OFFICIAL STATEMENT

Dated December 20, 2018

NEW ISSUE – Book-Entry-Only

Rating:
S&P: "AA-"
(See "OTHER INFORMATION - Rating" herein)

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

THE BONDS HAVE BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

$2,735,000
ARCHER COUNTY, TEXAS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019

Dated Date: December 15, 2018 **Due: February 15, as shown on page 2**
Interest Accrues from the Date of Initial Delivery

PAYMENT TERMS . . . Interest on the $2,735,000 Archer County, Texas, General Obligation Refunding Bonds, Series 2019 (the "Bonds") will accrue from the Date of Initial Delivery (as defined below) of the Bonds, will be payable February 15 and August 15 of each year, commencing August 15, 2019, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System" herein. The initial Paying Agent/Registrar is Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (see "THE BONDS – Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapter 1207, Texas Government Code, as amended, and are direct obligations of Archer County, Texas (the "County"), payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the County, as provided in the order adopted by the Commissioners Court of the County on September 10, 2018 authorizing the issuance of the Bonds (the "Bond Order"). As permitted by the provisions of Chapter 1207, Texas Government Code, as amended, in the Bond Order the Commissioners Court of the County delegated to certain officials of the County the authority to execute a pricing certificate establishing the final pricing terms of the Bonds (the "Pricing Certificate" and, together with the Bond Order, the "Order") (see "THE BONDS – Authority for Issuance").

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (i) refund certain outstanding obligations of the County (the "Refunded Obligations") (see "SCHEDULE I – Schedule of Refunded Obligations" herein) for debt service savings; and (ii) pay the costs of issuance related to the Bonds (see "PLAN OF FINANCE – Purpose").

CUSIP PREFIX: 039471
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the initial purchaser identified below (the "Underwriter") and subject to the approving opinion of the Attorney General of Texas and the opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel, Austin, Texas (see "APPENDIX C – Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriter by its counsel, McCall, Parkhurst & Horton L.L.P., Dallas, Texas.

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on January 24, 2019 (the "Date of Initial Delivery").

SAMCO CAPITAL MARKETS, INC.

CUSIP Prefix: 039471 [(1)]

MATURITY SCHEDULE

Principal Amount	Maturity February 15	Interest Rate	Initial Yield	CUSIP Suffix [(1)]
$ 295,000	2020	4.000%	2.000%	BB2
310,000	2021	4.000%	2.150%	BC0
320,000	2022	4.000%	2.250%	BD8
335,000	2023	4.000%	2.340%	BE6
350,000	2024	4.000%	2.440%	BF3
360,000	2025	4.000%	2.540%	BG1
375,000	2026	4.000%	2.630%	BH9
390,000	2027	4.000%	2.730%	BJ5

(Interest to Accrue from the Date of Initial Delivery)

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(1) 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. CUSIP numbers are included herein solely for the convenience of the owners of the Bonds. None of the County, the Financial Advisor, or the Underwriter are responsible for the selection or correctness of the CUSIP numbers set forth herein.

NO REDEMPTION . . . The Bonds are not subject to redemption prior to their stated maturity (see "THE BONDS – No Optional Redemption").

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No dealer, broker, salesman or other person has been authorized by the County or the Underwriter to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriter. This Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

Certain information set forth herein has been obtained from the County and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Financial Advisor, the County or the Underwriter. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder 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" herein for a description of the County's undertaking to provide certain information on a continuing basis.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to the Underwriter and other dealers who may sell the Bonds into investment accounts.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12.

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

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

NONE OF THE COUNTY, THE FINANCIAL ADVISOR, THE UNDERWRITER OR BOND COUNSEL MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING DTC OR ITS BOOK-ENTRY-ONLY SYSTEM.

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

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

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The cover page hereof, this page, the schedule, the appendices included herein and any addenda, supplement or amendment hereto, are part of this Official Statement.

OFFICIAL STATEMENT SUMMARY

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

THE COUNTY .... Archer County, Texas (the "County") is a legal subdivision of the State of Texas (the "State"), located in north central Texas. The County covers approximately 926 square miles. The City of Archer City is the County Seat.

THE BONDS .... The Bonds are issued as $2,735,000 General Obligation Refunding Bonds, Series 2019. The Bonds are issued as serial bonds maturing February 15, 2020 through and including February 15, 2027.

PAYMENT OF INTEREST .... Interest on the Bonds accrues from the Date of Initial Delivery of the Bonds to the Underwriter, and is payable August 15, 2019, and each February 15 and August 15 thereafter until maturity (see "THE BONDS – Description of the Bonds").

AUTHORITY FOR ISSUANCE .... The Bonds are being issued pursuant to the Constitution and general laws of the State, including particularly Chapter 1207, Texas Government Code, as amended, and an order of the Commissioners Court of the County (the "Bond Order") adopted on September 10, 2018, authorizing the issuance of the Bonds. As permitted by the provisions of Chapter 1207, Texas Government Code, as amended, in the Bond Order the Commissioners Court of the County delegated to certain officials of the County the authority to execute a pricing certificate establishing the final pricing terms of the Bonds (the "Pricing Certificate" and, together with the Bond Order, the "Order").

SECURITY FOR THE BONDS .... The Bonds constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the County (see "THE BONDS – Security and Source of Payment").

QUALIFIED TAX-EXEMPT OBLIGATIONS .... The Bonds have been designated as "Qualified Tax-Exempt Obligations" for financial institutions (see "TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions").

NO OPTIONAL REDEMPTION .... The Bonds are not subject to optional redemption prior to their stated maturity (see "THE BONDS – No Optional Redemption").

TAX EXEMPTION .... In the opinion of Bond Counsel, the interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, subject to the matters described herein. See "TAX MATTERS" for a discussion of the opinion of Bond Counsel.

USE OF PROCEEDS .... Proceeds from the sale of the Bonds will be used to (i) refund certain outstanding obligations of the County (the "Refunded Obligations") for debt service savings; and (ii) pay the costs of issuance of the Bonds (see "SCHEDULE I – Schedule of Refunded Obligations" and "PLAN OF FINANCE – Purpose").

RATING .... The Bonds are rated "AA-" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") (see "OTHER INFORMATION - Rating").

BOOK-ENTRY-ONLY SYSTEM ...... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS – Book-Entry-Only System").

PAYMENT RECORD .... The County has never defaulted in the payment of its general obligation tax debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated Population[(1)]	Taxable Assessed Valuation[(2)]	Taxable Assessed Valuation Per Capita	Net Tax Debt Outstanding at End of Year	Ratio of Tax Debt to Taxable Assessed Valuation	Funded Tax Debt Per Capita	% Total Collections
2015	8,755	$753,877,322	$ 86,108	$ 3,900,000	0.52%	$ 445	98.77%
2016	8,774	713,816,400	81,356	3,645,000	0.51%	415	101.13%
2017	8,809	628,429,194	71,339	3,380,000	0.54%	384	98.87%
2018	8,809	653,865,850	74,227	3,105,000	0.47%	352	100.44% (4)
2019	8,809	656,134,885	74,485	2,735,000 (3)	0.42%	310	N/A

(1) Source: The Municipal Advisory Council of Texas.
(2) As reported by the Archer County Appraisal District on County's annual State Property Tax Board Reports; subject to change during the ensuing year.
(3) Projected. Excludes the Refunded Obligations and includes the Bonds.
(4) Unaudited Collections as of September 30, 2018.

