's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and Order contained in this Official Statement are made subject to all of the provisions of such statues, documents and Order. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

This Official Statement will be approved by the Commissioners Court of the Issuer for distribution in accordance with the provisions of the Rule.

ATASCOSA COUNTY, TEXAS

____

County Judge
Atascosa County Texas

ATTEST:

____

County Clerk,
Atascosa County, Texas

APPENDIX A

FINANCIAL INFORMATION RELATING TO ATASCOSA COUNTY, TEXAS

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FINANCIAL INFORMATION OF THE ISSUER

ASSESSED VALUATION — TABLE 1

2017 Actual Certified Market Value of Taxable Property (100% of Market Value)		$ 4,903,490,300
Less Exemptions:		
	Optional Over-65 or Disabled Homestead	$ 77,282,670
	Disabled/Deceased Veterans'	38,219,604
	Pollution Control	13,410,880
	Open-Space Land and Timberland	953,116,424
	Charitable Exemptions	92,230
	House Bill 366	289,836
	Totally Exempt Property	108,433,004
	10% Per Year Cap on Residential Homesteads	11,636,533
	TOTAL EXEMPTIONS	$ 1,202,481,181
2017 Certified Assessed Value of Taxable Property		$ 3,701,009,119
2018 Preliminary Assessed Value of Taxable Property		$ 4,231,112,589

Source: Atascosa County Appraisal District.

GENERAL OBLIGATION BONDED DEBT

(as of June 1, 2018)

General Obligation Debt Principal Outstanding

General Obligation Refunding Bonds, Series 2010	$ 785,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016	9,725,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2017	9,800,000
The Certificates	5,000,000 *
Total Gross General Obligation Debt	$ 20,310,000 *
2017 Net Assessed Valuation	$ 3,701,009,119
Ratio of Gross General Obligation Debt Principal to Certified Net Taxable Assessed Valuation	0.55% *

Population: 2000 - 38,628; 2010 - 44,911; est. 2018 - 48,981
Per Capita Certified Net Taxable Assessed Valuation - $75,560.10
Per Capita Gross General Obligation Debt Principal - $414.65

** Preliminary, subject to change.*

DEBT OBLIGATIONS - CAPITAL LEASE AND NOTES PAYABLE — TABLE 2

Operating Leases:

The government leases equipment under noncancellable operating leases. Total costs for such leases were $67,415 for the year ended December 31, 2017. The future minimum lease payments for these leases are as follows:

FYE (12/31)	Amount
2018	$ 50,791
2019	36,968
2020	1,500
2021	1,500
Total	$ 90,759

Source: The County's Comprehensive Annual Financial Report for fiscal year ended December 31, 2017.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending (12/31)	Current Total Outstanding Debt	The Certificates* Principal	Interest	Total	Total Net Debt Service *
2018	$ 852,292				$ 852,292
2019	1,776,383	$ -	$ 212,500	$ 212,500	1,988,883.06
2020	1,420,298	350,000	205,063	555,063	1,975,360.00
2021	1,315,510	460,000	187,850	647,850	1,963,360.00
2022	1,316,885	480,000	167,875	647,875	1,964,760.00
2023	1,315,535	500,000	147,050	647,050	1,962,585.00
2024	1,316,310	265,000	130,794	395,794	1,712,103.75
2025	1,316,035	275,000	119,319	394,319	1,710,353.75
2026	1,314,685	285,000	107,419	392,419	1,707,103.75
2027	1,312,260	300,000	94,988	394,988	1,707,247.50
2028	1,311,160	310,000	82,025	392,025	1,703,185.00
2029	1,311,460	325,000	68,531	393,531	1,704,991.25
2030	1,311,125	340,000	54,400	394,400	1,705,525.00
2031	1,310,163	355,000	39,631	394,631	1,704,793.75
2032	1,318,168	370,000	24,225	394,225	1,712,392.50
2033	1,315,140	385,000	8,181	393,181	1,708,321.25
2034	1,311,228	-	-	-	1,311,227.50
2035	1,316,283	-	-	-	1,316,282.50
2036	1,315,233	-	-	-	1,315,232.50
2037	1,313,150	-	-	-	1,313,150.00
2038	654,675	-	-	-	654,675.00
Total	$ 27,043,975	$ 5,000,000	$ 1,649,850	$ 6,649,850	$ 33,693,825

* *Preliminary, subject to change. Interest calculations on an assumed rate.*

TAX ADEQUACY

2017 Certified Freeze Adjusted Net Taxable Assessed Valuation	$ 3,701,009,119	
Maximum Annual Debt Service Requirements (Fiscal Year Ending 12-31-2019)	1,988,883	*
Anticipated required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service requirements	$ 0.05484	*

* *Preliminary, subject to change. Includes the Certificates.*

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

INTEREST AND SINKING FUND MANAGEMENT INDEX

Interest and Sinking Fund Balance, Fiscal Year Ended December 31, 2017	$	131,956
2017 Anticipated Interest and Sinking Fund Tax Levy at 95% Collections Produce [1]		853,694
Total Available for General Obligation Debt	$	985,650
Less: General Obligation Debt Service Requirements, Fiscal Year Ending 12/31/18		852,292
Estimated Surplus at Fiscal Year Ending 12/31/2018 [1]	$	133,359

[1] *Does not include delinquent tax collections, penalties and interest on delinquent tax collections or investment earnings.*

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE

(As of June 1, 2018)

	Principal Repayment Schedule			Principal	Percent of
Fiscal Year Ending 12/31	**Currently Outstanding**	**The Certificates***	**Total***	**Unpaid at End of Year***	**Principal Retired (%)***
2018	$ 355,000	-	$ 355,000	$ 24,695,000	1.42%
2019	990,000	$ -	990,000	23,705,000	5.37%
2020	855,000	350,000	1,205,000	22,500,000	10.18%
2021	775,000	460,000	1,235,000	21,265,000	15.11%
2022	800,000	480,000	1,280,000	19,985,000	20.22%
2023	825,000	500,000	1,325,000	18,660,000	25.51%
2024	855,000	265,000	1,120,000	17,540,000	29.98%
2025	885,000	275,000	1,160,000	16,380,000	34.61%
2026	915,000	285,000	1,200,000	15,180,000	39.40%
2027	945,000	300,000	1,245,000	13,935,000	44.37%
2028	975,000	310,000	1,285,000	12,650,000	49.50%
2029	1,005,000	325,000	1,330,000	11,320,000	54.81%
2030	1,035,000	340,000	1,375,000	9,945,000	60.30%
2031	1,065,000	355,000	1,420,000	8,525,000	65.97%
2032	1,105,000	370,000	1,475,000	7,050,000	71.86%
2033	1,135,000	385,000	1,520,000	5,530,000	77.92%
2034	1,165,000	-	1,165,000	4,365,000	82.57%
2035	1,205,000	-	1,205,000	3,160,000	87.39%
2036	1,240,000	-	1,240,000	1,920,000	92.34%
2037	1,275,000	-	1,275,000	645,000	97.43%
2038	645,000	-	645,000	-	100.00%
Total	$ 20,050,000	$ 5,000,000	$ 25,050,000		

* *Preliminary, subject to change.*

TAXABLE ASSESSED VALUATION FOR TAX YEARS 2008-2017 — TABLE 3

	Net Taxable	Change From Preceding Year	
Year	Assessed Valuation	Amount ($)	Percent
2008-09	$ 1,789,953,548		
2009-10	1,836,578,044	46,624,496	2.60%
2010-11	1,884,909,196	48,331,152	2.63%
2011-12	2,046,091,729	161,182,533	8.55%
2012-13	2,627,059,998	580,968,269	28.39%
2013-14	3,580,646,112	953,586,114	36.30%
2014-15	4,330,771,023	750,124,911	20.95%
2015-16	4,123,818,260	(206,952,763)	-4.78%
2016-17	3,580,181,658	(543,636,602)	-13.18%
2017-18	3,701,009,119	120,827,461	3.37%

Source: Atascosa County Appraisal District.

CLASSIFICATION OF ASSESSED VALUATION TABLE 4

	2017	% of Total	2016	% of Total	2015	% of Total
Real, Residential, Single-Family	$ 975,095,038	19.89%	$ 947,724,206	19.90%	$ 923,761,696	17.66%
Real, Residential, Multi-Family	50,620,230	1.03%	42,074,134	0.88%	37,583,176	0.72%
Real, Vacant Lots/Tracts	47,204,598	0.96%	48,068,850	1.01%	44,627,572	0.85%
Real, Acreage (Land Only)	1,030,870,336	21.02%	1,048,959,332	22.02%	982,954,022	18.79%
Real, Farm and Ranch Improvements	552,815,998	11.27%	521,534,334	10.95%	495,938,613	9.48%
Real, Commercial	317,155,847	6.47%	319,436,869	6.71%	332,157,340	6.35%
Real, Industrial	38,783,170	0.79%	47,619,400	1.00%	51,873,520	0.99%
Oil and Gas	685,780,216	13.99%	436,384,183	9.16%	897,112,721	17.15%
Real & Tangible, Personal Utilities	268,449,080	5.47%	283,699,160	5.96%	263,852,310	5.04%
Tangible Personal, Commercial	152,213,720	3.10%	201,905,760	4.24%	229,220,400	4.38%
Tangible Personal, Industrial	620,344,960	12.65%	724,615,350	15.21%	836,560,789	15.99%
Tangible Personal, Mobile Homes	41,121,167	0.84%	40,388,192	0.85%	38,300,230	0.73%
Real Property, Inventory	2,704,160	0.06%	3,355,960	0.07%	3,299,500	0.06%
Speical Inventory	11,516,710	0.23%	13,205,230	0.28%	12,713,430	0.24%
Totally Exempt Property	108,815,070	2.22%	84,069,812	1.77%	81,444,265	1.56%
Total Appraised Value	$4,903,490,300	100.00%	$4,763,040,772	100.00%	$5,231,399,584	100.00%
Less:						
Optional Over-65 or Disabled Homestead	$ 77,282,670		$ 75,254,094		$ 71,587,479	
Disabled/Deceased Veterans'	38,219,604		34,050,596		30,921,516	
Pollution Control	13,410,880		14,374,910		9,842,426	
Open-Space Land and Timberland	953,116,424		959,917,210		894,389,948	
Charitable Exemptions	92,230		92,230		81,890	
House Bill 366	289,836		238,554		163,530	
Totally Exempt Property	108,433,004		83,739,028		81,198,845	
10% Per Year Cap on Res. Homesteads	11,636,533		15,192,492		19,395,690	
Net Taxable Assessed Valuation	$3,701,009,119		$3,580,181,658		$4,123,818,260	

Source: Atascosa County Appraisal District.

PRINCIPAL TAXPAYERS 2017 TABLE 5

Name	Type of Business/Property	2017 Net Taxable Assessed Valuation	% of 2017 Assessed Valuation
Marathon Oil EF LLC	Oil and Gas	$76,243,762	2.06%
Pumpco Energy Services Inc.	Oil and Gas Pumping	65,225,940	1.76%
XTO Energy, Inc. Mineral Prop	Oil and Gas	61,131,482	1.65%
San Migual Electric Co-Op.	Electric Power Plant	61,004,440	1.65%
Murphy EXPL & Production Co.	Oil and Gas	56,264,460	1.52%
EOG Resources Inc.	Oil and Gas	52,972,480	1.43%
EOG Resources Inc.	Oil and Gas	51,949,078	1.40%
EOG Resources Inc.	Oil and Gas	43,623,849	1.18%
Enterprise Texas Pipeline LP	Pipeline	38,726,430	1.05%
Atlas Eagle Ford Operating Co. LLC	Oil & Gas	37,402,465	1.01%
		$544,544,386	13.70%

Adverse developments in economic conditions, particularly in the oil and gas industry, could adversely impact the businesses of these taxpayers and the tax values in the County, resulting in less local tax revenue. If any of these taxpayers were to default in the payment of their taxes, the ability of the County to make timely payment of debt service on the Certificates will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process, or, perhaps, to sell tax anticipation notes until such amounts could be collected, if ever. See "THE CERTIFICATES – Default and Remedies" and "AD VALOREM TAX PROCEDURES" in the Official Statement.

TAX RATE DISTRIBUTION **TABLE 6**

	2017	2016	2015	2014	2013
General Fund	$ 0.495400	$ 0.468700	$ 0.352700	$ 0.286700	$ 0.325200
I&S Fund	0.022900	0.012000	0.010500	0.010300	0.015400
Total Tax Rate	$ 0.518300	$ 0.480700	$ 0.363200	$ 0.297000	$ 0.340600
Road & Bridge	$ 0.101600	$ 0.099200	$ 0.076700	$ 0.066200	$ 0.076000

Source: Atascosa County Appraisal District

TAX DATA **TABLE 7**

Taxes are due October 1 and become delinquent after January 31. Discounts are allowed: 3% October, 2% November, and 1% if paid in December. Current collections are those taxes collected through August 31, applicable to the current year's tax levy. Penalities and Interest: (a) a delinquent tax incursa a penalty of six percent of the amount of the tax for the firt calendar month it is delinquent plus one percent for each addtional month or portion of a month the tax remains unpaid prior to Juy 1 of the year in which it becomes delinquent. However, a tax delinquent on Juy 1 incurs a total penalty of twelve percent of the amunt of the delinquent tax without regard to the number of months the tax has been delinquent; (b) a delinquet tax accrues interest at at rare of one prcent for eachmonth or portionof a month the tax remains unpaid; and an additioanl penalty up to a maximum of 20% of taxe, penalty and interest may be imposed to defray costs of collection for taxes delinquet after Juy 1. all per centage of collectiosn set for below exclude penalties and interest.