For additional information regarding the County, please contact:

Honorable Randall C. Jackson Archer County 100 S. Center St. Archer City, Texas 76351 Phone: (940) 574-4811	or	Vince Viaille Managing Director Specialized Public Finance Inc. 4925 Greenville Avenue, Suite 1350 Dallas, Texas 75206 Phone: (214) 373-3911

COUNTY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

Commissioners Court	Term Expires	Length of Service
Randall C. Jackson County Judge	December 31, 2018	3 Years
Richard Shelley Commissioner, Precinct No. 1	December 31, 2020	25 Years
Darin Wolf Commissioner, Precinct No. 2	December 31, 2018	21 Years
Pat Martin, III Commissioner, Precinct No. 3	December 31, 2020	13 Years
Darryl Lightfoot Commissioner, Precinct No. 4	December 31, 2018	23 Years

OTHER ELECTED AND APPOINTED OFFICIALS

Name	Position	Length of Service
Paul O. Wylie, Jr.	County Auditor	2 Years
Patricia A. Vieth	County Treasurer	16 Years
Karren Winter	County Clerk	23 Years
David Levy	County Attorney	5 Years

CONSULTANTS AND ADVISORS

Auditor .... Edgin, Parkman, Fleming & Fleming, PC
Certified Public Accountants
Wichita Falls, Texas

Bond Counsel .... Bickerstaff Heath Delgado Acosta LLP
Austin, Texas

Financial Advisor.. Specialized Public Finance Inc.
Dallas, Texas

OFFICIAL STATEMENT
RELATING TO

$2,735,000
ARCHER COUNTY, TEXAS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019

INTRODUCTION

This Official Statement, which includes the Schedule and Appendices hereto, provides certain information regarding the issuance of $2,735,000 Archer County, Texas, General Obligation Refunding Bonds, Series 2019 (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the order adopted by the Commissioners Court of Archer County, Texas (the "County") on September 10, 2018, authorizing the issuance of the Bonds (the "Bond Order"), except as otherwise indicated herein. In the Bond Order, and as authorized under Chapter 1207, Texas Government Code, as amended, the Commissioners Court of the County delegated to certain officials of the County the authority to execute a pricing certificate establishing the final pricing terms of the Bonds (the "Pricing Certificate" and, together with the Bond Order, the "Order").

There follows in this Official Statement descriptions of the Bonds and certain information regarding the County and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the County's Financial Advisor, Specialized Public Finance Inc.

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

DESCRIPTION OF THE COUNTY . . . The County was organized in 1880 and operates as specified under the Constitution of the State of Texas (the "State") and statutes which provide for a Commissioners Court consisting of the County Judge and four Commissioners, one from each of four geographical precincts. The County Judge is elected for a term of four years and the Commissioners for four-year staggered terms. Other major County elective officers include the County Clerk and County Treasurer. The 2010 Census population for the County was 9,054 and the 2018 estimated population is 8,809. The County covers approximately 926 square miles. The City of Archer City is the County Seat. For more information regarding the County, see "APPENDIX A – General Information Regarding the County".

PLAN OF FINANCE

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (i) refund certain outstanding obligations of the County (the "Refunded Obligations"); and (ii) pay costs associated with the issuance of the Bonds. See "SCHEDULE I – Schedule of Refunded Obligations" for a detailed listing of the Refunded Obligations and their redemption date and redemption price. The refunding is being undertaken to lower the County's debt service payments and will result in a present value savings to the County.

REFUNDED OBLIGATIONS . . . The principal and interest due on the Refunded Obligations will be paid on February 15, 2019, the redemption date of the Refunded Obligations, from funds to be deposited with the Escrow Agent (as defined herein) pursuant to an Escrow Deposit Agreement by and between the County and Zions Bancorporation, National Association, Amegy Bank Division (the "Escrow Agent"). The Order provides that from the proceeds of the sale of the Bonds received from the Underwriter and other available County funds, if any are necessary, the County will deposit with the Escrow Agent the full cash amount required to pay all amounts coming due on the Refunded Obligations on the redemption date and to accomplish the discharge and final payment of the Refunded Obligations on the redemption date. Such funds will be held by the Escrow Agent in a trust clearing account pending their disbursement to redeem the Refunded Obligations on the redemption date. By the deposit with the Escrow Agent in such trust clearing account, the County will have effected the defeasance of the Refunded Obligations in accordance with the applicable law.

Specialized Public Finance Inc., acting as Financial Advisor to the County, will provide a sufficiency certificate (the "Certificate") verifying at the time of delivery of the Bonds to the Underwriter that the full cash amount deposited into the Escrow Fund will be sufficient to pay on the redemption date the principal of and interest on the Refunded Obligations. The Certificate will be relied upon by Bond Counsel in rendering its opinion with respect to the defeasance of the Refunded Obligations.

By the deposit of the Bond proceeds and cash, if any, with the Escrow Agent, the County will have effected the defeasance of the Refunded Obligations pursuant to the terms of Chapter 1207, Texas Government Code, as amended, and the order authorizing the issuance of the Refunded Obligations. As a result of such defeasance, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the cash held for such purpose by the Escrow Agent, and the Refunded Obligations will not be deemed as being outstanding obligations of the County payable from the sources and secured in the manner provided in the order authorizing their issuance or for any other purpose.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated December 15, 2018, and mature on February 15 in each of the years and in the amounts shown on page 2 hereof. Interest on the Bonds accrues from the Date of Initial Delivery of the Bonds to the Underwriter, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15 and August 15, commencing August 15, 2019. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are being issued pursuant to the Constitution and the laws of the State, including Chapter 1207, Texas Government Code, as amended, and the Order.

SECURITY AND SOURCE OF PAYMENT . . . The Bonds constitute direct obligations of the County, secured by a continuing direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the County. The Bonds are payable from the County's $0.80 limited ad valorem tax rate authorized under Article VIII, Section 9, of the Texas Constitution. See "THE BONDS – Tax Rate Limitation".

TAX RATE LIMITATION . . . _General Operations; Limited Tax Bonds, Time Warrants, Certificates of Obligation and Contractual Obligations_. The Texas Constitution (Article VIII, Section 9) imposes a limit of $0.80 per $100 assessed valuation of all taxable property within the County for all constitutional purposes, including the General Fund, Permanent Improvement Fund, Road and Bridge Fund and Jury Fund, and debt service of bonds, warrants or certificates of obligation issued against such funds. The Attorney General of Texas will not approve the issuance of limited tax bonds in an amount which produces debt service requirements exceeding that which can be paid from $0.40 of the foregoing $0.80 maximum tax rate calculated at 90% collection. The Bonds are limited tax obligations payable from the $0.80 constitutional tax rate.

Limited tax obligations of counties issued pursuant to authority granted under V.T.C.A., Government Code, Section 1301.003 are limited to the amount of such debt issued for certain purposes as follows:

Courthouse	2% of Assessed Valuation
Jail	1½ % of Assessed Valuation
Courthouse and Jail	3½ % of Assessed Valuation
Road and Bridge	1½ % of Assessed Valuation

However, courthouse, jail and certain other types of bonds may be issued under the authority of Subchapter D of Chapter 1473, Texas Government Code, which removes the above limitations, and authorizes the tax limit under Article VIII, Section 9.

Unlimited Tax Road Bonds. Article III, Section 52, Texas Constitution, authorizes the County to levy a separate tax, without legal limit as to rate, to pay debt service on County road bonds issued pursuant to such authority upon approval by a majority of participating voters in an election held to approve the issuance of such bonds. Article III, Section 52 of the Texas Constitution also provides that unlimited tax road bond debt may not exceed 25% of the County's assessed valuation of real property. The County has no authorized but unissued unlimited tax road bonds.

Road Maintenance (Special Road and Bridge Tax). Under Section 256.052, Texas Transportation Code, a county may adopt an additional ad valorem tax not to exceed $0.15 on the $100 assessed valuation of property provided by Article VIII, Section 9 of the Texas Constitution, for the further maintenance of county roads. This additional tax may be established by the Commissioners Court only upon approval by a majority of participating voters in an election held to approve such additional tax. The additional tax may not be used for debt service.

Farm-to-Market and/or Flood Control. Under Section 256.054, Texas Transportation Code, a county may adopt an additional ad valorem tax not to exceed $0.30 on the $100 assessed valuation, after exemption of homesteads up to $3,000, provided by Article VIII, Section 1-a of the Texas Constitution, for the construction and maintenance of farm-to-market and lateral roads or for flood control. This additional tax may be established by the Commissioners Court only upon approval by a majority of participating voters in an election held to approve such additional tax. No allocation is prescribed by statute between debt service and maintenance. Therefore, all or part may be used for either purpose.

AMENDMENTS TO THE ORDER . . . The County may amend the Order without the consent of or notice to any registered owner in any manner not detrimental to the interest 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 Bonds then outstanding and affected thereby, 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 Bonds affected, no such amendment, addition or rescission may (1) make any change in the maturity of any of the outstanding Bonds; (2) reduce the rate of interest borne by any of the outstanding Bonds; (3) reduce the amount of the principal or maturity value of, or redemption premium, if any, payable on any outstanding Bonds; (4) modify the terms of payment or of interest or redemption premium on outstanding Bonds or any of them or impose any condition with respect to such payment; (5) give any preference to any Bond over any other Bond; or (6) change the minimum percentage amount of the Bonds necessary to be held by registered owners for consent to such amendment.

NO OPTIONAL REDEMPTION . . . The Bonds are not subject to optional redemption prior to their stated maturity.

DEFEASANCE . . . The Order provides for the defeasance of the Bonds in any manner now or hereafter provided by law, including when the payment of the principal of and premium, if any, on the Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or otherwise), is provided by irrevocably depositing with a paying agent, in trust (1) money sufficient to make such payment or (2) Defeasance Securities (defined below) to mature as to principal and interest in such amounts and at such times to ensure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. The County has additionally reserved the right in the Order, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested money on deposit for such defeasance and to withdraw for the benefit of the County money in excess of the amount required for such defeasance.

The Order provides that "Defeasance Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the County authorizes the defeasance, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that on the date the governing body of the County adopts or approves the proceedings authorizing the financial arrangements have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, or (d) any additional securities and obligations hereafter authorized by Texas law as eligible for use to accomplish the discharge of obligations such as the Bonds. There is no assurance that the ratings for United States Treasury securities acquired to defease any Bonds, or those for any other Defeasance Securities, will be maintained at any particular rating category. Further, there is no assurance that current State law will not be amended in a manner that expands or contracts the list of permissible defeasance securities (such list consisting of those securities identified in clauses (a) through (c) above), or any rating requirement thereon, that may be purchased with defeasance proceeds relating to the Bonds ("Defeasance Proceeds"), though the County has reserved the right to utilize any additional securities for such purpose in the event the aforementioned list is expanded. Because the Order does not contractually limit such permissible defeasance securities and expressly recognizes the ability of the County to use lawfully available Defeasance Proceeds to defease all or any portion of the Bonds, registered owners of Bonds are deemed to have consented to the use of Defeasance Proceeds to purchase such other defeasance securities, notwithstanding the fact that such defeasance securities may not be of the same investment quality as those currently identified under State law as permissible defeasance securities.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding obligations for purposes of applying any debt limitation on indebtedness or for purposes of taxation.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and accredited by DTC while the Bonds 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 Underwriter 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 Bonds, or redemption or other notices, to DTC Direct Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), 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 Securities and Exchange Commission, 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 Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, 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"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds 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 Bonds shall be sent to DTC. If less than all of the Bonds 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 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds 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 County 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 Bonds 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 County, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the County 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 Direct and Indirect Participants.

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

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

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

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT . . . In reading this Official Statement it should be understood that while the Bonds 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 Bonds, 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.

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 Underwriter.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas. In the Order, the County retains the right to replace the Paying Agent/Registrar. The County covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the County agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange 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, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, 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 Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "THE BONDS – Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the last business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date for the Bonds, 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 County. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("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 Holder of an Bond 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.

BONDHOLDERS' REMEDIES . . . If the County defaults in the payment of the principal, premium, if any, or interest, on the Bonds 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 Bonds if there is no other available remedy at law to compel performance of the Bonds 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 with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds 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 Bondholders 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 legislature has not waived the County's sovereign immunity from a suit for money damages, and without legislative action Bondholders may not be able to bring such a suit against the County for breach of the Bonds 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 Bonds. Furthermore, the County is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders 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 Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

SOURCES AND USES OF BOND PROCEEDS . . . Proceeds from the sale of the Bonds are expected to be expended as follows:

SOURCES OF PROCEEDS:	
Principal Amount of the Bonds	$ 2,735,000.00
Reoffering Premium	179,148.60
Transfers from Prior Issue Debt Service Funds	52,500.00
Total Sources of Proceeds	$ 2,966,648.60
USES OF PROCEEDS:	
Deposit to Escrow Fund	$ 2,874,461.25
Underwriter's Discount	21,753.75
Costs of Issuance	70,433.60
Total Uses of Proceeds	$ 2,966,648.60

TAX INFORMATION

AD VALOREM TAX LAW . . . The appraisal of property within the County is the responsibility of the Archer County Appraisal District (the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under Title I of the Texas Tax Code, as amended (the "Property Tax Code"), to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. 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 property's market value in the most recent tax year in which the market value was determined by the Appraisal District or (2) the sum of (a) 10% of the property's appraised value in the preceding tax year, plus (b) the property's appraised value the preceding tax year, plus (c) the market value of all new improvements to the property. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The County may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the County by petition filed with the Appraisal Review Board.

Reference is made to the Property Tax Code for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the State Constitution ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant 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. Once authorized, such exemption may be repealed or decreased or increased in amount (i) by the governing body of the political subdivision or (ii) by a favorable vote of a majority of the qualified voters at an election called by the governing body of the political subdivision, which election must be called upon receipt of a petition signed by at least 20% of the number of qualified voters who voted in the preceding election of the political subdivision. In the case of a decrease, the amount of the exemption may not be reduced to less than $3,000 of the market value.

The surviving spouse of an individual who qualifies for the foregoing exemption for the residence homestead of a person 65 or older (but not the disabled) is entitled to an exemption for the same property in an amount equal to that of the exemption for which the deceased spouse qualified if (i) the deceased spouse died in a year in which the deceased spouse qualified for the exemption, (ii) the surviving spouse was at least 55 years of age at the time of the death of the individual's spouse and (iii) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse.

In addition to any other exemptions provided by the Property Tax Code, the governing body of a political subdivision, at its option, may grant an exemption of up to 20% of the market value of residence homesteads, with a minimum exemption of $5,000. The governing body of a political subdivision is prohibited from reducing or repealing the amount of this optional homestead exemption if it was in place for the 2014 tax year (fiscal year ending 2015) for a period ending December 31, 2019.

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.

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; provided, however, that a disabled veteran who receives from the from the United States Department of Veterans Affairs or its successor 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran’s residence homestead. In addition, effective January 1, 2012, and subject to certain conditions, surviving spouses of a deceased veteran who had received a disability rating of 100% will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

Under Article VIII and State law, the governing body of a county, municipality or junior college district, may freeze the total amount of ad valorem taxes levied on the residence homestead of a disabled person or persons 65 years of age or older to the amount of taxes imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are disabled. Upon providing for such tax limitation, such freeze on ad valorem taxes is transferable to a different residence homestead. Also, a surviving spouse of a taxpayer who qualifies for the freeze on ad valorem taxes is entitled to the same exemption so long as the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse and the spouse was at least 55 years of age at the time of the death of the individual’s spouse. If improvements (other than maintenance, repairs or improvements required to comply with governmental requirements) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following years. Once established, the tax rate limitation may not be repealed or rescinded.

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 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.

For property to be exempt from taxation, a claim for exemption must be filed, except with respect to property owned by the State or its political subdivisions, property exempt by federal law, household goods and personal effects, family supplies, farm products, implements of farming and ranching, and automobiles.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

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.

Article VIII, Section 1-n of the Texas Constitution provides for an exemption from taxation for "goods-in-transit," which are defined as (i) personal property acquired or imported into the State and transported to another location inside or outside the State, (ii) stored under a contract for bailment in public warehouses not in any way owned or controlled by the owner of the stored goods, and (iii) 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.

Pursuant to changes enacted during the 2011 Texas Legislative Special Session, all taxing units, including those that have previously taken official action to tax goods-in-transit, may not tax goods-in-transit in the 2012 tax year or thereafter, unless the governing body of the taxing unit holds a public hearing and takes action on or after October 1, 2011, to provide for the taxation of the goods-in-transit. After holding a public hearing, a taxing unit may take official action prior to January 1 of the first tax year in which the governing body proposes to tax goods-in-transit. After taking such official action, the goods-in-transit remain subject to taxation by the taxing unit until the governing body of the taxing unit rescinds or repeals its previous action to tax goods-in-transit. If, however, a taxing unit took official action prior to October 1, 2011 to tax goods-in-transit and pledged the taxes imposed on the goods-in-transit for the payment of a debt, taxes may continue to be imposed on goods-in-transit until the debt is discharged, if cessation of the imposition of the tax would impair the obligation of the contract by which the debt was created.