Tax Year	Net Taxable Assessed Valuation	Tax Rate	Tax Levy	% of Collections Current	Total	Year Ended
2007	$ 1,645,253,712	$ 0.595100	$ 9,790,905	98.00	99.64	12/31/2008
2008	1,789,953,548	0.586700	10,501,657	97.66	99.05	12/31/2009
2009	1,836,578,044	0.587500	10,789,896	98.55	100.64	12/31/2010
2010	1,884,909,196	0.570000	10,743,982	99.11	104.37	12/31/2011
2011	2,046,091,729	0.538400	11,016,158	95.54	101.48	12/31/2012
2012	2,627,059,998	0.452800	11,895,328	96.69	103.07	12/31/2013
2013	3,580,646,112	0.340600	12,195,681	97.82	103.00	12/31/2014
2014	4,330,771,023	0.297000	12,862,390	97.84	102.03	12/31/2015
2015	4,123,818,260	0.363200	14,977,708	96.44	101.39	12/31/2016
2016	3,580,181,658	0.480700	17,209,933	93.94	102.33	12/31/2017
2017	3,701,009,119	0.518300	19,182,330			12/31/2018

Source: Atascosa County Appraisal District

MUNICIPAL SALES TAX COLLECTIONS **TABLE 8**

The County has adopted the provisions of Chapter 321, as amended, Texas Tax Code. In addition, some issuers are subject to a property tax relief and/or an economic and industrial development tax. The County's approved a 1/2 cent sales tax for property relief to be effective 01/1/90. Net collections on calendar year basis are as follows:

Calendar Year	Total Collected	% of Ad Valorem Tax Levy [1]	Equivalent of Ad Valorem Tax Rate
2009	$ 1,203,323	11.49%	0.077
2010	1,336,982	12.44%	0.071
2011	2,996,728	27.20%	0.146
2012	6,122,679	51.47%	0.429
2013	7,795,996	63.92%	0.459
2014	8,984,958	73.56%	0.482
2015	8,121,107	54.22%	0.508
2016	3,980,206	23.13%	0.899
2017	5,025,305	26.20%	0.736
2018	3,058,959	(As of June, 2018)	

Source: State Comptroller's Office of the State of Texas.

[1] *Calculated to reflect only the sales tax revenues collected by the County from its 1/2% sales tax.*

Source: State Comptroller's Office of the State of Texas.

OVERLAPPING DEBT INFORMATION

(As of June 1, 2018)

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the County and the estimated percentages and amounts of such indebtedness attributable to property within the County. Expenditures of the various taxing bodies overlapping the territory of the Issuer are paid out of ad valorem taxes levied by these taxing bodies on properties overlapping the Issuer. These political taxing bodies are independent of the Issuer and may incur borrowings to finance their expenditures. The following statements of direct and estimated overlapping ad valorem tax bonds was developed from information contained in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the Issuer, the Issuer has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have authorized or issued additional bonds since the date stated below, and such entities may have programs requiring the authorization and/or issuance of substantial amounts of additional bonds, the amount of which cannot be determined.

Taxing Body	Gross Debt (As of 5/31/18)	% Overlapping	Amount Overlapping	
Charlotte ISD	$ 4,274,999	96.97%	$ 4,145,467	
Charlotte, City of	-	100.00%	-	
Jourdanton ISD	45,235,000	100.00%	45,235,000	
Jourdanton, City of	11,179,000	100.00%	11,179,000	
Karnes City ISD	29,404,997	4.15%	1,220,307	
Lytle ISD	17,647,000	73.85%	13,032,310	
Lytle, City of	1,445,000	73.16%	1,057,162	
Pleasanton ISD	66,015,000	100.00%	66,015,000	
Pleasanton, City of	22,360,000	100.00%	22,360,000	
Poteet ISD	26,210,766	100.00%	26,210,766	
Poteet, City of	3,640,000	100.00%	3,640,000	
Somerset ISD	36,524,991	25.22%	9,211,603	
Total Gross Overlapping Debt			$ 203,306,614	
Atascosa County			$ 20,310,000	*
Total Gross Direct and Overlapping Debt			$ 223,616,614	*
Ratio of Gross Direct Debt and Overlapping Debt			6.04%	*
Per Capita Gross Direct Debt and Overlapping Debt			$24,846.29	
Total Net Direct and Overlapping Debt			$ 223,616,614	
Ratio of Net Direct and Overlapping Debt to 2017 Net Assessed Valuation			6.04%	
Per Capita Net Direct and Overlapping Debt			$4,065.76	

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas

** Preliminary, subject to change. Includes the Certificates.*

GENERAL FUND COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES — TABLE 9

The following statements set forth in condensed form reflect the historical operations of the Issuer. Such summary has been prepared for inclusion herein based upon information obtained from the Issuer's audited financial statements and records. Reference is made to such statements for further and complete information.

	Fiscal Year Ended				
	12/31/2017 [(1)]	12/31/2016	12/31/2015	12/31/2014	12/31/2013
Fund Balance - Beginning of Year	$ 8,382,578	$ 15,268,765	$ 17,680,777	$ 13,954,318	$ 11,513,874
Revenues	25,952,336	21,781,051	23,675,333	24,845,898	22,519,493
Expenditures	21,736,928	19,780,931	18,749,049	16,613,414	14,171,300
Excess (Deficit) of Revenues Over Expenditures	$ 4,215,408	$ 2,000,120	$ 4,926,284	$ 8,232,484	$ 8,348,193
Other Financing Sources (Uses):					
Bond Proceeds	$ -	$ 9,800,000	$ -	$ -	$ -
Capital Lease	291,360	-	-	-	-
Operating Transfers In	-	-	-	500,000	-
Operating Transfers Out	(6,189,820)	(8,813,950)	(7,338,296)	(5,006,025)	(5,907,749)
Total Other Financing Sources (Uses):	$ (5,898,460)	$ 986,050	$ (7,338,296)	$ (4,506,025)	$ (5,907,749)
Fund Balance - End of Year	$ 6,699,526	$ 18,254,935	$ 15,268,765	$ 17,680,777	$ 13,954,318

Source: The Issuer's Annual Financial Report.

(1) *Beginning fund balance restated to reflect Series 2016 and Series 2017 bond proceeds being moved to capital projects fund.*

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ISSUERS

Governmental Subdivision	2017 Assessed Valuation	% of Actual	2017 Tax Rate
Charlotte ISD	$ 246,126,153	100%	$ 1.194000
Charlotte, City of	63,347,620	100%	0.332000
Jourdanton ISD	782,739,153	100%	1.530000
Jourdanton, City of	188,197,675	100%	0.521000
Karnes City ISD	3,562,898,409	100%	1.167000
Lytle ISD	261,483,732	100%	1.400000
Lytle, City of	159,213,047	100%	0.390000
Pleasanton ISD	1,749,578,296	100%	1.467000
Pleasanton, City of	621,046,743	100%	0.506000
Poteet ISD	238,978,321	100%	1.499000
Poteet, City of	75,720,037	100%	1.100000
Somerset ISD	487,207,301	100%	1.451000

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS OF DIRECT AND OVERLAPPING GOVERNMENTAL SUBDIVISIONS

Issuer	Date of Authorization	Amount Authorized	Amount Issued to Date	Amount Unissued
Charlotte ISD	None			
Charlotte, City of	None			
Jourdanton ISD	None			
Jourdanton, City of	None			
Karnes City ISD	None			
Lytle ISD	None			
Lytle, City of	None			
Pleasanton ISD	None			
Pleasanton, City of	None			
Poteet ISD	None			
Poteet , City of	None			
Somerset ISD	11/8/2016	$ 10,000,000	$ 9,808,000	$ 192,000

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas.

The following pages are from the County's latest audit.

G. Summary of TCDRS Funding Policy

Net Pension Liability / (Asset)

Net Pension Liability / (Asset)	December 31, 2015	December 31, 2016
Total pension liability	$38,234,745	$41,501,491
Fiduciary net position	35,150,688	38,244,841
Net pension liability / (asset)	3,084,057	3,256,651
Fiduciary net position as a % of total pension liability	91.93%	92.15%
Pensionable covered payroll ([1])	$14,517,768	$15,915,574
Net pension liability as a% of covered payroll	21.24%	20.46%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

Note: Rounding differences may exist above or in other tables in this report.

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

Discount Rate

Discount rate ([2])	8.10%	8.10%
Long-term expected rate of return, net of investment expense([2])	8.10%	8.10%
Municipal bond rate ([3])	Does not apply	Does not apply

([2]) *This rate reflects the long-term rate of return funding valuation assumption of 8.00%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.*

([3]) *The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply. See page 6 of this report for further details.*

Other Key Actuarial Assumptions

Updated mortality assumptions were adopted in 2015. All other actuarial assumptions that determined the total pension liability as of December 31, 2016 were based on the results of an actuarial experience study for the period January 1, 2009 - December 31, 2012, except where required to be different by GASB 68.

See Appendix B of this report (Actuarial Methods and Assumptions Used for GASB Calculations) for a listing of key assumptions used in the calculation of the total pension liability and other GASB 68 metrics.

See Appendix C (Actuarial Methods and Assumptions Used for Funding Valuation) of this report for a full description of the actuarial assumptions used in the funding valuation.

	Beginning Date	Ending Date
Valuation date	December 31, 2015	December 31, 2016
Measurement date	December 31, 2015	December 31, 2016
Employer's fiscal year	January 1, 2017	December 31, 2017

Depletion of Plan Assets / GASB Discount Rate

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

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

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

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

As additional documentation for auditing purposes, we have shown the projection of the Fiduciary Net Position in the following exhibit ("Projection of Fiduciary Net Position").

Projection of Fiduciary Net Position*

Calendar Year Ending**	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses*** (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (a)+(b)-(c)-(d)+(e)
2017	$38,244,841	$2,136,829	$2,602,364	$38,245	$3,077,826	$40,818,886
2018	40,818,886	2,031,833	2,390,115	40,819	3,290,481	43,710,267
2019	43,710,267	1,984,229	2,526,181	43,710	3,517,274	46,641,879
2020	46,641,879	1,978,499	2,664,281	46,642	3,748,907	49,658,362
2021	49,658,362	1,974,373	2,795,280	49,658	3,987,756	52,775,552
2022	52,775,552	1,928,138	2,988,443	52,776	4,230,618	55,893,090
2023	55,893,090	1,880,195	3,158,938	55,893	4,474,340	59,032,794
2024	59,032,794	1,845,648	3,337,851	59,033	4,720,054	62,201,613
2025	62,201,613	1,810,828	3,538,701	62,202	4,967,244	65,378,782
2026	65,378,782	1,782,750	3,724,476	65,379	5,215,976	68,587,654
2036	95,540,032	1,422,908	6,223,986	95,540	7,544,291	98,187,704
2046	117,147,515	1,272,845	8,776,934	117,148	9,186,298	118,712,577
2056	134,854,727	1,456,653	9,139,616	134,855	10,612,776	137,649,685
2066	190,445,221	1,983,799	6,674,400	190,445	15,232,229	200,796,404
2076	363,415,707	2,794,483	3,501,715	363,416	29,394,155	391,739,214
2086	795,173,273	3,941,894	1,146,102	795,173	64,488,483	861,662,375
2096	1,774,074,025	5,560,430	179,539	1,774,074	143,843,228	1,921,524,070

** Projection values include no assumed future cost-of-living adjustments.*
*** Note that only select years have been shown for formatting purposes*
**** Administrative expenses are assumed to be 0.10% of Fiduciary Net Position.*

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balances as of December 31, 2015	$38,234,745	$35,150,688	$3,084,057
Changes for the year:			
Service cost	1,831,080		1,831,080
Interest on total pension liability (1)	3,101,142		3,101,142
Effect of plan changes (2)	0		0
Effect of economic/demographic gains or losses	61,665		61,665
Effect of assumptions changes or inputs	0		0
Refund of contributions	(147,296)	(147,296)	0
Benefit payments	(1,579,845)	(1,579,845)	0
Administrative expenses		(28,310)	28,310
Member contributions		954,934	(954,934)
Net investment income		2,600,415	(2,600,415)
Employer contributions		1,217,536	(1,217,536)
Other (3)	0	76,717	(76,717)
Balances as of December 31, 2016	$41,501,491	$38,244,841	$3,256,651

(1) *Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.*

(2) *No plan changes valued.*

(3) *Relates to allocation of system-wide items.*

Sensitivity Analysis

The following presents the net pension liability of the employer, calculated using the discount rate of 8.10%, as well as what the Atascosa County net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	7.10%	8.10%	9.10%
Total pension liability	$47,117,321	$41,501,491	$36,867,051
Fiduciary net position	38,244,841	38,244,841	38,244,841
Net pension liability/ (asset)	$8,872,480	$3,256,651	($1,377,790)

Pension Expense / (Income)

Pension Expense/ (Income)	January 1, 2016 to December 31, 2016
Service cost	$1,831,080
Interest on total pension liability ([1])	3,101,142
Effect of plan changes	0
Administrative expenses	28,310
Member contributions	(954,934)
Expected investment return net of investment expenses	(2,866,813)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(18,850)
Recognition of assumption changes or inputs	85,666
Recognition of investment gains or losses	790,680
Other ([2])	(76,717)
Pension expense/ (income)	$1,919,563

([1]) *Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.*

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

As of December 31, 2016, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/ Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$178,493	$96,712
Changes of assumptions	0	256,998
Net difference between projected and actual earnings	0	2,327,562
Contributions made subsequent to measurement date ([3])	N/A	Employer determined

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

Year ended December 31:	
2017	$857,496
2018	857,496
2019	734,507
2020	53,280
2021	0
Thereafter([4])	0

([3]) *Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end should be reflected as outlined in Appendix D of this report.*

([4]) *Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.*

Schedule of Deferred Inflows and Outflows of Resources

	Expense / (Income) Calculation				Balances of Deferred Inflows and Outflows as of 12/31/2016	
	Original Amount (a)	Date Established (b)	Original Recognition Period ([1]) (c)	Amount Recognized for 2016 ([1]) (a)-(c)	Inflows	Outflows
Investment (gains) or losses						
	$266,398	12/31/2016	5.0	$53,280	$0	$213,118
	3,198,215	12/31/2015	5.0	639,643	0	1,918,929
	488,787	12/31/2014	5.0	97,757	0	195,515
Economic/ demographic (gains) or losses						
	61,665	12/31/2016	4.0	15,416	0	46,249
	(297,489)	12/31/2015	5.0	(59,498)	178,493	0
	126,159	12/31/2014	5.0	25,232	0	50,464
Assumption changes or inputs						
	0	12/31/2016	4.0	0	0	0
	428,329	12/31/2015	5.0	85,666	0	256,998
	0	12/31/2014	5.0	0	0	0
Employer contributions made subsequent to measurement date ([2])						
	--------Employer Determined--------					

([1]) *Investment (gains)/losses are recognized in pension expense over a period of five years; economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active, inactive, and retired members.*

([2]) *Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end should be reflected as deferred outflows as outlined in Appendix D of this report.*

GASB 68 Plan Description for Atascosa County

A description of the pension plan pursuant to Paragraph 40 of GASB Statement No. 68 is as follows:

a. Atascosa County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.

b. A brief description of benefit terms:
   1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
   2) The plan provides retirement, disability and survivor benefits.
   3) TCDRS is a savings-based plan. For the county's plan, 6% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 200%) and is then converted to an annuity.
   4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
   5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year but must remain in conformity with the Act.

c. Membership information is shown in the chart below.

d. The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Atascosa County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 6%. Contributions to the pension plan from the county for 2016 are shown in the Schedule of Employer Contributions.

e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, www.tcdrs.org.

Membership Information

Members	Dec.31, 2015	Dec. 31, 2016
Number of inactive employees entitled to but not yet receiving benefits:	249	270
Number of active employees:	346	347
Average monthly salary*:	$3,578	$3,767
Average age*:	44.89	45.79
Average length of service in years*:	8.37	8.80

Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	116	125
Average monthly benefit:	$1,109	$1,177

**Averages reported for active employees. They differ from the prior year's report, which included all active and inactive members. Average service includes all proportionate service.*

Contributions Made Subsequent to Measurement Date

GASB Statement No. 71 ("GASB 71"), *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68,* requires employer contributions made between the measurement date, which is the date used to determine an employer's net pension liability ("NPL"), and the employer's fiscal year end be reported as a deferred outflow of resources ("DOoR"). The statement "requires a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability."

For GASB valuation purposes, TCDRS' consulting actuary will compute each participating employer's NPL as of Dec. 31 of each year. Employers that have a fiscal year end other than Dec. 31 will need to account for pension contributions (employer; not employee contributions or group term life premiums) made between Dec. 31 and the employer's fiscal year end as a DOoR. These contributions will not be reported to you as part of this GASB report; employers can access their monthly employer activity statements, which display employer contributions to the retirement plan via the TCDRS Employer Portal.

Summary of TCDRS Funding Policy

Texas County & District Retirement System
Funding Policy

Effective as of the Dec. 31, 2014 valuation

Introduction

The funding policy governs how the Texas County & District Retirement System (TCDRS) determines the employer contributions required to ensure that benefits provided to TCDRS members are funded in a reasonable and equitable manner. The goals of TCDRS' funding policy are to fully fund benefits over the course of employees' careers to ensure intergenerational equity, and to balance rate and benefit stability with the need for the plan funding to be reflective of current plan conditions.

This policy documents the current funding policies in effect for the Dec. 31, 2016 actuarial valuation as established by state law, administrative rule and action by the TCDRS Board of Trustees (the board). The policy serves as a comprehensive funding overview and complies with the GASB reporting requirements for an agent multiple-employer plan.

TCDRS funding overview

TCDRS is a model for responsible, disciplined funding. TCDRS does not receive any state funding. As an agent, multiple-employer plan, each participating employer in the system funds its plan independently. A combination of three elements funds each employer's plan: employee deposits, employer contributions and investment income.

- The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, 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. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees.
- Investment income funds a large part of the benefits employees earn.

Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis.

Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience.

In addition, employers annually review their plans and may adjust benefits and costs based on their local needs and budgets. Although accrued benefits may not be reduced, employers may reduce future benefit accruals and immediately reduce costs.

Methodology for determining employer contribution rates

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

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

The valuation of each employer plan is based on the system funding policy and the assets, benefits and participant profile of each participating employer plan. The four key components in the determination of employer contribution rates are: the actuarial cost method, amortization policy, the asset valuation method and the actuarial assumptions.

Actuarial cost method

TCDRS has adopted the replacement life entry age cost method, a conservative cost method and an industry standard. The goal of this cost method is to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin. Under this approach, benefits are funded in advance as a level percentage of pay. This portion of the contribution rate is called the normal cost rate and generally remains stable from year to year.

Amortization policy

The portion of the contribution rate that funds any remaining unfunded amounts for benefits that are not covered by the normal cost is called the unfunded actuarial accrued liability (UAAL) rate. UAAL amounts occur when benefit enhancements are adopted that have not been funded in advance, or when actual investment or demographic experience varies from the actuarial assumptions (actuarial gains and losses). UAAL amounts are amortized on a level-percentage-of-covered-payroll basis over a closed period with a layered approach. The closed periods ensure all unfunded liabilities are financed over no more than 20 years from the time they occur. Each year new layers are established to amortize changes in the UAAL due to actuarial gains or losses, as well as any plan benefit changes elected by an employer for that year.

Benefit enhancements are amortized over a 15-year closed period. All other changes in the UAAL are amortized over 20-year closed periods. These amortization periods are generally more conservative than those of most other public retirement plans and are stricter than the minimum amortization period required under state law.

For newly participating districts that have five or fewer employees who are all within five years of retirement eligibility, any initial UAAL and any subsequent adoption of prior service credits are amortized over a five-year closed amortization period. This ensures that benefits are appropriately funded over the current generation of employees.

Notwithstanding the layered approach, the total UAAL payment may not be less than the required payment obtained by amortizing the entire UAAL over a 20-year period.

If a plan is overfunded, the overfunded actuarial accrued liability (OAAL) is calculated annually using a 30-year open amortization period.

Asset valuation method

When determining the actuarial value of assets used for measuring a plan's funded status, TCDRS smooths each year's actuarial investment gains and losses and recognizes them over a five-year period to better reflect the system's long-term investment horizons and to keep employer contribution rates more stable. As actuarial asset investment gains and losses are recognized, they become part of the actuarial gains and losses for the year and are funded according to the amortization policy. The five-year period helps stabilize employer rates while still ensuring that rates are reflective of current market conditions.

In addition, the board has the ability to set aside reserves from investment earnings that are used to help offset future negative economic cycles. These reserves are held separately and are not counted as part of a participating employer's plan assets until they are passed through to employers when determined necessary by the board. Reserves help maintain rate stability for employers. In addition, reserves ensure that employers do not adopt benefit increases based on a temporarily lower plan cost at a high point in a market cycle and, conversely, are not as pressured to immediately reduce benefit levels during a low point in a market cycle.

Actuarial assumptions

Demographic and economic assumptions are used to estimate employer liabilities and to determine the amount of funding required from employer contributions as opposed to investment earnings. These assumptions reflect a long-term perspective of 30 years or more. Examples of key economic assumptions include long-term investment return, long-term inflation and annual payroll increase.

Demographic assumptions are the actuary's best estimate of what will happen to TCDRS members and retirees. Examples of demographic assumptions are employment termination rates, retirement rates and retiree mortality rates. A complete listing of all actuarial assumptions can be found in the annual system-wide valuation report.

Oversight

The board has established review policies to ensure that actuarial assumptions are appropriate and that the methodology for determining employer contribution rates is being correctly applied.

Review of actuarial assumptions

TCDRS' actuarial assumptions are periodically reviewed and revised as deemed necessary to reflect best estimates of future experience. Every four years, the TCDRS consulting actuary conducts an investigation of experience. TCDRS assumptions are compared to plan experience and future expectations, and changes to the assumptions are recommended as needed. The board adopts actuarial assumptions to be used in the valuation based on the results of this study.

An actuarial audit of every investigation of experience is required and must be performed by an independent auditing actuary to review the consulting actuary's analysis, conclusions and recommendations for accuracy, appropriateness and reasonableness. These audits alternate between a peer review and a full replication audit of the investigation of experience. In a peer review audit of the investigation, the reviewing actuary uses the raw results of the investigation for demographic assumptions as calculated by the consulting actuary to test the conclusions and recommendations. In addition, the reviewing actuary independently analyzes economic assumptions to test the results and recommendations of the consulting actuary. The reviewing actuary also examines the consulting actuary's methods and assumptions for reasonableness and internal consistency. In a full replication audit of the investigation, in addition to performing all of the steps of a peer review, the auditing actuary fully replicates the calculation of the investigation's raw results.

Review of employer contribution rates

In order to test accuracy and ensure that the actuarial methods and assumptions are being correctly applied, an audit of the valuation is required every four years. These audits are conducted by an independent reviewing actuary and alternate between a peer review and a full replication audit of the valuation. In the peer review audit of the valuation, the actuary uses a sample of participant data and TCDRS plans to test the results of the valuation. The reviewing actuary also examines the consulting actuary's methods and assumptions for reasonableness and internal consistency. In a full replication audit of the valuation, the auditing actuary performs all the steps of a peer review audit but instead of analyzing sample data and plans, the auditing actuary fully replicates the original actuarial valuation.

Review and modification of funding policy

The board will review this policy on a regular basis and may modify this policy at its discretion. Modifications to the policy may be submitted for consideration to the board by staff and/or outside consulting actuaries as circumstances warrant.

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APPENDIX B

GENERAL INFORMATION REGARDING ATASCOSA COUNTY, TEXAS

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GENERAL INFORMATION REGARDING ATASCOSA COUNTY, TEXAS

Atascosa County (the "County") and was formed in 1856 from Bexar County. Its county seat is the City of Jourdanton. The largest towns in the county are Charlotte, Pleasanton, Jourdanton, and Poteet. Atascosa County is south of San Antonio on Interstate Highway 37 in the Rio Grande Plain region of south central Texas. The county covers 1,232 square miles of level to rolling land.

The area was sparsely settled by the mid-1850s, and in 1856 the county was marked off from Bexar County. The first county seat, Navatasco, was established in 1857 on land donated by Navarro. Among the county's early settlers were Peter Tumlinson, who organized one of the first Ranger companies in the state in 1836, Indian fighter Thomas Rodriguez, George F. Hindes, Marshall Burney, and Eli Johnson. In 1858 Pleasanton, a newly founded community, became county seat, and a new courthouse was constructed. Settlers continued to trickle in, but the threat of Indian attack, poor roads, and the area's general isolation kept the population low.

Hunters are attracted to the county, particularly during the fall and winter deer seasons. Other leading attractions include the Poteet Strawberry Festival, Jourdanton Days Celebration, and the Cowboy Homecoming and Rodeo in Pleasanton.

Economy

Atascosa County is located in south Texas and sits atop the Eagle Ford Shale play. Atascosa county is almost entirely in the liquids-rich oil window of the Eagle Ford Shale. Primarily, drilling in Atascosa County targets the Eagle Ford Shale in the southern and eastern portions of the county where operators refer to both the crude oil and volatile oil windows.

Labor Force Statistics (1)

	2018 (2)	2017 (3)	2016 (3)	2015 (3)
Civilian Labor Force	21,550	21,181	20,984	20,520
Total Employed	20,784	20,295	19,864	19,544
Total Unemployed	766	886	1,120	976
% Unemployment	3.6%	4.2%	5.3%	4.8%
Texas Unemployment	3.8%	4.3%	4.6%	4.4%

(1) Source: Texas Workforce Commission.
(2) As of April, 2018.
(3) Average Annual Statistics.

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APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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BRACEWELL

[Closing Date]

$______________
ATASCOSA COUNTY, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2018

WE HAVE ACTED as bond counsel for Atascosa County, Texas (the "Issuer"), in connection with an issue of certificates of obligation described as follows:

> ATASCOSA COUNTY, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2018, dated August 1, 2018 (the "Certificates")
>
> The Certificates mature, bear interest, are subject to redemption prior to stated maturity, and may be transferred and exchanged as set out in the Certificates and in the order adopted by the Commissioners Court of the Issuer authorizing their issuance (the "Order").

WE HAVE represented the Issuer as its bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Certificates from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of certified proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Certificates. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Certificates, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer, customary certificates of officers, agents and representatives of the Issuer, the Issuer's Financial Adviser, the Purchaser and other public officials and other certified showings relating to the authorization and issuance of the Certificates. We have also examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, Treasury Regulations and published rulings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have also examined executed Certificate No. 1 of this issue capitalized term used herein, unless otherwise defined, have the meanings set forth in this Order.

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bracewell.com

AUSTIN CONNECTICUT DALLAS DUBAI HOUSTON LONDON NEW YORK SAN ANTONIO SEATTLE WASHINGTON, DC

BASED ON SUCH EXAMINATION, IT IS OUR OPINION that:

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Certificates in full compliance with the Constitution and laws of the State of Texas presently effective and that therefore the Certificates constitute valid and legally binding obligations of the Issuer; and

(B) A continuing ad valorem tax upon all taxable property within Atascosa County, Texas, necessary to pay the interest on and principal of the Certificates, has been levied and pledged irrevocably for such purposes, within the limits prescribed by law. In addition, the Certificates are further secured by a limited pledge of the revenues of the Issuer's library system as provided in the Order.

THE RIGHTS OF THE OWNERS of the Certificates are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

BASED ON SUCH EXAMINATION, IT IS OUR FURTHER OPINION that, under existing law:

1) Interest on the Certificates is excludable from gross income for federal income tax purposes; and

2) The Certificates are not "private activity bonds" within the meaning of the Code, and, as such, interest on the Certificates is not subject to the alternative minimum tax.