Pursuant to Chapter 311, Texas Tax Code, as amended, a county or a municipality may create tax increment financing districts ("TIF") within their territory with defined boundaries and establish a base value of taxable property in the TIF at the time of its creation. Overlapping taxing units, including the County, may agree with the municipality to contribute all or part of future ad valorem taxes levied and collected against the "incremental value" (taxable value in excess of the base value) of taxable real property in the TIF to pay or finance the costs of certain public improvements in the TIF. Taxes levied by the County against the "incremental value" of property in the TIF are not available for general use by the County but are remitted to the municipality creating the TIF, or to the TIF fund if the TIF was created by the County, to pay or finance "project costs" within the TIF.

The County may enter into tax abatement agreements with owners of property pursuant to Chapter 312, Texas Tax Code, as amended. Prior to entering into a tax abatement agreement, each taxing 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 County, 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.

Counties are also authorized, pursuant to Chapter 381, Texas Local Government Code ("Chapter 381"), as amended, to establish programs to promote state or local economic development and to stimulate business and commercial activity in the County. In accordance with a program established pursuant to Chapter 381, the County may make loans or grant of public funds for economic development purposes, however, no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the County.

EFFECTIVE TAX RATE AND ROLLBACK TAX RATE . . . Before the later of September 30 or the 60th day after the certified appraisal roll is received by the County, the Commissioners Court is required to adopt a tax rate per $100 taxable value for the current year. If the Commissioners Court does not adopt a tax rate by such required date, the tax rate for that tax year is the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the County for the preceding tax year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Under the Property Tax Code, the County must annually calculate and publicize its "effective tax rate" and "rollback tax rate". The Commissioners Court may not adopt a tax rate that exceeds the lower of the rollback tax rate or the effective tax rate until it has held two public hearings on the proposed tax rate following notice to the taxpayers and otherwise complied with the Property 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 (adjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate.

The Property Tax Code provides that certain cities and counties in the State may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year. The County has authorized the additional one-half cent sales tax.

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

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the County is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. The valuation assessment of oil and gas reserves depends upon pricing information in either the standard edition of the Annual Energy Outlook or, if the most recently published edition of the Annual Energy Outlook was published before December 1 of the preceding calendar year, the Short-Term Energy Outlook report published in January of the current calendar year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, a 20% attorney's collection fee is added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the County's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action 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.

COUNTY APPLICATION OF TAX CODE . . . The County grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $25,000.

The County has not granted an additional exemption of up to 20% of the market value of residence homesteads; minimum exemption of $5,000.

See "TAX INFORMATION – Table 1 – Valuation, Exemptions and General Obligation Debt" for a listing of the amounts of the exemptions described above.

The County has adopted the tax freeze for citizens who are disabled or are 65 years of age or older.

Ad valorem taxes are not levied by the County against the exempt value of residence homesteads for the payment of debt.

The County does not tax nonbusiness personal property; and Archer County Appraisal District collects taxes for the County.

The County does not permit split payments, and discounts are not allowed.

The County does not tax freeport property.

The County does collect the additional one-half cent sales tax for reduction of ad valorem taxes.

TAX ABATEMENT POLICY . . . The County has established a tax abatement program to encourage economic development. In order to be considered for tax abatement, a project must meet several criteria pertaining to job creation and property value enhancement.

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2018/2019 Market Valuation Established by Archer County Appraisal District (excludes exempt property)		$1,892,745,653
Less Exemptions/Reductions at 100% Market Value:		
Residence Homestead Exemptions	$ -	
Residence Homestead Exemptions (Over 65), Disabled HS and Veterans	14,505,348	
Productivity Loss	887,505,110	
Homestead Capped Value Loss	1,439,980	
Abatement	283,532,220	
Miscellaneous	49,628,110	1,236,610,768
2018/2019 Taxable Assessed Valuation		$ 656,134,885
General Obligation Debt Payable from Ad Valorem Taxes as of 11/30/2018		$ 290,000 [1]
The Bonds		2,735,000
		$ 3,025,000
I&S Fund Balance as of 11/30/2018		$ 292,127
Ratio General Obligation Debt to Taxable Assessed Valuation		0.46%

2018 Estimated Population - 8,809
Per Capita Taxable Assessed Valuation - $74,485
Per Capita General Obligation Debt - $343

(1) Excludes the Refunded Obligations.

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TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2019		2018		2017	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential Single Family	$ 327,364,143	17.30%	$ 333,737,703	17.64%	$ 305,702,270	16.21%
Real, Residential Multi-Family	857,252	0.05%	903,782	0.05%	779,270	0.04%
Real, Vacant Lots/Tracts	7,908,315	0.42%	5,905,145	0.31%	5,966,670	0.32%
Real, Agricultural Land (Land Only)	992,484,260	52.44%	939,617,290	49.66%	923,205,710	48.96%
Real, Farm and Ranch Improvements	76,546,455	4.04%	73,544,530	3.89%	66,779,400	3.54%
Real, Commercial and Industrial	301,406,350	15.92%	355,749,700	18.80%	394,621,790	20.93%
Oil and Gas	64,133,510	3.39%	60,252,100	3.18%	63,005,490	3.34%
Real and Tangible Personal, Utilities	80,923,840	4.28%	81,850,250	4.33%	82,639,300	4.38%
Tangible Personal, Commercial and Industrial	38,648,898	2.04%	39,245,752	2.07%	41,167,610	2.18%
Tangible Personal, Mobile Homes	2,268,480	0.12%	1,114,290	0.06%	1,231,780	0.07%
Real Property Inventory	204,150	0.01%	300,140	0.02%	382,720	0.02%
Total Appraised Value Before Exemptions	$ 1,892,745,653	100.00%	$ 1,892,220,682	100.00%	$ 1,885,482,010	100.00%
Adjustments	-		-		6,102,130	
Less: Total Exemptions/Reductions	(1,236,610,768)		(1,238,354,832)		(1,263,154,946)	
Taxable Assessed Value	$ 656,134,885		$ 653,865,850		$ 628,429,194	

	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2016		2015	
Category	Amount	% of Total	Amount	% of Total
Real, Residential Single Family	$ 297,403,603	16.25%	$ 285,384,073	15.89%
Real, Residential Multi-Family	779,282	0.04%	777,412	0.04%
Real, Vacant Lots/Tracts	5,275,930	0.29%	4,180,625	0.23%
Real, Agricultural Land (Land Only)	735,237,100	40.18%	708,471,630	39.44%
Real, Farm and Ranch Improvements	66,610,850	3.64%	64,364,470	3.58%
Real, Commercial and Industrial	441,309,160	24.12%	393,280,210	21.89%
Oil and Gas	149,582,980	8.18%	210,442,310	11.72%
Real and Tangible Personal, Utilities	82,062,745	4.48%	80,089,145	4.46%
Tangible Personal, Commercial and Industrial	50,118,930	2.74%	47,863,887	2.66%
Tangible Personal, Mobile Homes	1,357,630	0.07%	1,492,450	0.08%
Real Property Inventory	-	0.00%	-	0.00%
Total Appraised Value Before Exemptions	$ 1,829,738,210	100.00%	$ 1,796,346,212	100.00%
Adjustments	-		-	
Less: Total Exemptions/Reductions	(1,115,921,810)		(1,042,468,890)	
Taxable Assessed Value	$ 713,816,400		$ 753,877,322	

Note: Valuations shown are certified taxable assessed values reported by the Archer County Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

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TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population[(1)]	Taxable Assessed Valuation[(2)]	Taxable Assessed Valuation Per Capita	Net Tax Debt Outstanding at End of Year	Ratio of Tax Debt to Taxable Assessed Valuation	Funded Tax Debt Per Capita	Tax Year
2015	8,755	$753,877,322	$ 86,108	$ 3,900,000	0.52%	$ 445	2014
2016	8,774	713,816,400	81,356	3,645,000	0.51%	415	2015
2017	8,809	628,429,194	71,339	3,380,000	0.54%	384	2016
2018	8,809	653,865,850	74,227	3,105,000	0.47%	352	2017
2019	8,809	656,134,885	74,485	2,735,000 (3)	0.42%	310	2018

(1) Source: The Municipal Advisory Council of Texas.
(2) As reported by the Archer County Appraisal District on County's annual State Property Tax Board Reports; subject to change during the ensuing year.
(3) Projected. Excludes the Refunded Obligations and includes the Bonds.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	Distribution: General Fund	Distribution: Interest and Sinking Fund	Tax Levy	% of Current Tax Collections to Tax Levy	% of Total Tax Collections to Tax Levy	Tax Year
2015	$ 0.43841	$ 0.37836	$ 0.06005	$ 3,990,181	95.66%	98.77%	2014
2016	0.47930	0.41509	0.06421	4,167,783	98.14%	101.13%	2015
2017	0.55567	0.48082	0.07485	4,244,429	96.57%	98.87%	2016
2018	0.52923	0.45773	0.07150	4,187,833	97.10% (1)	100.44% (1)	2017
2019	0.52113	0.44795	0.07318	3,419,316	In Process of Collection		2018

(1) Unaudited Collections as of September 30, 2018.