In providing such opinions, we have relied on representations of the Issuer, the Issuer's Financial Advisor and the Purchaser with respect to matters solely within the knowledge of the Issuer, the Issuer's Financial Advisor and the Purchaser, respectively, which we have not independently verified. In addition, we have assured for purposes of this opinion continuing compliance with the covenants in the Order pertaining to those sections of the Code that affect the excludability from gross income of interest on the Certificates for federal income tax purposes. If such representations are determined to be inaccurate or incomplete or the Issuer fails to comply with the foregoing provisions of the Order, interest on the Certificates could become includable in gross income from the date of the original delivery of the Certificates, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Certificates.

Owners of the Certificates should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Certificates).

The opinions set forth above 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 these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures, the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted in the Order not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Certificates as includable in gross income for federal income tax purposes.

Very truly yours,

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APPENDIX D

EXCERPTS FROM THE COUNTY'S AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

(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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BEYER & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Atascosa County, Texas, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Atascosa County, Texas, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Road and Bridge Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Employees Retirement System Information on pages 3–11, and 63-67 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Atascosa County, Texas' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Wayne R. Beyer

BEYER & COMPANY
Certified Public Accountants
June 28, 2018

Management's Discussion and Analysis

Financial Highlights

. The assets of Atascosa County, Texas exceeded its liabilities at the close of the most recent fiscal year by $93,520,750 (net position). Of this amount, $30,488,742 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

. The government's total net position decreased by $8,951,842. This decrease is attributable, in large part, to a substantial amount of depreciation expensed in the transportation function ($8,776,332) and careful budget management.

. As of the close of the current fiscal year, Atascosa County, Texas’ governmental funds reported combined ending fund balances of $29,071,030, an increase of $3,407,771 in comparison with the prior year. Approximately 22% of this total amount, $6,341,337, is available for spending at the government's discretion (unassigned fund balance). This increase is attributable to an issuance of 2017 bonds of $9,540,000 less construction expenditures of $4,058,185 for the County Annex.

. At the end of the current fiscal year, the unassigned fund balance for the general fund was $6,673,810, or 31 percent of total general fund expenditures, the restricted fund balance for the road and bridge fund was $4,336,210, or 75 percent of total road and bridge fund expenditures, and the he restricted fund balance for the general permanent improvement jail fund was $9,487,076, or 1866 percent of total general permanent improvement jail fund expenditures.

. Atascosa County, Texas’ total debt increased by $10,105,740 (71 percent) during the current fiscal year. The key factor in this increase was the issuance of 2017 bonds of $9,540,000.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 12-13 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. Atascosa County, Texas, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

Atascosa County, Texas maintains sixty-two (62) 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 road and bridge funds, and the general permanent improvement jail fund, all of which are considered to be major funds. Data from the other fifty- nine (59) 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.

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

The basic governmental fund financial statements can be found on pages 14-20 of this report. The basic proprietary fund financial statements can be found on pages 21-24 of this report.

Proprietary funds: Atascosa County, Texas maintains one type of proprietary fund. Internal Service funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Internal Service fund is an accommodation to the County. Atascosa County, Texas uses the Internal Service fund to account for monies used to implement its self insurance program. The Internal Service fund is considered to be a major fund of the County.

Atascosa County, Texas also has three agency funds and two trust funds presented in this report. Such funds are not included in the county-wide statement but are shown separately on pages 25-26.

Notes to the financial statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-62 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Atascosa County, Texas' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 63-67 of this report.

The combining statements referred to earlier in connection with major road and bridge funds and non-major governmental funds and internal service fund are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 68-83 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Atascosa County, Texas, assets exceeded liabilities by $93,520,750 at the close of the most recent fiscal year.

By far the largest portion of Atascosa County, Texas' net position (58 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment); less any related debt used to acquire those assets that are still outstanding. Atascosa County, Texas uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Atascosa County, Texas' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

ATASCOSA COUNTY, TEXAS
NET POSITION

	Governmental Activities		Total	
	2017	2016	2017	2016
Current and Other Assets	$61,711,579	$55,537,192	$61,711,579	$55,537,192
Capital Assets:	60,691,623	63,280,209	60,691,623	63,280,209
Total Assets	122,403,202	118,817,401	122,403,202	118,817,401
Total Deferred Outflows of Resources	4,744,959	5,374,488	4,744,959	5,374,488
Long-Term Liabilities	24,274,884	14,169,144	24,274,884	14,169,144
Other Liabilities	1,635,411	964,867	1,635,411	964,867
Total Liabilities	25,910,295	15,134,011	25,910,295	15,134,011
Total Deferred Inflows of Resources	7,717,116	6,585,286	7,717,116	6,585,286
Invested in Capital Assets, Net of Related Debt	54,097,027	62,095,209	54,097,027	62,095,209
Restricted	8,934,981	7,778,605	8,934,981	7,778,605
Unrestricted	30,488,742	32,598,778	30,488,742	32,598,778
Total Net Position	$93,520,750	$102,472,592	$93,520,750	$102,472,592

An additional portion of Atascosa County, Texas' net position (10 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position ($30,488,742) may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, Atascosa County, Texas reported a positive balance in all three parts of the governmental activities net position. For the prior fiscal year, Atascosa County, Texas reported a positive balance in all three parts of the governmental activities net position.

Governmental activities:

Governmental activities decreased Atascosa County, Texas' net position by $8,951,842, thereby accounting for 100 percent of the total decline in the net position of Atascosa County, Texas.

ATASCOSA COUNTY, TEXAS
CHANGE IN NET POSITION

	Governmental Activities		Total	
	2017	2016	2017	2016
Revenues:				
Program Revenues:				
Charges for Services	$8,060,515	$7,321,679	$8,060,515	$7,321,679
Operating Grants and Contributions	1,484,163	1,641,143	1,484,163	1,641,143
Capital Grants and Contributions	389,265	42,207	389,265	42,207
General Revenues:				
Maintenance and Operations Taxes	22,605,417	20,819,836	22,605,417	20,819,836
Sales Taxes	5,318,430	3,919,986	5,318,430	3,919,986
Other Taxes	35,976	32,634	35,976	32,634
Oil Royalties	629,746	236,977	629,746	236,977
Unrestricted Investment Earnings	309,771	114,880	309,771	114,880
Miscellaneous	1,405,873	1,133,338	1,405,873	1,133,338
Total Revenue	40,239,156	35,262,680	40,239,156	35,262,680
Expenses:				
General Administration	11,639,732	9,897,712	11,639,732	9,897,712
Legal	854,490	853,237	854,490	853,237
Judicial	4,613,397	3,776,401	4,613,397	3,776,401
Financial Administration	1,501,429	1,424,490	1,501,429	1,424,490
Public Facilities	1,665,674	1,465,423	1,665,674	1,465,423
Public Safety	11,682,339	12,712,670	11,682,339	12,712,670
Public Transportation	14,318,317	14,721,918	14,318,317	14,721,918
Culture and Recreation	35,498	35,472	35,498	35,472
Health and Welfare	2,215,631	1,987,193	2,215,631	1,987,193
Conservation - Agriculture	209,979	213,101	209,979	213,101
Interest and Fiscal Charges	454,512	37,727	454,512	37,727
Total Expenses	49,190,998	47,125,344	49,190,998	47,125,344
Increase in Net Position Before Transfers and Special Items	(8,951,842)	(11,862,664)	(8,951,842)	(11,862,664)
Transfers	0	0	0	0
Increase in Net Position	(8,951,842)	(11,862,664)	(8,951,842)	(11,862,664)
Net Position at 12/31/2016	102,472,592	114,335,256	102,472,592	114,335,256
Net Position at 12/31/2017	$93,520,750	$102,472,592	$93,520,750	$102,472,592

The government's total net position decreased by $8,951,842 during the current fiscal year. This decrease is attributable, in large part, to a substantial amount of depreciation expensed in the transportation function ($8,776,332) and careful budget management.

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Government Activities:				
General Administration	$11,639,732	$4,426,456	$109,442	$0
Legal	854,490	33,465	23,333	
Judicial	4,613,397	600,727	1,085,726	
Financial Administration	1,501,429	837,898		
Public Facilities	1,665,674			389,265
Public Safety	11,682,339	1,344,897	86,947	
Public Transportation	14,318,317	732,008	41,337	
Culture and Recreation	35,498			
Health and Welfare	2,215,631	85,065	137,377	
Conservation - Agriculture	209,979			
Interest and Fiscal Charges	454,512			
Total Government Activities	$49,190,998	$8,060,515	$1,484,163	$389,265

Revenues by Source - Governmental Activities

	REVENUES	%
Charges for Services	$8,060,515	20%
Operating Grants and Contributions	1,484,163	4%
Capital Grants and Contributions	389,265	1%
Maintenance and Operations Taxes	22,605,417	56%
Sales Taxes	5,318,430	13%
Other Taxes	35,976	0%
Oil Royalties	629,746	2%
Unrestricted Investment Earnings	309,771	1%
Miscellaneous	1,405,873	3%
	$40,239,156	100%

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

Business-Type Activities

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

Financial Analysis of the Government's Funds

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

Governmental funds:

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

As of the end of the current fiscal year, Atascosa County, Texas' governmental funds reported combined ending fund balances of $29,071,030, an increase of $3,407,771 in comparison with the prior year. Approximately 22 percent of this total amount ($6,341,337) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is non-spendable, restricted, or committed.

The general fund is the chief operating fund of Atascosa County, Texas. At the end of the current fiscal year, unassigned fund balance of the general fund was $6,673,810, while total fund balance reached $6,699,526. 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 31 percent of total general fund expenditures, while total fund balance represents 31 percent of that same amount.

The fund balance of Atascosa County, Texas' general fund decreased by $1,683,052 during the current fiscal year. Key factors in this decrease are as follows:

. This decrease is attributable to a transfer out of $6,189,820 to various funds for operations.

At the end of the current fiscal year, restricted fund balance of the road and bridge fund was $4,336,210, while total fund balance reached $4,378,701. As a measure of the road and bridge fund's liquidity, it may be useful to compare both restricted fund balance and total fund balance to total fund expenditures. Restricted fund balance represents 75 percent of total road and bridge fund expenditures, while total fund balance represents percent of that same amount.

The fund balance of Atascosa County, Texas' road and bridge fund decreased by $61,867 during the current fiscal year. Key factors in this decrease are as follows:

. This decrease is immaterial.

There is no analysis for the general permanent improvement jail fund because it is a construction fund and an analysis would be futile.

Budgetary Highlights

There were differences between the general fund original budget and the final amended budget of $173,212. This increase is due mainly to an increase in non departmental and county attorney which increased by $80,304 and 45,511, respectively. There were no differences between the road and bridge fund original budget and the final amended budget.

Capital Asset and Debt Administration

Capital assets:

Atascosa County, Texas' investment in capital assets for its governmental activities as of December 31, 2017, amounts to $60,691,623 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and infrastructure items such as roads, highways, and bridges. The total decrease in Atascosa County, Texas' investment in capital assets for the current fiscal year was 4 percent.

There were several equipment purchases and construction of the County Annex and the Jail Addition during the year. The County Annex and the Jail Addition were not completed at year's end.

ATASCOSA COUNTY, TEXAS
CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities		Total	
	2017	2016	2017	2016
Land	$1,466,448	$1,387,720	$1,466,448	$1,387,720
Construction in Progress	7,255,400	674,965	7,255,400	674,965
Building and Improvements	6,544,758	6,842,453	6,544,758	6,842,453
Machinery and Equipment	5,539,951	5,599,323	5,539,951	5,599,323
Infrastructure	39,885,066	48,647,076	39,885,066	48,647,076
Total	$60,691,623	$63,151,537	$60,691,623	$63,151,537

Additional information on Atascosa County, Texas' capital assets can be found in note IV C on page 42 of this report.

Long-term debt:

At the end of the current fiscal year, Atascosa County, Texas had the following bonded debt.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Governmental Activities:						
General Obligation Bonds	$10,910,000	$9,540,000	$400,000	$20,050,000	$355,000	$19,695,000
	10,910,000	9,540,000	400,000	20,050,000	355,000	19,695,000
Grand Total	$10,910,000	$9,540,000	$400,000	$20,050,000	$355,000	$19,695,000

Atascosa County, Texas' total bonded debt increased by $9,140,000 (84 percent) during the current fiscal year. The key factor in this increase was the issuance of 2017 bonds of $9,540,000.

Additional information on Atascosa County, Texas' long term debt can be found in note IV F on pages 44-46 of this report.

Economic Factors

The Eagle Ford Oil and Gas Shale have brought in new businesses which have increased the sales taxes significantly; however, the sales tax had fallen in prior years but recently has leveled off and is now projected to increase. Also, property taxes are expected to increase due to the upswing in the oil industry.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with an overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County's business office, 1 Courthouse Circle, Jourdanton, Texas 78026.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ATASCOSA COUNTY, TEXAS
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	$39,079,509	$39,079,509
Receivables (net of allowance for uncollectibles)	22,562,009	22,562,009
Inventory	36,461	36,461
Prepaid Expenses	33,600	33,600
Capital Assets Not Being Depreciated:		
Land	1,466,448	1,466,448
Construction in Progress	7,255,400	7,255,400
Total Capital Assets Being Depreciated, Net		
Building and Improvements	6,544,758	6,544,758
Machinery and Equipment	5,539,951	5,539,951
Infrastructure	39,885,066	39,885,066
Total Assets	$122,403,202	$122,403,202
DEFERRED OUTFLOWS OF RESOURCES		
GASB 68		
Deferred Outflow of Resources-Contributions (after 12/31/16)	2,155,399	2,155,399
Net difference between projected and actual earnings	2,327,562	2,327,562
Changes of assumptions	256,998	256,998
Loss on Bond Refunding	5,000	5,000
Total Deferred Outflows of Resources	4,744,959	4,744,959
LIABILITIES:		
Accounts Payable	$1,269,054	$1,269,054
Accrued Interest Payable	260,240	260,240
Unearned Revenues	106,117	106,117
Noncurrent Liabilities:		
Due Within One Year	540,685	540,685
Due in More Than One Year	23,734,199	23,734,199
Total Liabilities	25,910,295	25,910,295
DEFERRED INFLOWS OF RESOURCES		
GASB 68		
Differences between expected and actual experience	81,781	81,781
Unavailable Revenue - Advanced Tax Collections	7,635,335	7,635,335
Total Deferred Inflows of Resources	7,717,116	7,717,116
NET POSITION		
Invested in Capital Assets, Net of Related Debt	54,097,027	54,097,027
Restricted		
Construction	1,341,750	1,341,750
Debt Service	131,956	131,956
Elections	73,258	73,258
Financial Administration	12,675	12,675
General Administration	446,333	446,333
Health and Welfare	63,517	63,517
Judicial	437,928	437,928
Judicial - District Attorney	755,220	755,220
Legal	1,239	1,239
Public Safety	408,980	408,980
Public Safety - Sheriff	176,116	176,116
Public Transportation	4,337,389	4,337,389
Records Archives	748,620	748,620
Unrestricted	30,488,742	30,488,742
Total Net Position	$93,520,750	$93,520,750

The accompanying notes are an integral part of this statement.

ATASCOSA COUNTY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary Government						
Government Activities:						
General Administration	$11,639,732	$4,426,456	$109,442	$0	($7,103,834)	($7,103,834)
Legal	854,490	33,465	23,333		(797,692)	(797,692)
Judicial	4,613,397	600,727	1,085,726		(2,926,944)	(2,926,944)
Financial Administration	1,501,429	837,898			(663,531)	(663,531)
Public Facilities	1,665,674			389,265	(1,276,409)	(1,276,409)
Public Safety	11,682,339	1,344,897	86,947		(10,250,495)	(10,250,495)
Public Transportation	14,318,317	732,008	41,337		(13,544,972)	(13,544,972)
Culture and Recreation	35,498				(35,498)	(35,498)
Health and Welfare	2,215,631	85,065	137,377		(1,993,189)	(1,993,189)
Conservation - Agriculture	209,979				(209,979)	(209,979)
Interest and Fiscal Charges	454,512				(454,512)	(454,512)
Total Government Activities	49,190,998	8,060,515	1,484,163	389,265	(39,257,055)	(39,257,055)
Total Primary Government	$49,190,998	$8,060,515	$1,484,163	$389,265	(39,257,055)	(39,257,055)
General Revenues						
Property Taxes, Levies for General Purposes					22,605,417	22,605,417
Sales Taxes					5,318,430	5,318,430
Other Taxes					35,976	35,976
Oil Royalties					629,746	629,746
Unrestricted Investment Earnings					309,771	309,771
Miscellaneous					1,405,873	1,405,873
Total General Revenues and Transfers					30,305,213	30,305,213
Change in Net Position					(8,951,842)	(8,951,842)
Net Position - Beginning					102,472,592	102,472,592
Net Position - Ending					$93,520,750	$93,520,750

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

ATASCOSA COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General Fund	Road and Bridge	General Permanent Improvement Jail	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$12,250,228	$5,654,839	$9,487,076	$9,485,138	$36,877,281
Receivables (net of allowance for uncollectibles)	15,251,954	2,955,674		640,119	18,847,747
Inventory		36,461			36,461
Prepaid Items	25,716	6,030		1,854	33,600
Total Assets	$27,527,898	$8,653,004	$9,487,076	$10,127,111	$55,795,089
LIABILITIES AND FUND BALANCES:					
Liabilities					
Accounts Payable	$482,385	$69,073		$717,596	$1,269,054
Bank Overdraft				107,844	107,844
Deferred Revenue				106,118	106,118
Total Liabilities	482,385	69,073	0	931,558	1,483,016
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Advanced Tax Collections	6,007,242	1,309,660		318,433	7,635,335
Deferred Property Taxes	14,338,745	2,895,570		371,393	17,605,708
Total Deferred Inflows of Resources	20,345,987	4,205,230	0	689,826	25,241,043
Fund Balances:					
Non-Spendable					
Inventory		36,461			36,461
Prepaid Items	25,716	6,030		1,854	33,600
Restricted					
Construction			9,487,076	5,543,166	15,030,242
Debt Service				131,956	131,956
Elections				73,258	73,258
Financial Administration				12,675	12,675
General Administration				446,333	446,333
Health and Welfare				63,517	63,517
Judicial				437,928	437,928
Judicial - District Attorney				755,220	755,220
Legal				1,239	1,239
Public Safety				408,980	408,980
Public Safety - Sheriff				176,116	176,116
Public Transportation		4,336,210		1,179	4,337,389
Records Archives				748,620	748,620
Committed					
Elections				35,183	35,183
Public Safety - Sheriff				976	976
Unassigned	6,673,810			(332,473)	6,341,337
Total Fund Balance	6,699,526	4,378,701	9,487,076	8,505,727	29,071,030
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$27,527,898	$8,653,004	$9,487,076	$10,127,111	$55,795,089

The accompanying notes are an integral part of this statement.

ATASCOSA COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2017

Total Fund Balances - governmental funds balance sheet	$29,071,030
Amounts reported for governmental activities in the statement of Net Position ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	60,691,623
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	3,714,262
GASB 68	
Deferred Outflow of Resources-Contribution	2,155,399
Net difference between projected and actual earnings	2,327,562
Changes of assumptions	256,998
Differences between expected and actual experience	(81,781)
Loss on Bond Refunding are expenditures in the funds but are recorded as assets in the governmental activities.	5,000
Internal Service funds are used by management to account for funds for Self-Insurance. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	2,310,072
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	17,605,709
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(24,535,124)
Net Position of Governmental Activities - Statement of Net Position	$93,520,750

The accompanying notes are an integral part of this statement.

ATASCOSA COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017

	General Fund	Road and Bridge	General Permanent Improvement Jail	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
Property	$17,123,024	$3,467,595		$467,236	$21,057,855
Sales	5,318,430				5,318,430
Other	35,976				35,976
Intergovernmental	176,534	41,337		1,655,557	1,873,428
Licenses and Permits		581,547			581,547
Charges for Services	1,661,104			1,236,012	2,897,116
Fines and Forfeitures	323,593	125,222		7,549	456,364
Oil Royalties	629,746				629,746
Interest	126,838	45,109	12,688	105,229	289,864
Miscellaneous	557,091	23,912		824,870	1,405,873
Total Revenues	25,952,336	4,284,722	12,688	4,296,453	34,546,199
EXPENDITURES					
Current:					
General Administration	6,422,922			162,300	6,585,222
Legal	811,276			7,263	818,539
Judicial	2,485,273			1,804,639	4,289,912
Financial Administration	1,568,877				1,568,877
Public Facilities	1,031,895				1,031,895
Public Safety	8,969,195			4,251,248	13,220,443
Public Transportation		5,809,250			5,809,250
Culture and Recreation	35,498				35,498
Health and Welfare	143,741			2,049,586	2,193,327
Conservation - Agriculture	209,979				209,979
Capital Projects -					
Capital Outlay and Other			325,612	4,650,740	4,976,352
Debt Service					
Principal Retirement	58,272			400,000	458,272
Bond Issuance Cost			182,874		182,874
Interest Retirement				32,222	32,222
Total Expenditures	21,736,928	5,809,250	508,486	13,357,998	41,412,662
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,215,408	(1,524,528)	(495,798)	(9,061,545)	(6,866,463)
OTHER FINANCING SOURCES (USES):					
Bond Proceeds			9,540,000		9,540,000
Bond Premium			442,874		442,874
Capital Lease	291,360				291,360
Operating Transfers In		6,975,193		4,884,290	11,859,483
Operating Transfers Out	(6,189,820)	(5,512,532)		(157,131)	(11,859,483)
Total Other Financing Sources (Uses)	(5,898,460)	1,462,661	9,982,874	4,727,159	10,274,234
Net Changes in Fund Balances	(1,683,052)	(61,867)	9,487,076	(4,334,386)	3,407,771
Fund Balances - Beginning	8,382,578	4,440,568	0	12,840,113	25,663,259
Fund Balances - Ending	6,699,526	4,378,701	9,487,076	8,505,727	29,071,030

The accompanying notes are an integral part of this statement.

ATASCOSA COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2017

Net Changes in Fund Balances - Total Governmental Funds	$3,407,771
Amounts reported for governmental activities in the Statement of Net Position ("SNA") are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(2,588,586)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. This is the change in these amounts this year.	232,925
GASB 68	
Deferred Outflow of Resources-Contribution. This is the change in these amounts this year.	(17,082)
Deferred Outflow-Net difference between projected and actual earnings. This is the change in these amounts this year.	(524,282)
Deferred Outflow-Changes of assumptions. This is the change in these amounts this year.	(85,665)
Deferred Inflow-Differences between expected and actual experience. This is the change in these amounts this year.	80,515
Amortization of Loss on Refunded Bonds	(2,500)
Amortization of Bond Premium	10,229
Bond Issuance Proceeds	(9,540,000)
Capital Lease Issuance Proceeds	(291,360)
(Increase) Decrease in Bond Issuance Premiums.	(442,874)
(Increase) decrease in compensated absences from beginning of period to end of period.	(127,413)
(Increase) decrease in accrued interest payable from beginning of period to end of period.	(247,145)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	1,547,562
Internal Service funds are used by management to account for funds for self-insurance. The net revenue of certain activities of Internal Service funds is reported with governmental activities.	(649,615)
(Increase) decrease in Net Pension Liability from beginning of period to end of period.	(172,594)
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	458,272
Change in Net Position of Governmental Activities - Statement of Activities	($8,951,842)

The accompanying notes are an integral part of this statement.

ATASCOSA COUNTY, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETARY BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Budgetary	Variance with Final Budget - Positive
	Original	Final	Basis	(Negative)
REVENUES				
Taxes				
Property	$16,526,576	$16,526,576	$17,123,024	$596,448
Sales	4,000,000	4,000,000	5,318,430	1,318,430
Other	30,000	30,000	35,976	5,976
Intergovernmental	159,400	159,400	176,534	17,134
Charges for Services	1,901,881	1,901,881	1,661,104	(240,777)
Fines and Forfeitures	395,300	395,300	323,593	(71,707)
Oil Royalties	275,000	275,000	629,746	354,746
Interest	70,000	70,000	126,838	56,838
Miscellaneous	229,700	229,700	557,091	327,391
Total Revenues	23,587,857	23,587,857	25,952,336	2,364,479
EXPENDITURES				
Current:				
General Administration				
County Clerk	920,299	920,299	784,486	135,813
County Commissioners	166,177	169,198	168,961	237
County Judge	169,419	177,249	171,712	5,537
Elections	257,232	257,232	212,913	44,319
IT Department	204,862	204,862	182,319	22,543
Non-Departmental	1,869,375	1,949,679	2,114,938	(165,259)
Statutory County Judge	355,829	355,829	337,281	18,548
Veterans Service	214,480	214,480	201,041	13,439
Legal				
County Attorney	854,214	899,725	811,276	88,449
Judicial				
Child Protection Court	5,400	5,400	2,452	2,948
County Court	1,025,000	1,025,000	989,816	35,184
Court Expense	136,812	136,812	131,521	5,291
District Clerk	472,538	472,538	444,755	27,783
District Judge	3,580	3,580	2,975	605
Justice of the Peace	1,014,124	1,014,124	913,754	100,370
Financial Administration				
County Auditor	345,678	345,678	341,823	3,855
County Treasurer	340,565	339,565	334,192	5,373
Tax Assessor-Collector	932,452	925,452	892,862	32,590
Public Facilities				
Buildings and Yards	649,345	649,345	642,245	7,100
Utility	452,200	452,200	389,650	62,550
Public Safety				
Animal Control	499,123	499,123	91,729	407,394
Constables	332,986	334,976	329,580	5,396
Crimestoppers	53,991	53,991	52,530	1,461
D.P.S.	130,602	130,602	102,165	28,437
Emergency Management	197,160	197,160	193,263	3,897
Fire	124,500	124,500	124,500	0
Jail	3,460,484	3,460,484	3,220,445	240,039
Juvenile Probation	500,730	500,730	500,730	0
Reserve Deputies	44,800	44,800	43,548	1,252
Rural Addressing - 911	23,654	24,506	21,082	3,424
Sheriff	3,672,336	3,679,336	3,424,005	255,331
Sheriff - 911	598,201	632,905	632,530	375

(continued)

(continued)

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
Culture and Recreation				
County Library	35,500	35,500	35,498	2
Health and Welfare				
County Sanitarian	135,142	135,142	132,766	2,376
Pauper	10,975	10,975	10,975	0
Conservation - Agriculture				
Agriculture Extension Service	214,751	214,751	209,979	4,772
Total Expenditures	20,424,516	20,597,728	19,196,297	1,401,431
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,163,341	2,990,129	6,756,039	3,765,910
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	(6,559,692)	(6,559,692)	(6,189,820)	369,872
Total Other Financing Sources (Uses)	(6,559,692)	(6,559,692)	(6,189,820)	369,872
Net Changes in Fund Balances - Cash Basis	($3,396,351)	($3,569,563)	566,219	$4,135,782
Reconcilation from cash basis to modified accrual basis:				
Various construction projects			(2,249,271)	
Net Changes in Fund Balances - Modified Accrual Basis			(1,683,052)	
Fund Balances - Beginning			8,382,578	
Fund Balances - Ending			$6,699,526	

The accompanying notes are an integral part of this statement.