TABLE 5 - TAX RATE DISTRIBUTION ANALYSIS

	Fiscal Years Ended September 30,				
	2019	2018	2017	2016	2015
General Fund	$ 0.44795	$ 0.45773	$ 0.48082	$ 0.41509	$ 0.37836
Interest and Sinking Fund	0.07318	0.07150	0.07485	0.06421	0.06005
Total Constitutional Tax Rate	$ 0.52113	$ 0.52923	$ 0.55567	$ 0.47930	$ 0.43841
Special Road and Bridge Tax Rate	$ 0.04977	$ 0.04638	$ 0.03115	$ 0.02697	$ 0.03085
Farm-to-Market Tax Rate	$ 0.05552	$ 0.06131	$ 0.07010	$ 0.06043	$ 0.05651
County Road	$ 0.03782	$ 0.03811	$ 0.03811	$ 0.03288	$ -
Total Tax Rate	$ 0.66424	$ 0.67503	$ 0.69503	$ 0.59958	$ 0.52577

TABLE 6 - TEN LARGEST TAXPAYERS

Name of Taxpayer	2018/2019 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
ONCOR Electric Delivery Co.	$ 35,668,700	5.44%
Texas Express Pipeline	20,969,520	3.20%
Willowbend Investments	5,622,610	0.86%
Steinberger Drilling	3,968,220	0.60%
Wilcox Energy Co LLC	3,125,550	0.48%
Bridwell Oil Co	2,550,740	0.39%
Phillips 66 Pipeline	2,355,870	0.36%
Plains Pipeline	2,193,380	0.33%
Banner Oil & Gas	2,133,680	0.33%
Walsh & Watts Inc	1,988,620	0.30%
	$ 80,576,890	12.28%

TABLE 7 - TAX ADEQUACY (1)

2019 Tax Supported Principal and Interest Requirements	$ 356,882
$0.0561 Tax Rate at 97% Collection Produces	$ 357,049
Average Annual Tax Supported Principal and Interest Requirements, 2019 - 2027	$ 394,665
$0.0621 Tax Rate at 97% Collection Produces	$ 395,236
Maximum Tax Supported Principal and Interest Requirements, 2024	$ 402,000
$0.0632 Tax Rate at 97% Collection Produces	$ 402,237

(1) Projected. Excludes the Refunded Obligations and includes the Bonds.

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TABLE 8 - ESTIMATED CONSOLIDATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the County are paid out of ad valorem taxes levied by such entities on properties within the County. Such entities are independent of the County and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the County, the County 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 may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the County.

Taxing Jurisdiction	Total G.O. Tax Debt 11/30/2018	Estimated % Applicable	Overlapping G.O. Tax Debt As of 11/30/2018
Archer County	$ 3,025,000 (1)	100.00%	$ 3,025,000 (1)
Archer City ISD	16,175,000	100.00%	16,175,000
Holliday ISD	17,035,000	91.70%	15,621,095
Holliday, City of	225,000	100.00%	225,000
Iowa Park CISD	12,235,000	3.22%	393,967
Jacksboro ISD	28,175,000	0.38%	107,065
Lakeside City, City of	65,000	100.00%	65,000
Olney ISD	5,625,000	42.51%	2,391,188
Windthorst ISD	1,805,000	82.11%	1,482,086
Total Direct and Overlapping G.O. Debt			$ 39,485,400
Ratio of Direct and Overlapping G.O. Debt to Taxable Assessed Valuation			6.02%
Per Capita Overlapping G.O. Debt			$ 4,482

(1) Projected. Excludes the Refunded Obligations and includes the Bonds.

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DEBT INFORMATION

TABLE 9 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ended	Outstanding Debt [1]			The Bonds [2]			Total Debt Service
9/30	Principal	Interest	Total	Principal	Interest	Total	Requirements
2019	$290,000	$ 5,800	$295,800	$ -	$ 61,082	$ 61,082	$ 356,882
2020	-	-	-	295,000	103,500	398,500	398,500
2021	-	-	-	310,000	91,400	401,400	401,400
2022	-	-	-	320,000	78,800	398,800	398,800
2023	-	-	-	335,000	65,700	400,700	400,700
2024	-	-	-	350,000	52,000	402,000	402,000
2025	-	-	-	360,000	37,800	397,800	397,800
2026	-	-	-	375,000	23,100	398,100	398,100
2027	-	-	-	390,000	7,800	397,800	397,800
	$290,000	$ 5,800	$295,800	$ 2,735,000	$ 521,182	$ 3,256,182	$ 3,551,982

(1) Excludes the Refunded Obligations.
(2) Interest on the Bonds has been calculated at the rates set forth on the inside cover.

TABLE 10 - INTEREST AND SINKING FUND BUDGET PROJECTION [1]

Tax Supported Debt Service Requirements, Fiscal Year Ending 9-30-19		$ 356,882
Interest and Sinking Fund Balance, 9-30-18 [2]	$ 240,268	
Interest and Sinking Fund Tax Levy @ 97% collections	465,755	706,023
Estimated Balance Fiscal Year Ending 9-30-19		$ 349,141

(1) Projected. Excludes the Refunded Obligations and includes the Bonds.
(2) Unaudited.

TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

The County has no authorized but unissued General Obligation Bonds.

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT . . . The County does not anticipate the issuance of general obligation debt within the next twelve months.

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TABLE 12 - OTHER OBLIGATIONS

The County has various long-term liabilities in terms of notes outstanding.

(For more detailed information concerning the Long-term Liabilities, see APPENDIX B, "Excerpts from the County's Annual Financial Report" – Note 8.)

DEFINED BENEFIT PENSION PLAN

PLAN DESCRIPTION . . . The County provides retirement, disability, and death benefits for all of its fulltime employees through a nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 701 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis that is publicly available at www.tcdrs.org.

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

(For more detailed information concerning the retirement plan, see "APPENDIX B – Excerpts From the County's Annual Financial Report" - Note 9.)