ATASCOSA COUNTY, TEXAS
ROAD AND BRIDGE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes				
Property	$2,783,571	$2,783,571	$3,467,595	$684,024
Intergovernmental	40,000	40,000	41,337	1,337
Licenses and Permits	740,000	740,000	581,547	(158,453)
Fines and Forfeitures	180,000	180,000	125,222	(54,778)
Interest	21,700	21,700	45,109	23,409
Miscellaneous	8,700	8,700	23,912	15,212
Total Revenues	3,773,971	3,773,971	4,284,722	510,751
EXPENDITURES				
Current				
Public Transportation				
Road and Bridge	5,936,532	5,936,532	5,809,250	127,282
Total Expenditures	5,936,532	5,936,532	5,809,250	127,282
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,162,561)	(2,162,561)	(1,524,528)	638,033
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	6,975,093	6,975,093	6,975,193	100
Operating Transfers Out	(5,512,532)	(5,512,532)	(5,512,532)	0
Total Other Financing Sources (Uses)	1,462,561	1,462,561	1,462,661	100
Net Changes in Fund Balances	(700,000)	(700,000)	(61,867)	638,133
Fund Balances - Beginning	4,440,568	4,440,568	4,440,568	0
Fund Balances - Ending	$3,740,568	$3,740,568	$4,378,701	$638,133

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

ATASCOSA COUNTY, TEXAS
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Internal Service Self Insurance Current Year	Internal Service Self Insurance Prior Year	Total Proprietary Funds Current Year
ASSETS			
Current Assets			
Cash and Cash Equivalents	$2,310,072	$2,999,687	$2,310,072
Receivables (net of allowance for uncollectibles)			0
Total Current Assets	2,310,072	2,999,687	2,310,072
TOTAL ASSETS	$2,310,072	$2,999,687	$2,310,072
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
Liabilities			
Current Liabilties (payable from current assets)	$0	$40,000	$0
Total Current Liabilities	0	40,000	0
TOTAL LIABILITIES	0	40,000	0
NET POSITION			
Restricted - Expendable	2,310,072	2,959,687	2,310,072
TOTAL NET POSITION	$2,310,072	$2,959,687	$2,310,072

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

ATASCOSA COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Internal Service Self Insurance Current Year	Internal Service Self Insurance Prior Year	Total Proprietary Funds Current Year
OPERATING REVENUES:			
Charges for Services (User Fees)	$3,892,563	$3,817,483	$3,892,563
TOTAL OPERATING REVENUES	3,892,563	3,817,483	3,892,563
OPERATING EXPENSES			
Insurance Costs	3,781,656	4,201,474	3,781,656
Administrative Fees	578,897	673,458	578,897
Other	201,532	647	201,532
TOTAL OPERATING EXPENSES	4,562,085	4,875,579	4,562,085
OPERATING INCOME (LOSS)	(669,522)	(1,058,096)	(669,522)
NON-OPERATING REVENUES (EXPENSES):			
Interest Income	19,907	9,707	19,907
TOTAL NON-OPERATING REVENUES (EXPENSES)	19,907	9,707	19,907
Income Before Transfers	(649,615)	(1,048,389)	(649,615)
Transfers In (Out)	0		0
Change in Net Position	(649,615)	(1,048,389)	(649,615)
Total Net Position - Beginning	2,959,687	3,144,537	2,959,687
Total Net Position - Ending	$2,310,072	$2,959,687	$2,310,072

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

ATASCOSA COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Internal Service Self Insurance Current Year	Internal Service Self Insurance Prior Year	Total Proprietary Funds Current Year
Cash Flows from Operating Activities			
Receipts from Customers and Users	$3,892,563	$3,821,200	$3,892,563
Payments to Suppliers	(4,601,758)	(4,915,579)	(4,601,758)
Net Cash Provided (Used) By Operating Activities:	(709,195)	(1,094,379)	(709,195)
Cash Flows from Non-Capital and Related Financing Activities			
Transfers In	0	0	0
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	0	0	0
Cash Flows from Investing Activities			
Interest Received	19,907	9,707	19,907
Net Cash Provided (Used) By Investing Activities	19,907	9,707	19,907
Net Increase (Decrease) in Cash Equivalents	(689,288)	(1,084,672)	(689,288)
Cash and Cash Equivalents at Beginning of Year	2,999,360	3,180,494	2,999,360
Cash and Cash Equivalents at End of Year	$2,310,072	$2,999,687	$2,310,072

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

(continued)

(continued)

	Internal Service Self Insurance Current Year	Internal Service Self Insurance Prior Year	Total Proprietary Funds Current Year
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	($669,522)	($1,058,096)	($669,522)
Changes in Current Items			
Decrease (Increase) in Accounts Receivable	0	3,717	0
Increase (Decrease) in Accounts Payable	(39,673)	(40,000)	(39,673)
Net Cash Provided (Used) by Operating Activities	($709,195)	($1,094,379)	($709,195)

Noncash Investing, Capital, and Financing Activities: None

Note: The above funds are all Enterprise Funds.

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

ATASCOSA COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

		Private Purpose Trust Funds		
ASSETS	Agency Funds	Historical Society	Permanent School Fund	Total
Cash and Cash Equivalents	$4,104,491	$17,264	$35,418	$52,682
Receivables (net of allowance for uncollectibles)	36,744			0
Due from Others	0			0
Total Assets	$4,141,235	$17,264	$35,418	$52,682
LIABILITIES				
Accounts Payable	$0	$2		$2
Bank Overdraft	0			
Due to Others	4,141,235			0
Total Liabilities	4,141,235	2	0	2
NET POSITION				
Held in Trust-Unexpendable		10,000	10,000	20,000
Held in Trust-Historical Purposes		7,262		7,262
Held in Trust-Public School Purposes			25,418	25,418
Total Net Position	$0	$17,262	$35,418	$52,680

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

ATASCOSA COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Private Purpose Trust Funds		
ADDITIONS	Historical Society	Permanent School Fund	Total
Contributions:			
Private Donations	$1,156		$1,156
Intergovernmental			0
Total Contributions	1,156	0	1,156
Investment Earnings:			
Interest Received	133	304	437
Total Investment Earnings	133	304	437
Less Investment Expense			0
Net Investment Earnings	133	304	437
TOTAL ADDITIONS	1,289	304	1,593
DEDUCTIONS			
Culture and Recreation-History	4,875		4,875
Total Deductions	4,875	0	4,875
Change in Net Position	(3,586)	304	(3,282)
Net Position-Beginning	20,848	35,114	55,962
Net Position-Ending	$17,262	$35,418	$52,680

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

I. Summary of Significant Accounting Policies

A. Reporting entity

Atascosa County operates under a County Judge – Commissioners' Court type of government and provides the following services throughout the County: public safety (fire, ambulance, and law enforcement), environmental protections (sanitation), public transportation (highways and roads), health and welfare, culture and recreation, conservation (agriculture), public facilities, judicial and legal, election functions, and general and financial administrative services. The accounting policies of Atascosa County, Texas, (the County) conform to generally accepted accounting principles.

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

B. Government-Wide and Fund Financial Statements

The County's government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental activities for the County accompanied by a total column.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the County are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

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

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities, which are presented as internal balances and eliminated in the total primary government column. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

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.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The statement of revenues, expenditures and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the County, are property tax, sales tax, intergovernmental revenues and charges for services. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The government 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.

The road and bridge fund accounts for the activities of the government's road and bridge operations.

The general permanent improvement jail fund accounts for the 2017 bond proceeds for the construction of an extension to the county jail.

Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows for each major proprietary fund and for the non-major funds aggregated.

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

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the statement of net position. The statement of revenues, expenses and changes in fund net position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. The principal operating revenues of the self insurance fund are charges to employees for their health insurance. Operating expenses for enterprise funds include the cost of insurance premiums. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, then unrestricted resources as they are needed.

The government reports the following major proprietary funds: The self insurance fund accounts for the monies used for the County’s self insurance program.

Fiduciary Funds account for assets held by the County in a trustee capacity or as an agent on behalf of others. As such, fiduciary funds are not reported in the government-wide statements. The County’s fiduciary funds include the following: The county officer accounts, the unemployment insurance fund, and the court costs fund are used to account for the fines and fees collected and remitted by the County officers in the course of their operations. The Historical Society fund is used to administer monies for the benefit of Atascosa County history maintenance. The permanent school fund is used to administer monies for construction.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The government'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. 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.

D. Assets, Liabilities, and Net Position or Equity (continued)

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances”.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to a total of 1 percent of the current outstanding property taxes at December 31, 2017 and 10 percent of the delinquent outstanding property taxes at December 31, 2017.

Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Traditionally, property taxes are levied October 1, of the year in which assessed or as soon thereafter as practicable. Taxes are due and payable when levied since that is when the County bills the taxpayers. The County begins to collect the taxes as soon as the taxpayers are billed.

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. 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 the government-wide and fund financial statements.

4. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits.

There is a liability for vacation pay since the government does have a policy to pay any amounts when employees separate from service with the government. Unused vacation pay is accumulated and paid upon termination. Unused vacation pay is accrued in the government-wide financial statements.

All comp. time is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in government-wide financial statements.

5. Restricted Assets

The County had no restricted assets at December 31, 2017.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities 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 two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There were several equipment purchases during the year. There were several equipment purchases and construction of the County Annex and the Jail Addition during the year. The County Annex and the Jail Addition were not completed at year’s end.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	***Years***
Buildings	50
Building Improvements	20
Public Domain Infrastructure	50
System Infrastructure	30
Vehicles	5
Office Equipment	5
Computer Equipment	5

7. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is deferred under GASB 68.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. We have included advanced tax collections and deferred property taxes as deferred inflows in the fund financial statements.

The County reports unearned revenue on its fund financial statements. Unearned revenues arise when potential revenue does not meet both the “measureable” and “available” criteria for recognition in the current period (fund financial statements). Unearned revenues also arise when resources are unearned by the County and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized. We have included advanced tax collections and deferred property taxes as deferred inflows in the fund financial statements.

9. Net position flow assumption

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

10. Fund balance flow assumptions

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

11. Fund Balances – Governmental Funds

As of December 31, 2017, fund balances are composed of the following:

Fund Balances:	
Non-Spendable	
Inventory	$36,461
Prepaid Items	33,600
Restricted	
Construction	15,030,242
Debt Service	131,956
Elections	73,258
Financial Administration	12,675
General Administration	446,333
Health and Welfare	63,517
Judicial	437,928
Judicial - District Attorney	755,220
Legal	1,239
Public Safety	408,980
Public Safety - Sheriff	176,116
Public Transportation	4,337,389
Records Archives	748,620
Committed	
Elections	35,183
Public Safety - Sheriff	976
Unassigned	6,341,337
Total Fund Balance	$29,071,030

As of December 31, 2017, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — amounts that can be used only for specific purposes determined by a formal action of Commissioners' Court. Commissioners' Court is the highest level of decision-making authority for the County. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Commissioners' Court.

Unassigned — all other spendable amounts.

When an expenditure 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 an expenditure 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, as needed, unless Commissioners' Court or the finance committee has provided otherwise in its commitment or assignment actions.

In fiscal year 2011, the Commissioners' Court adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year end to be at least equal to 25 to 35 percent of the subsequent year's budgeted General Fund expenditures.

12. Comparative data/reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this $24,535,124 difference are as follows:

Bonds Payable	$20,050,000
Capital Lease	233,088
Bond Issuance Premium	607,732
Accrued Interest Payable	260,240
Net Pension Payable	3,256,651
Compensated Absences	127,413
	$24,535,124

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position. (continued)

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds" report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this $60,691,623 difference are as follows:

Capital Assets Not Being Depreciated	$8,721,848
Capital Assets Being Depreciated	376,975,263
Depreciation Expense	(325,005,488)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	$60,691,623

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles.") The details of this $17,605,709 difference are as follows:

Property Taxes Receivable	$18,041,075
Allowance for Doubtful Accounts	(435,366)
Net	$17,605,709

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds." The details of this $3,714,262 difference are as follows:

Fines and Fees Receivable	$11,048,788
Allowance for Doubtful Accounts	(7,334,526)
Net	$3,714,262

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities. The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this ($2,588,586) difference are as follows:

Capital Outlay - Additions - Not Being Depreciated	$6,659,163
Capital Outlay - Additions - Being Depreciated	1,280,417
Capital Outlay - Deletions	(256,947)
Depreciation Expense	(10,142,547)
Other Adjustments	(128,672)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	($2,588,586)

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

The original budget is adopted by the Commissioners' Court and filed with the County Clerk. Amendments are made during the year on approval by the Commissioners' 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 Commissioners' Court, the County Auditor prepares an estimate of revenues and a compilation of requested departmental expenditures and submits this data to the Commissioners' Court. The Commissioners' Court invites various department heads to appear for a hearing concerning the departments' budget requests. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the County Auditor's estimate of revenues and available cash. The final budget can be legally amended by the Commissioners' Court to whatever extent the Court desires as long as the amended figures do not exceed the County Auditor's estimate of revenues and available cash.

When the budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the Commissioners' 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 all budgeted General and Special Revenue Funds are adopted on a budgetary basis which is in conformity with generally accepted accounting principles (GAAP). Budgets for the 2017 fiscal year were adopted for the General Fund, and the Road and Bridge Funds.

B. Excess of Expenditures over Appropriations

For the year ended December 31, 2017, expenditures did not exceed appropriations in any fund.

C. Deficit Fund Equity

The County had no deficit fund balances as of December 31, 2017 except for the following: Ambulance Fund - $103,127, Border Prosecution Fund - $47,125, Indigent Health Care fund - $116,894, Jail Transport Van Grant fund - $56,992, Sheriff LEOSE fund - $2,617, and the Victims Assistant Grant II - $2,405. These deficits are expected to be liquidated by future resources of the respective funds.

IV. Detailed Notes on All Funds

A. 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) bankers 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 compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments:

The County does have a depository contract, and in compliance with the Public Funds Investment Act; the County has adopted an investment policy. That policy does address the following risks:

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government has an investment policy for custodial credit risk. As of December 31, 2017, the government's bank balance of $8,300,368 was not exposed to custodial credit risk. The fair market value of the securities pledged is $11,023,916; the FDIC coverage is $515,967. The book balance of the deposits was $8,904,242. The collateral is securities held by the pledging financial institution's trust department or agent, in the government's name.