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FINANCIAL INFORMATION

TABLE 13 - CHANGES IN NET POSITION

	Fiscal Years Ended September 30,				
REVENUES:	2017	2016	2015	2014	2013
Program Revenues:					
Charges for Services	$ 716,755	$ 715,931	$ 661,727	$ 764,841	$ 837,003
Operating Grants and Contributions	273,296	1,015,115	581,314	563,422	143,434
General Revenues:					
Property Taxes	$ 4,779,815	$ 4,613,081	$ 4,191,097	$ 4,171,367	$ 4,032,374
Sales Taxes	293,903	263,441	344,980	408,219	437,200
Highway Taxes	424,703	426,990	427,410	433,939	434,394
Investment Earnings	11,068	5,255	6,370	5,983	5,611
Miscellaneous	151,695	43,071	123,614	184,339	121,945
Gain on Sale of Capital Assets	-	-	54,602	43,170	685,398
Total Revenues	$ 6,651,235	$ 7,082,884	$ 6,391,114	$ 6,575,280	$ 6,697,359
EXPENSES:					
Governmental Activities:					
General Government	$ 1,283,098	$ 1,114,747	$ 1,160,395	$ 974,755	$ 953,300
Judicial	155,499	154,549	121,280	125,357	117,870
Courthouse/Annex/Buildings	247,845	252,622	274,808	294,317	266,919
County Clerk	175,503	166,790	162,891	162,582	194,050
District Clerk	143,579	142,019	128,522	133,187	127,747
Elections	76,515	83,477	61,370	86,415	37,201
District Court	99,206	98,362	76,621	91,361	87,237
District Attorney	77,171	61,664	80,802	76,954	80,350
County Attorney	131,163	131,792	119,612	126,654	150,866
Tax Assessor/Collector	182,157	156,899	153,272	152,485	180,218
Treasurer	107,780	104,104	99,073	95,466	84,002
Public Transportation	1,649,771	1,916,778	1,858,932	1,353,875	1,214,114
Constable	127,450	104,156	111,429	107,782	65,427
Sheriff	1,428,539	1,266,077	1,220,681	1,285,573	1,189,156
Indigent Health Care	111,362	75,232	104,914	126,829	76,997
Extension Office	48,827	59,371	60,765	66,671	61,420
Emergency Management	42,051	57,850	46,266	47,689	49,198
County auditor	77,224	84,700	71,313	68,779	62,643
Library	54,556	53,382	52,660	50,809	51,967
Justice of the Peace	216,033	159,912	197,989	192,142	178,246
Museum	3,295	2,832	4,605	4,154	5,182
Other Departments	84,333	71,502	48,625	469,340	124,906
Debt Service	132,331	143,292	152,512	161,265	169,751
Total Expenses	$ 6,655,288	$ 6,462,109	$ 6,369,337	$ 6,254,441	$ 5,528,767
Increase (Decrease) in Net Position	$ (4,053)	$ 620,775	$ 21,777	$ 320,839	$ 1,168,592
Net Position - Beginning	$ 10,051,326	$ 9,430,553	$ 8,906,898	$ 8,533,972 (1)	$ 7,486,848 (1)
Prior Period Adjustment		(2)	501,878	52,087	(116,715)
Net Position - Ending	$ 10,047,273	$ 10,051,326	$ 9,430,553	$ 8,906,898	$ 8,538,725

(1) Restated.

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TABLE 13A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,				
Revenues	2017	2016	2015	2014	2013
Ad Valorem Taxes	$ 3,018,415	$ 2,953,025	$ 2,665,912	$ 2,601,130	$ 2,621,017
Payments in lieu of taxes	522,950	415,450	-	-	-
Sales Taxes	293,903	263,440	344,980	408,219	437,200
Fees and Commissions	441,068	438,789	448,731	526,745	611,279
Royalties	75,404	33,855	66,325	119,843	92,242
Intergovernmental	61,246	66,590	54,420	59,330	51,218
Other	216,098	172,932	440,992	518,464	307,001
Total Revenues	$ 4,629,084	$ 4,344,081	$ 4,021,360	$ 4,233,731	$ 4,119,957
Expenditures					
General Administrative	$ 1,283,098	$ 1,114,747	$ 1,160,395	$ 974,755	$ 943,553
County Judge/County Court	151,111	153,859	122,636	124,820	117,311
Courthouse/Annex/Buildings	140,331	163,727	172,758	192,540	165,763
County Clerk	133,426	128,770	125,160	146,698	172,752
District Clerk	138,653	139,677	130,477	132,520	127,747
Elections	69,624	78,528	61,226	84,127	30,504
District Court	97,936	98,156	77,724	91,361	87,237
District Attorney	77,171	61,664	80,802	76,954	80,350
County Attorney	127,143	131,216	122,892	126,155	150,866
Tax Assessor/Collector	177,679	156,287	157,048	152,485	180,218
Treasurer	104,872	103,694	101,536	95,466	84,002
Sheriff	1,371,074	1,186,472	1,160,732	1,269,558	1,105,237
Constable 1	62,178	23,449	32,805	32,117	1,095
Constable 2	32,491	51,042	18,428	20,616	10,344
Constable 3	-	-	-	-	-
Constable 4	102,372	51,057	53,763	56,783	48,794
Indigent Health Care	109,891	75,023	106,008	126,829	76,227
Extension Office	48,468	59,302	61,191	61,275	59,563
Emergency Management	53,850	53,331	43,987	77,304	50,108
County Auditor	75,025	84,334	73,198	68,779	62,643
Library	53,257	53,198	53,817	50,809	51,967
Justice of the Peace - Precinct 1	103,225	97,034	93,196	91,649	87,116
Justice of the Peace - Precinct 2	44,404	9,907	58,880	57,450	52,747
Justice of the Peace - Precinct 3	11,496	5,403	6,520	5,252	4,524
Justice of the Peace - Precinct 4	50,497	46,870	44,903	37,791	33,859
Museum	3,055	2,832	4,105	3,957	5,161
Other Departments	33,491	32,224	30,262	89,207	78,364
Total Expenditures	$ 4,655,818	$ 4,161,803	$ 4,154,449	$ 4,247,257	$ 3,868,052
Excess (Deficiency) of Revenue Over (Under) Expenditures	$ (26,734)	$ 182,278	$ (133,089)	$ (13,526)	$ 251,905
Other Financing Sources (Uses):					
Transfers In	$ -	$ 31,373	$ 28,388	$ 28,151	$ 570
Other	200,180	86,313	74,161	167,730	62,431
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	$ 200,180	$ 117,686	$ 102,549	$ 195,881	$ 63,001
Net Change in Fund Balance	$ 173,446	$ 299,964	$ (30,540)	$ 182,355	$ 314,906
Fund Balances - Beginning	$ 2,335,238	$ 2,035,274	$ 2,065,814	$ 1,841,424 (1)	$ 1,526,239 (1)
Prior Period Adjustment	-	-	-	42,035	-
Fund Balances - Ending	$ 2,508,684	$ 2,335,238	$ 2,035,274	$ 2,065,814	$ 1,841,145

General Fund balance as of September 30, 2018 was $2,246,016.

(1) Restated.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the County conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. GAAP for local governments includes those principles prescribed by the Governmental Accounting Standards Board (GASB), which includes all statements and interpretations of the National Council on Governmental Accounting (NCGA) unless modified by the GASB, and those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units. The following is a summary of the more significant policies and practices used by the County.

BASIS OF PRESENTATION

Government-wide financial statements . . . The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the County. For the most part, the effects of interfund activity have been removed from these statements.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (public works, public transportation, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting operational requirements of a particular function or segment, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund financial statements . . . Separate fund-based financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for governmental and enterprise) for the determination of major funds. The major governmental funds are the General Fund, CETRZ Fund, and the Precinct #2 Road and Bridge Fund. Non-major funds are combined in a column in the fund financial statements.

The government-wide focus is more on the sustainability of the County as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

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INVESTMENTS

The County invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the Commissioners Court of the County. Both state law and the County's investment policies are subject to change.

LEGAL INVESTMENTS … Under Texas law, the County is authorized to invest in obligations meeting the requirements of the Texas Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended (the "PFIA") which may include: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the County in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the County's account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (iv) the County appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, 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 a broker or institution that has a main office or branch office in the State and selected by the County in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the County, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the County appoints, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the County with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clause (1) which are pledged to the County, held in the County's name, and deposited at the time the investment is made with the County or with a third party selected and approved by the County, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the County is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral 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 designated by the County, (v) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

The County may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days. The County may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the County retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the County must do so by order, ordinance, or resolution.

The County is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES . . . 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, maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the 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, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, County investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the County shall submit an investment report detailing: (1) the investment position of the County, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and 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 strategy statements and (b) state law. No person may invest County funds without express written authority from the Commissioners Court.

ADDITIONAL PROVISIONS . . . Under Texas law, the County is additionally required to: (1) annually review its adopted policies and strategies; (2) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the County to disclose the relationship and file a statement with the Texas Ethics Commission and the Commissioners Court; (3) require the registered principal of firms seeking to sell securities to the County to: (a) receive and review the County's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) perform an annual audit of the management controls on investments and adherence to the County's investment policy; (5) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (6) 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 repurchase agreement; (7) restrict its investment in mutual funds in the aggregate to no more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, and to invest no portion of bond proceeds, reserves and funds held for debt service, in mutual funds; (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; (9) adopt an order or resolution stating that it has reviewed its investment policy and investment strategies and record any changes made to either its investment policy or investment strategy in the said order or resolution, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in the investment transactions with the County.

TABLE 14 - CURRENT INVESTMENTS

As of November 30, 2018, the County's investable funds were invested in the following categories:

Description	Market Value	Percent
Money Market Account	$ 2,246,016	79.22%
Certificate of Deposit	589,268	20.78%
	$ 2,835,284	100.00%

TAX MATTERS

TAX EXEMPTION . . . In the opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel to the County, assuming continuing compliance by the County with the tax covenants described below, under existing law, interest on the Bonds is excludable for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and will not constitute a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals or, except as noted in the following paragraph for tax years beginning before January 1, 2018, corporations pursuant to Section 55 of the Code.

For tax years beginning before January 1, 2018, the adjustment for "adjusted current earnings" set forth in Section 56(g) of the Code is required in determining a corporation's alternative minimum taxable income. Alternative minimum taxable income is increased by seventy-five percent (75%) of the excess, if any, of the "adjusted current earnings" of a corporation over the alternative minimum taxable income (determined without regard to this adjustment or the alternative tax net operating loss deduction). Interest on tax-exempt obligations, including the Bonds, would generally be included in computing a corporation's "adjusted current earnings." Accordingly, a portion of any interest on the Bonds received or accrued by a corporation that owns the Bonds will be included in computing such corporation's alternative minimum taxable income for such year. For tax years beginning after December 31, 2017, Public Law 115-97 repealed the corporate alternative minimum tax.

In rendering its opinion, Bond Counsel has relied on the County's covenants contained in the Order and the County's covenants contained in the Federal Tax Certificate, that it will comply with the applicable requirements of the Code, relating to, *inter alia*, the use and operation of the project and the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the County to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue of the Bonds. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the Bonds that may affect the tax-exempt status of the interest.

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 Bonds.

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 Internal Revenue Service (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 whether or not the Service will commence an audit of the Bonds. 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 Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES . . . Prospective purchasers of the Bonds should be aware that the ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, holders who may be deemed to have incurred or continued indebtedness to acquire or carry tax-exempt obligations, holders of certain interests in a financial asset securitization investment trust, controlled foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Bonds will constitute disqualified income for this purpose. The Code also provides that for years beginning after December 31, 2010, the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Bonds will be included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by the household income. Section 36B(d) of the Code provides that household income consists of the modified adjusted gross income of the taxpayer and certain other individuals. Modified adjusted gross income means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Bonds 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 Bonds, received or accrued during the year.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than designated "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code.

The County will be designating the Bonds as "qualified tax-exempt obligations" for Financial Institutions for the purposes of Section 265(b)(1) of The Code.

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN BONDS . . . The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "Tax Exemption". Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year. However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with "subchapter C" earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income. Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Bonds (the "Premium Bonds") may be greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

STATE, LOCAL AND FOREIGN TAXES . . . Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

CHANGES IN FEDERAL AND STATE TAX LAW . . . From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value or marketability of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value or marketability of the Bonds.

Prospective purchasers of the Bonds should consult with their own tax advisors regarding any other federal income tax legislation, whether currently pending or proposed, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS . . . Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than $10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by section 265(b) of the Code, section 291 of the Code provides that the allowable deduction to a "bank," as defined in section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The Bonds have been designated, or deemed designated, as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the County has covenanted to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as "qualified tax-exempt obligations." **Potential purchasers should be aware that if the issue price to the public exceeds $10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of $10,000,000 is disregarded; however the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the $10,000,000 limitation and the Bonds would not be "qualified tax-exempt obligations."**

CONTINUING DISCLOSURE OF INFORMATION

The offering of the Bonds qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) regarding the County's continuing disclosure obligations because the County does not currently have outstanding more than $10,000,000 in aggregate amount of outstanding municipal securities (excluding securities offered in transactions that were exempt from the Rule 15c2-12(d)(2)). Pursuant to the exemption, in the Order, the County has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The County is required to observe the agreement for so long as it remains an "obligated person" with respect to the Bonds, within the meaning of the Securities and Exchange Commission's Rule 15c2-12 (the "Rule"). Under the agreement, the County will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be available free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

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 in this Official Statement that is customarily prepared by the County and publicly available, which currently consists of an annual audited financial statement. The County will update and provide this information within twelve months after the end of each fiscal year ending in and after 2018. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by the Rule. 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 by the required time and will provide audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX C or such other accounting principles as the County may be required to employ from time to time pursuant to State law or regulation.

The County's current fiscal year end is September 30. Accordingly, it must provide updated financial information by September 30 in each year, unless the County changes its fiscal year. If the County changes its fiscal year, it will notify the MSRB of the change.

EVENT NOTICES . . . The County will file with the MSRB notice of any of the following events with respect to the Bonds in a timely manner (and not more than 10 business days after occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the federal income tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) redemption calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the County, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material. Neither the Bonds nor the Order makes any provision for debt service reserves or liquidity enhancement. In addition, the County will provide timely notice of any failure by the County to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports". The County will provide each notice described in this paragraph to the MSRB.

For these purposes, any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

AVAILABILITY OF INFORMATION FROM MSRB . . . The County has agreed to provide the foregoing information only to the MSRB through EMMA. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org. The information to be provided as described under "Annual Reports" and "Notice of Certain Events" may also be obtained from: Honorable Randall C. Jackson, County Judge, Archer County, 100 S. Center St., Archer City, Texas 76351, Phone: 940.574.4811.

LIMITATIONS AND AMENDMENTS . . . The County has agreed to update information and to provide notices of certain specified 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 Bonds 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 Bonds may seek a writ of mandamus to compel the County to comply with its agreement.

The continuing disclosure agreement may be amended by the County from time to time 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, but only if (1) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretation of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Order that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the County (such as nationally recognized Bond Counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. The County may also amend or repeal the provisions of the continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the County amends its agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the County has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OTHER INFORMATION

RATING . . . The Bonds are rated "AA-" by S&P Global Ratings ("S&P"), a business unit of Standard & Poor's Financial Services LLC. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the view of such organization and the County makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of the company circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

LITIGATION . . . It is the opinion of the County Attorney and County Staff that there is no pending litigation against the County that would have a material adverse financial impact upon the County or its operations.

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

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 Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal 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 Bonds by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION – Rating" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the County has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL OPINIONS . . . The County will furnish the Underwriter a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinions of the Attorney General of Texas approving the Initial Bond and to the effect that the Bonds are valid and legally binding obligations of the County, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds is excludable from gross income for federal income tax purposes, subject to the matters described under "TAX MATTERS" herein. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions "PLAN OF FINANCE", "THE BONDS" (exclusive of the subcaptions "Book-Entry-Only System", "Use of Certain Terms in Other Sections of this Official Statement", "Bondholders' Remedies" and "Sources and Uses of Bond Proceeds"), "TAX MATTERS", "CONTINUING DISCLOSURE OF INFORMATION" (exclusive of the subcaption "Compliance with Prior Undertakings") and the subcaptions "Legal Opinions" (excluding the last two sentences of the first paragraph thereof), "Registration and Qualification of Bonds for Sale" and "Legal Investments and Eligibility to Secure Public Funds in Texas" under the caption "OTHER INFORMATION" in the Official Statement, and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Order. The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriter by its counsel, McCall, Parkhurst & Horton L.L.P., Dallas, Texas. The legal fees of such firm are contingent upon the sale and delivery of the Bonds.

The legal opinions to be delivered concurrently with the delivery of the Bonds 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 that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as Financial Advisor to the County in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Specialized Public Finance Inc., in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the County has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the County and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

UNDERWRITING . . . The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the County, at a price equal to the initial offering prices to the public, as shown on page 2 of this Official Statement, less an underwriting discount of \$21,753.75. The Underwriter will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriter.

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

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

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

MISCELLANEOUS . . . The financial data and other information contained herein 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 the Order contained in this Official Statement are made subject to all of the provisions of such statutes, documents and the 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.

The Bond Order authorized the Pricing Officer to approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and further authorized its use in the reoffering of the Bonds by the Underwriter. The final Official Statement has been approved by the Pricing Officer of the County for distribution in accordance with the provisions of the Rule.

/s/ Randall C. Jackson
Pricing Officer
Archer County, Texas

SCHEDULE I

SCHEDULE OF REFUNDED OBLIGATIONS

Certificates of Obligation, Series 2009

Maturity	Amount	Interest Rate
2/15/2020	$ 300,000	4.500%
2/15/2021	315,000	4.500%
2/15/2022	330,000	4.500%
2/15/2023	345,000	4.000%
2/15/2024	360,000	4.000%
2/15/2025	370,000	4.000%
2/15/2026	390,000	4.150%
2/15/2027	405,000	4.250%
	$2,815,000	

Redemption Date: February 15, 2019
Redemption Price: 100%

APPENDIX A

GENERAL INFORMATION REGARDING THE COUNTY

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THE COUNTY

LOCATION

Archer County, Texas, is located in north central Texas with the City of Archer City serving as county seat.