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

State statue authorizes the County to invest in obligations of, or guaranteed by, governmental entities, certificates of deposits, bankers acceptances, commercial paper, no load money market mutual funds, repurchase agreements, and investment pools. Investments for the County are reported at fair value. The Pooled Cash Accounts at December 31, 2017 consist of $21,043,337 in Tex-Pool Accounts. The pool accounts are not SEC regulated but are governed by an independent board of directors and operate in accordance with state laws and regulations. The reported values of the pools are the same as the fair value of the pool shares which are acquired at a cost of $1 each.

In conclusion, at December 31, 2017:

Investments - The County does have a formal investment policy, but it had no investments at December 31, 2017. The County participates in pooled accounts as discussed above. The County prefers these accounts due to the decrease in risk and also the high liquidity benefit.

Interest rate risk- The County does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The County feels that with pooled accounts, this risk is very low due to their high liquidity.

Credit risks - Standard and Poor’s has issued credit ratings of AAAm to Tex Pool.

It is the County’s policy to limit its investment to top ratings issued by nationally recognized statistical ratings organizations.

Custodial credit risk - For an investment, custodial credit risk is the risk that in the event of the failure of the counter party, 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. They County has no policy on custodial credit risk but feels that its pooled accounts are low risk.

Concentration of credit risk - The County places no limit on the amount that the County may invest in any one issuer. The County is currently using the less risky pooled accounts and plans to continue to do so in the future.

IV. Detailed Notes on All Funds (continued)

B. Receivables

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

	General	Road and Bridge	Other Govern-mental	Total
Receivables				
Taxes	$14,691,244	$2,969,308	$380,523	$18,041,075
Intergovernmental			102,752	102,752
Fees and Fines	11,048,788			11,048,788
Accounts	913,209	60,103	165,974	1,139,286
Gross Receivables	26,653,241	3,029,411	649,249	30,331,901
Less: Allowance for Uncollectibles	7,687,025	73,737	9,130	7,769,892
Net Total Receivables	$18,966,216	$2,955,674	$640,119	$22,562,009

C. Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

Governmental Activities: Capital assets not being depreciated:	Beginning Balances	Increases	Decreases	Ending Balances
Land	$1,387,720	$78,728	$0	$1,466,448
Construction in Progress	674,965	6,580,435	0	7,255,400
Total capital assets not being depreciated:	2,062,685	6,659,163	0	8,721,848
Capital assets being depreciated:				
Building and Improvements	11,807,069	0	7,729	11,799,340
Machinery and Equipment	13,140,975	1,275,939	1,047,409	13,369,505
Infrastructure	351,801,940	4,478	0	351,806,418
Total capital assets being depreciated:	376,749,984	1,280,417	1,055,138	376,975,263
Less: Accumulated Depreciation for:				
Building and Improvements	4,964,616	297,695	7,729	5,254,582
Machinery and Equipment	7,541,652	1,078,364	790,462	7,829,554
Infrastructure	303,154,864	8,766,488	0	311,921,352
Total Accumulated Depreciation	315,661,132	10,142,547	798,191	325,005,488
Total Capital Assets Depreciated, Net	61,088,852	(8,862,130)	256,947	51,969,775
Governmental Activities capital assets, Net	$63,151,537	($2,202,967)	$256,947	$60,691,623

Depreciation charged to the functions is as follows:

Governmental Activities	
General Administration	$358,596
Legal	8,558
Judicial	359,178
Financial Administration	29,560
Public Facilities	2,667
Public Safety	604,500
Public Transportation	8,776,332
Health and Welfare	3,156
Total Depreciation Expense - Governmental Activities	$10,142,547

Construction commitments

There were several equipment purchases and construction of the County Annex and the Jail Addition during the year. The County Annex and the Jail Addition were not completed at year's end.

D. Interfund Receivables, Payables, and Transfers

There were no advances at December 31, 2017.

There were no due to/from other funds at December 31, 2017.

Transfers for the year ended December 31, 2017 are as follows:

INTERFUND *ACCOUNT*	*AMOUNT*
GENERAL FUND	
TRANSFER TO AMBULANCE	$1,035,091
TRANSFER TO CHILD SAFETY	9,250
TRANSFER TO COURT COORDINATOR	75,508
TRANSFER TO COURT SECURITY FUND	309,734
TRANSFER TO DISTRICT ATTORNEY SPECIAL FUND	524,538
TRANSFER TO DISTRICT COURT ARCHIVE	55,619
TRANSFER TO FROST BANK LEGAL LEASE	4,500
TRANSFER TO INDIGENT HEALTH CARE	1,645,873
TRANSFER TO JURY FUND	34,600
TRANSFER TO RMPF - DISTRICT	22,375
TRANSFER TO ROAD AND BRIDGE FUND	1,462,661
TRANSFER TO SPECIAL ELECTIONS	10,071
TRANSFER TO YOUTH SERVICE CENTER	1,000,000
PERMANENT IMPROVEMENT I&S	
PERMANENT IMPROVEMENT I&S 2010	157,131
	$6,346,951

INTRAFUND	
ROAD AND BRIDGE GENERAL	
TRANSFER TO ROAD AND BRIDGE PRECINCTS	5,512,532
	$5,512,532

The above transfers are recurring.

E. Leases

Operating Leases

The government leases equipment under non-cancelable operating leases. Total costs for such leases were $67,415 for the year ended December 31, 2017. Rent expenditures were $0 for the year ended December 31, 2017. Sublease rental income was $0 for the year ended December 31, 2017.

The future minimum lease payments for these leases are as follows:

Year Ending Dec. 31,	Amount
2018	$50,791
2019	36,968
2020	1,500
2021	1,500
Total	$90,759

F. Long-Term Debt

Bonds

The government issued bonds to provide funds for the courthouse renovation. These bonds were refunded with Refunding Bonds, Series 2010 in the amount of $2,885,000. The amount of the bonds refunded were Series 1998 - $1,840,000 and Series 2000 - $1,020,000. The loss on the refunding was $25,000 but the present value of the overall savings from the refunding was $267,253. The original amount of the bonds issued were $3,500,000 and $2,050,000, respectively. The balance at December 31, 2017 is $785,000.

The County issued Tax Notes, Series 2016 in the amount of $9,725,000. The proceeds from these notes were used to pay for future projects of the County. The balance at December 31, 2017 is $9,725,000.

The County issued Tax Notes, Series 2017 in the amount of $9,540,000. The proceeds from these notes were used to pay for future projects of the County. The balance at December 31, 2017 is $9,540,000.

The bonds are direct obligations and pledge the full faith and credit of the government.

Bonds currently outstanding are as follows:

Purpose	Rates	Amount
Refunding Bonds - Series 2010	2.00% to 3.25%	785,000
Tax Notes - Series 2016	2.50% to 2.75%	9,725,000
Tax Notes - Series 2017	3.00% to 4.00%	9,540,000

The following is a summary of debt service requirements to maturity.

Year Ending	Governmental Activities	
December 31,	Principal	Interest
2018	$355,000	$497,292
2019	990,000	786,383
2020	855,000	565,298
2021	775,000	540,510
2022	800,000	516,885
2023-2027	4,425,000	2,149,825
2028-2032	5,185,000	1,377,075
2033-2037	6,020,000	551,032
2038	645,000	9,675
TOTALS	$20,050,000	$6,993,975

Capital Leases: The government has entered into one capital lease agreements as lessee for financing the acquisition of seven (7) Power Pro Ambulances. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. The security for the Ambulances are the Ambulances.

Assets acquired through capital leases are as follows:

Asset:	(7) POWER PRO AMBULANCES	TOTAL
Cost	$291,360	$291,360
Less: Accumulated Depreciation	58,272	58,272
Total	$233,088	$233,088

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2017, were as follows:

YEAR	AMOUNT
2018	$58,272
2019	58,272
2020	58,272
2021	58,272
Total Minimum Lease Payments	233,088
Less: Amount Representing Interest	0
Present Value of Net Minimum Lease Payments	$233,088

The above debt is to be serviced by the General Fund.

Changes in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Governmental Activities:						
General Obligation Bonds	$10,910,000	$9,540,000	$400,000	$20,050,000	$355,000	$19,695,000
Bond Issuance Premium	175,087	442,874	10,229	607,732	0	607,732
Capital Lease		291,360	58,272	233,088	58,272	174,816
Net Pension Payable	3,084,057	172,594		3,256,651	0	3,256,651
Compensated Absences	0	127,413		127,413	127,413	0
Grand Total	$14,169,144	$10,574,241	$468,501	$24,274,884	$540,685	$23,734,199

The above bonds are serviced by the debt service funds established for the purpose of servicing the bonded debt. The capital leases are serviced by the general fund. The compensated absences are funded by the general and road and bridge funds.

The general and road and bridge funds are used to service the compensated absences. The estimated amount due in the 2018 year is $127,413.

The government-wide statement of activities includes $540,685 as "noncurrent liabilities, due within one year".

There was no interest expense capitalized.

V. Other Information

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Claim liabilities are estimated considering the effects of inflation, recent claim settlement trends (including frequency and amounts of payouts) and other economic and social factors (including the effects of specific, incremental claim adjustment expense, salvage and subrogation).

	Year ended 12/31/17	Year ended 12/31/16
Unpaid Claims, Beginning of Fiscal Year	$ -0-	$ -0-
Incurred Claims (including IBNRs)		
Claim Payments		
Unpaid Claims, End of Fiscal Year	$ -0-	$ -0-

1. General Liability Insurance

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

The County has joined together 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 in excess of $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 continues to carry commercial fidelity bonds for elected officials and for management.

2. Property and Casualty Insurance

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

3. Workers' Compensation Insurance

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

4. Group Health and Life Insurance

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

5. Unemployment Compensation Insurance

   The County insures for unemployment compensation claims through an agreement with the Texas Workforce Commission (TWC).

B. Related Party Transaction

Rick Luna (Constable Pct 3) owns Luna Tire Shop in Charlotte, Texas. The amount paid to Mr. Luna for the year is $15,619.

C. Subsequent Events

February 12, 2018 - Approved the invoice from ACS for the animal control security related systems in the amount of $183,179.03 plus $16,652.64 as contingency. The system includes video surveillance, smoke detectors, motion sensors, and heat detectors that will send alarms to dispatch deputies.

April 23, 2018 - Approved acceptance of a grant in the amount of $132,000.00 of which 75% will be paid out by FEMA and the remaining 25% will be from local match.

May 29, 2018- Approved the issuance of the $5,000,000.00 Certificate of Obligation Bond for 15 years.

D. 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.

Augustin Bosquez d/b/a Al's Mechanical vs Luke Blair, Frank Davis, Gary Mueller, John Lockhart, Deputy Greg Pierce, and Safe-T-Box, LP; Cause No. 17-07-0635-CVA. County is represented by Angela Pena of David Klosterboer & Associates who was appointed by Travelers Indemnity Company. Plaintiff's attorneys have withdrawn; and there has been no appearance of another attorney. Plaintiff is currently in bankruptcy. Deputy Pierce was dismissed from the lawsuit via Summary Judgment on 5/7/2018.

George vs Atascosa County Adult Probation & Director, R Merten; Civil Action No. 5:17-CV-00505-DAE. This is an employment case filed under Title VII of the Civil Rights Act of 1964. Plaintiff alleges that she was discriminated against on the basis of her National Origin – Mexican American – and seeks monetary compensation for loss of employment. Defendants filed an Original Answer on 8/4/2017, and an Amended Answer on 2/9/2018. Discovery is ongoing; and no court date has been set.

E. Other Post Employment Benefits

The County does not participate in any Other Post Employment Benefit plan with the exception of COBRA. The County's participation in COBRA is considered to be immaterial and therefore is not included in the government-wide financial statements.

F. Summary of TCDRS Funding Policy

Net Pension Liability / (Asset)

Net Pension Liability / (Asset)	**December 31, 2015**	**December 31, 2016**
Total pension liability	$38,234,745	$41,501,491
Fiduciary net position	35,150,688	38,244,841
Net pension liability / (asset)	3,084,057	3,256,651
Fiduciary net position as a % of total pension liability	91.93%	92.15%
Pensionable covered payroll ([1])	$14,517,768	$15,915,574
Net pension liability as a% of covered payroll	21.24%	20.46%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

Note: Rounding differences may exist above or in other tables in this report.

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

Discount Rate

Discount rate ([2])	8.10%	8.10%
Long-term expected rate of return, net of investment expense([2])	8.10%	8.10%
Municipal bond rate ([3])	Does not apply	Does not apply

([2]) *This rate reflects the long-term rate of return funding valuation assumption of 8.00%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.*

([3]) *The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply. See page 6 of this report for further details.*

Other Key Actuarial Assumptions

Updated mortality assumptions were adopted in 2015. All other actuarial assumptions that determined the total pension liability as of December 31, 2016 were based on the results of an actuarial experience study for the period January 1, 2009 - December 31, 2012, except where required to be different by GASB 68.

See Appendix B of this report (Actuarial Methods and Assumptions Used for GASB Calculations) for a listing of key assumptions used in the calculation of the total pension liability and other GASB 68 metrics.

See Appendix C (Actuarial Methods and Assumptions Used for Funding Valuation) of this report for a full description of the actuarial assumptions used in the funding valuation.

	Beginning Date	Ending Date
Valuation date	December 31, 2015	December 31, 2016
Measurement date	December 31, 2015	December 31, 2016
Employer's fiscal year	January 1, 2017	December 31, 2017

Depletion of Plan Assets / GASB Discount Rate

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

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

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

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

As additional documentation for auditing purposes, we have shown the projection of the Fiduciary Net Position in the following exhibit ("Projection of Fiduciary Net Position").

Projection of Fiduciary Net Position*

Calendar Year Ending**	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses*** (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (a)+(b)-(c)-(d)+(e)
2017	$38,244,841	$2,136,829	$2,602,364	$38,245	$3,077,826	$40,818,886
2018	40,818,886	2,031,833	2,390,115	40,819	3,290,481	43,710,267
2019	43,710,267	1,984,229	2,526,181	43,710	3,517,274	46,641,879
2020	46,641,879	1,978,499	2,664,281	46,642	3,748,907	49,658,362
2021	49,658,362	1,974,373	2,795,280	49,658	3,987,756	52,775,552
2022	52,775,552	1,928,138	2,988,443	52,776	4,230,618	55,893,090
2023	55,893,090	1,880,195	3,158,938	55,893	4,474,340	59,032,794
2024	59,032,794	1,845,648	3,337,851	59,033	4,720,054	62,201,613
2025	62,201,613	1,810,828	3,538,701	62,202	4,967,244	65,378,782
2026	65,378,782	1,782,750	3,724,476	65,379	5,215,976	68,587,654
2036	95,540,032	1,422,908	6,223,986	95,540	7,544,291	98,187,704
2046	117,147,515	1,272,845	8,776,934	117,148	9,186,298	118,712,577
2056	134,854,727	1,456,653	9,139,616	134,855	10,612,776	137,649,685
2066	190,445,221	1,983,799	6,674,400	190,445	15,232,229	200,796,404
2076	363,415,707	2,794,483	3,501,715	363,416	29,394,155	391,739,214
2086	795,173,273	3,941,894	1,146,102	795,173	64,488,483	861,662,375
2096	1,774,074,025	5,560,430	179,539	1,774,074	143,843,228	1,921,524,070

** Projection values include no assumed future cost-of-living adjustments.*

*** Note that only select years have been shown for formatting purposes*

**** Administrative expenses are assumed to be 0.10% of Fiduciary Net Position.*

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balances as of December 31, 2015	$38,234,745	$35,150,688	$3,084,057
Changes for the year:			
Service cost	1,831,080		1,831,080
Interest on total pension liability ([1])	3,101,142		3,101,142
Effect of plan changes ([2])	0		0
Effect of economic/demographic gains or losses	61,665		61,665
Effect of assumptions changes or inputs	0		0
Refund of contributions	(147,296)	(147,296)	0
Benefit payments	(1,579,845)	(1,579,845)	0
Administrative expenses		(28,310)	28,310
Member contributions		954,934	(954,934)
Net investment income		2,600,415	(2,600,415)
Employer contributions		1,217,536	(1,217,536)
Other ([3])	0	76,717	(76,717)
Balances as of December 31, 2016	$41,501,491	$38,244,841	$3,256,651

([1]) *Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.*
([2]) *No plan changes valued.*
([3]) *Relates to allocation of system-wide items.*

Sensitivity Analysis

The following presents the net pension liability of the employer, calculated using the discount rate of 8.10%, as well as what the Atascosa County net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	7.10%	**8.10%**	**9.10%**
Total pension liability	$47,117,321	$41,501,491	$36,867,051
Fiduciary net position	38,244,841	38,244,841	38,244,841
Net pension liability/ (asset)	$8,872,480	$3,256,651	($1,377,790)

Pension Expense / (Income)

Pension Expense/ (Income)	**January 1, 2016 to December 31, 2016**
Service cost	$1,831,080
Interest on total pension liability ([1])	3,101,142
Effect of plan changes	0
Administrative expenses	28,310
Member contributions	(954,934)
Expected investment return net of investment expenses	(2,866,813)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(18,850)
Recognition of assumption changes or inputs	85,666
Recognition of investment gains or losses	790,680
Other ([2])	(76,717)
Pension expense/ (income)	$1,919,563

([1]) *Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.*

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

As of December 31, 2016, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/ Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**
Differences between expected and actual experience	$178,493	$96,712
Changes of assumptions	0	256,998
Net difference between projected and actual earnings	0	2,327,562
Contributions made subsequent to measurement date ([3])	N/A	Employer determined

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

Year ended December 31:	
2017	$857,496
2018	857,496
2019	734,507
2020	53,280
2021	0
Thereafter([4])	0

([3]) *Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end should be reflected as outlined in Appendix D of this report.*

([4]) *Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.*

Schedule of Deferred Inflows and Outflows of Resources

	Expense / (Income) Calculation				Balances of Deferred Inflows and Outflows as of 12/31/2016	
	Original Amount (a)	Date Established (b)	Original Recognition Period ([1]) (c)	Amount Recognized for 2016 ([1]) (a)-(c)	Inflows	Outflows
Investment (gains) or losses						
	$266,398	12/31/2016	5.0	$53,280	$0	$213,118
	3,198,215	12/31/2015	5.0	639,643	0	1,918,929
	488,787	12/31/2014	5.0	97,757	0	195,515
Economic/ demographic (gains) or losses						
	61,665	12/31/2016	4.0	15,416	0	46,249
	(297,489)	12/31/2015	5.0	(59,498)	178,493	0
	126,159	12/31/2014	5.0	25,232	0	50,464
Assumption changes or inputs						
	0	12/31/2016	4.0	0	0	0
	428,329	12/31/2015	5.0	85,666	0	256,998
	0	12/31/2014	5.0	0	0	0

Employer contributions made subsequent to measurement date ([2])

--------Employer Determined--------

([1]) *Investment (gains)/losses are recognized in pension expense over a period of five years; economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active, inactive, and retired members.*

([2]) *Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end should be reflected as deferred outflows as outlined in Appendix D of this report.*

GASB 68 Plan Description for Atascosa County

A description of the pension plan pursuant to Paragraph 40 of GASB Statement No. 68 is as follows:

a. Atascosa County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.

b. A brief description of benefit terms:

   1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
   2) The plan provides retirement, disability and survivor benefits.
   3) TCDRS is a savings-based plan. For the county's plan, 6% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 200%) and is then converted to an annuity.
   4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
   5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year but must remain in conformity with the Act.

c. Membership information is shown in the chart below.

d. The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Atascosa County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 6%. Contributions to the pension plan from the county for 2016 are shown in the Schedule of Employer Contributions.

e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, www.tcdrs.org.

Membership Information

Members	Dec.31, 2015	Dec. 31, 2016
Number of inactive employees entitled to but not yet receiving benefits:	249	270
Number of active employees:	346	347
Average monthly salary*:	$3,578	$3,767
Average age*:	44.89	45.79
Average length of service in years*:	8.37	8.80

Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	116	125
Average monthly benefit:	$1,109	$1,177

**Averages reported for active employees. They differ from the prior year's report, which included all active and inactive members. Average service includes all proportionate service.*

Contributions Made Subsequent to Measurement Date

GASB Statement No. 71 ("GASB 71"), *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68,* requires employer contributions made between the measurement date, which is the date used to determine an employer's net pension liability ("NPL"), and the employer's fiscal year end be reported as a deferred outflow of resources ("DOoR"). The statement "requires a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability."

For GASB valuation purposes, TCDRS' consulting actuary will compute each participating employer's NPL as of Dec. 31 of each year. Employers that have a fiscal year end other than Dec. 31 will need to account for pension contributions (employer; not employee contributions or group term life premiums) made between Dec. 31 and the employer's fiscal year end as a DOoR. These contributions will not be reported to you as part of this GASB report; employers can access their monthly employer activity statements, which display employer contributions to the retirement plan via the TCDRS Employer Portal.

Summary of TCDRS Funding Policy

Texas County & District Retirement System
Funding Policy

Effective as of the Dec. 31, 2014 valuation

Introduction

The funding policy governs how the Texas County & District Retirement System (TCDRS) determines the employer contributions required to ensure that benefits provided to TCDRS members are funded in a reasonable and equitable manner. The goals of TCDRS' funding policy are to fully fund benefits over the course of employees' careers to ensure intergenerational equity, and to balance rate and benefit stability with the need for the plan funding to be reflective of current plan conditions.

This policy documents the current funding policies in effect for the Dec. 31, 2016 actuarial valuation as established by state law, administrative rule and action by the TCDRS Board of Trustees (the board). The policy serves as a comprehensive funding overview and complies with the GASB reporting requirements for an agent multiple-employer plan.

TCDRS funding overview

TCDRS is a model for responsible, disciplined funding. TCDRS does not receive any state funding. As an agent, multiple-employer plan, each participating employer in the system funds its plan independently. A combination of three elements funds each employer's plan: employee deposits, employer contributions and investment income.

- The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, 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. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees.
- Investment income funds a large part of the benefits employees earn.

Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis.

Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience.

In addition, employers annually review their plans and may adjust benefits and costs based on their local needs and budgets. Although accrued benefits may not be reduced, employers may reduce future benefit accruals and immediately reduce costs.

Methodology for determining employer contribution rates

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

- Studies each employer's adopted plan of benefits and the profile of its plan participants, and uses assumptions established by the board to estimate future benefit payments.

- Discounts the estimate of future benefit payments to the present based on the long-term rate of investment return to determine the present value of future benefits.

- Compares the present value of future benefits with the plan's assets to determine the difference that needs to be funded based on the funding policy.

The valuation of each employer plan is based on the system funding policy and the assets, benefits and participant profile of each participating employer plan. The four key components in the determination of employer contribution rates are: the actuarial cost method, amortization policy, the asset valuation method and the actuarial assumptions.

Actuarial cost method

TCDRS has adopted the replacement life entry age cost method, a conservative cost method and an industry standard. The goal of this cost method is to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin. Under this approach, benefits are funded in advance as a level percentage of pay. This portion of the contribution rate is called the normal cost rate and generally remains stable from year to year.

Amortization policy

The portion of the contribution rate that funds any remaining unfunded amounts for benefits that are not covered by the normal cost is called the unfunded actuarial accrued liability (UAAL) rate. UAAL amounts occur when benefit enhancements are adopted that have not been funded in advance, or when actual investment or demographic experience varies from the actuarial assumptions (actuarial gains and losses). UAAL amounts are amortized on a level-percentage-of-covered-payroll basis over a closed period with a layered approach. The closed periods ensure all unfunded liabilities are financed over no more than 20 years from the time they occur. Each year new layers are established to amortize changes in the UAAL due to actuarial gains or losses, as well as any plan benefit changes elected by an employer for that year.

Benefit enhancements are amortized over a 15-year closed period. All other changes in the UAAL are amortized over 20-year closed periods. These amortization periods are generally more conservative than those of most other public retirement plans and are stricter than the minimum amortization period required under state law.

For newly participating districts that have five or fewer employees who are all within five years of retirement eligibility, any initial UAAL and any subsequent adoption of prior service credits are amortized over a five-year closed amortization period. This ensures that benefits are appropriately funded over the current generation of employees.

Notwithstanding the layered approach, the total UAAL payment may not be less than the required payment obtained by amortizing the entire UAAL over a 20-year period.

If a plan is overfunded, the overfunded actuarial accrued liability (OAAL) is calculated annually using a 30- year open amortization period.

Asset valuation method

When determining the actuarial value of assets used for measuring a plan's funded status, TCDRS smooths each year's actuarial investment gains and losses and recognizes them over a five-year period to better reflect the system's long-term investment horizons and to keep employer contribution rates more stable. As actuarial asset investment gains and losses are recognized, they become part of the actuarial gains and losses for the year and are funded according to the amortization policy. The five-year period helps stabilize employer rates while still ensuring that rates are reflective of current market conditions.

In addition, the board has the ability to set aside reserves from investment earnings that are used to help offset future negative economic cycles. These reserves are held separately and are not counted as part of a participating employer's plan assets until they are passed through to employers when determined necessary by the board. Reserves help maintain rate stability for employers. In addition, reserves ensure that employers do not adopt benefit increases based on a temporarily lower plan cost at a high point in a market cycle and, conversely, are not as pressured to immediately reduce benefit levels during a low point in a market cycle.

Actuarial assumptions

Demographic and economic assumptions are used to estimate employer liabilities and to determine the amount of funding required from employer contributions as opposed to investment earnings. These assumptions reflect a long-term perspective of 30 years or more. Examples of key economic assumptions include long-term investment return, long-term inflation and annual payroll increase.

Demographic assumptions are the actuary's best estimate of what will happen to TCDRS members and retirees. Examples of demographic assumptions are employment termination rates, retirement rates and retiree mortality rates. A complete listing of all actuarial assumptions can be found in the annual system-wide valuation report.

Oversight

The board has established review policies to ensure that actuarial assumptions are appropriate and that the methodology for determining employer contribution rates is being correctly applied.

Review of actuarial assumptions

TCDRS' actuarial assumptions are periodically reviewed and revised as deemed necessary to reflect best estimates of future experience. Every four years, the TCDRS consulting actuary conducts an investigation of experience. TCDRS assumptions are compared to plan experience and future expectations, and changes to the assumptions are recommended as needed. The board adopts actuarial assumptions to be used in the valuation based on the results of this study.

An actuarial audit of every investigation of experience is required and must be performed by an independent auditing actuary to review the consulting actuary's analysis, conclusions and recommendations for accuracy, appropriateness and reasonableness. These audits alternate between a peer review and a full replication audit of the investigation of experience. In a peer review audit of the investigation, the reviewing actuary uses the raw results of the investigation for demographic assumptions as calculated by the consulting actuary to test the conclusions and recommendations. In addition, the reviewing actuary independently analyzes economic assumptions to test the results and recommendations of the consulting actuary. The reviewing actuary also examines the consulting actuary's methods and assumptions for reasonableness and internal consistency. In a full replication audit of the investigation, in addition to performing all of the steps of a peer review, the auditing actuary fully replicates the calculation of the investigation's raw results.

Review of employer contribution rates

In order to test accuracy and ensure that the actuarial methods and assumptions are being correctly applied, an audit of the valuation is required every four years. These audits are conducted by an independent reviewing actuary and alternate between a peer review and a full replication audit of the valuation. In the peer review audit of the valuation, the actuary uses a sample of participant data and TCDRS plans to test the results of the valuation. The reviewing actuary also examines the consulting actuary's methods and assumptions for reasonableness and internal consistency. In a full replication audit of the valuation, the auditing actuary performs all the steps of a peer review audit but instead of analyzing sample data and plans, the auditing actuary fully replicates the original actuarial valuation.

Review and modification of funding policy

The board will review this policy on a regular basis and may modify this policy at its discretion. Modifications to the policy may be submitted for consideration to the board by staff and/or outside consulting actuaries as circumstances warrant.

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