ECONOMY

The economy is based on cattle, milk production, oil, hunting leases. The County is part of the Wichita Falls metropolitan area.

Agricultural income is primarily derived from dairy cattle, beef and wheat.

Minerals produced in the County include oil, stone, sand, and gravel.

ARCHER COUNTY LABOR FORCE ESTIMATES

	October	Annual Averages			
	2018	2017	2016	2015	2014
Civilian Labor Force	4,113	4,093	4,081	4,119	4,242
Total Unemployment	3,992	3,953	3,905	3,937	4,051
Unemployment	121	140	176	182	191
Percent Unemployment	2.9%	3.4%	4.3%	4.4%	4.5%

Source: Texas Workforce Commission.

TRANSPORTATION

Archer County has a well-developed highway network including U.S. Highways 277 and 281, State Highways 25 and 79 and a county-wide system of paved farm-to-market roads.

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APPENDIX B

EXCERPTS FROM THE
ARCHER COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2017

The information contained in this Appendix consists of excerpts from the Archer County, Texas Annual Financial Report for the Year Ended September 30, 2017, and is not intended to be a complete statement of the County's financial condition. Reference is made to the complete Report for further information.

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EDGIN, PARKMAN, FLEMING & FLEMING, PC
CERTIFIED PUBLIC ACCOUNTANTS

4110 KELL BLVD., SECOND FLOOR ▪ P.O. BOX 750
WICHITA FALLS, TEXAS 76307-0750
PH. (940) 766-5550 ▪ FAX (940) 766-5778

MICHAEL D. EDGIN, CPA
DAVID L. PARKMAN, CPA
A. PAUL FLEMING, CPA

Independent Auditor's Report

The Honorable Judge Randall Jackson
and County Commissioners
Archer County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Archer County, Texas, as of and for the year ended September 30, 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 of 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 the 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 accounting principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Archer County, Texas as of September 30, 2017, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios – Texas County and District Retirement System and the Schedule of Employer Contributions – Texas County and District Retirement System identified in the table of contents 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.

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
February 21, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Archer County, Texas, we offer readers of the County's Annual Financial Report this narrative overview and analysis of the County's financial performance during the fiscal year ended September 30, 2017. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at September 30, 2017 by $10,047,273 (net position). Of this amount, $4,120,668 (unrestricted net position) may be used to meet the County's obligations.

- During the year, the County's total net position decreased by $4,053. The County's expenses, which totaled $6,655,288, were more than the County's program revenues of $990,051 and general revenues of $5,661,184.

- The total cost of the County's programs increased $193,179, or approximately 3%, from the prior year. There were no major changes to the County's programs during the year.

- The governmental funds reported a fund balance this year of $3,904,907, which is an increase of $56,588 in comparison with the prior year amount.

- At the end of the current fiscal year, the total fund balance of the General Fund was $2,508,686, or 54% of the total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

All of the County's services are reported in the government-wide financial statements, including administration, judicial, public transportation, and public safety. Property taxes, sales taxes, highway taxes, fees and commissions and intergovernmental grants finance most of the activities. Additionally, all capital and debt financing activities are reported here.

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

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

The *statement of activities* details how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, 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 property taxes).

Fund Financial Statements

The County uses fund accounting to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide more detailed information about the County's most significant *funds* – not the County as a whole. Some funds are required by State law and or bond covenants. Other funds may be established by the County to control and manage money for particular purposes or to evidence appropriate use of certain taxes, grants, and other special revenues.

All of the funds of the County can be divided into two categories: governmental funds and fiduciary 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 short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's short-term financing requirements.

Because the focus on *governmental funds* is narrower than that of 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 County's short-term financing decisions. Reconciliations are provided for both the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. These reconciliations facilitate the comparison between *governmental funds* and *governmental activities*.

The County maintained multiple governmental funds in fiscal year 2016-17. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balance for the General Fund, CETRZ Fund, and the Precinct #2 Road and Bridge Fund, which are considered to be major funds. Financial data for the other governmental funds are combined into a single, aggregated presentation.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The County is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All the County's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities.

Notes to the Basic Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a government's financial position. Exhibited below in Table 1 are the County's net position summarized for the *governmental activities.*

Table 1 - County's Net Position

	Governmental Activities			
	2017	2016	Change	% Change
Current and other assets	$ 4,506,966	$ 4,386,762	$ 120,204	3%
Capital assets, net	10,482,939	10,699,569	(216,630)	-2%
Total Assets	14,989,905	15,086,331	(96,426)	-1%
Deferred Outflows	613,452	741,371	(127,919)	-17%
Current liabilities	1,050,699	666,786	383,913	58%
Noncurrent liabilities	4,405,874	5,025,074	(619,200)	-12%
Total Liabilities	5,456,573	5,691,860	(235,287)	-4%
Deferred Inflows	99,511	84,516	14,995	18%
Net position:				
Net investment in capital assets	5,719,503	5,663,747	55,756	1%
Restricted	207,102	155,253	51,849	33%
Unrestricted	4,120,668	4,232,326	(111,658)	-3%
Total Net Position	$ 10,047,273	$ 10,051,326	$ (4,053)	0%

Net investment in capital assets (e.g. land, buildings, furniture, and equipment less any related debt used to acquire those assets that is still outstanding) is $5,719,503. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in 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 capital assets themselves cannot be used to liquidate these liabilities.

A portion of the County's net position, $207,102, represents resources that are restricted for debt service. The remaining balance of net position of $4,120,668 may be used to meet the County's ongoing obligations.

Changes in Net Position

The County's total revenues, both program and general, were $6,651,235. A significant portion, 73%, of the County's revenue comes from property taxes. Charges for services represented 11% of the County's revenue while highway taxes represented 6%. Exhibited below in Table 2 are the County's revenues for the years ended September 30, 2017 and 2016 for the County's *governmental activities.*

Table 2 - County's Revenues

	Governmental Activities			
	2017	Percent	2016	Percent
Charges for services	$ 716,755	11%	$ 715,931	10%
Operating grants and contributions	273,296	4%	1,015,115	14%
Property taxes	4,779,815	73%	4,613,081	65%
Sales taxes	293,903	4%	263,441	4%
Highway taxes	424,703	6%	426,990	6%
Investment earnings	11,068	0%	5,255	0%
Miscellaneous	151,695	2%	43,071	1%
Total Revenues	$ 6,651,235	100%	$ 7,082,884	100%

Exhibited below in Table 3 are the County's expenses for the years ended September 30, 2017 and 2016 for the County's *governmental activities*. The total cost of all programs and services was $6,655,288.

Table 3 - County's Expenses

	Governmental Activities			
	2017	Percent	2016	Percent
General government	$ 1,283,098	19%	$ 1,114,747	17%
Judicial	155,499	2%	154,549	2%
Courthouse/Annex/Buildings	247,845	4%	252,622	4%
County Clerk	175,503	3%	166,790	3%
District Clerk	143,579	2%	142,019	2%
Elections	76,515	1%	83,477	1%
District Court	99,206	1%	98,362	2%
District Attorney	77,171	1%	61,664	1%
County Attorney	131,163	2%	131,792	2%
Tax Assessor/Collector	182,157	3%	156,899	2%
Treasurer	107,780	2%	104,104	2%
Public transportation	1,649,771	25%	1,916,778	30%
Sheriff	1,428,539	21%	1,266,077	20%
Constable	127,450	2%	104,156	2%
Indigent health care	111,362	2%	75,232	1%
Extension office	48,827	1%	59,371	1%
Emergency management	42,051	1%	57,850	1%
County auditor	77,224	1%	84,700	1%
Library	54,556	1%	53,382	1%
Justice of the Peace	216,033	3%	159,912	2%
Museum	3,295	0%	2,832	0%
Other departments	84,333	1%	71,502	1%
Interest expense and bond costs	132,331	2%	143,292	2%
Total Expenses	$ 6,655,288	100%	$ 6,462,109	100%

Governmental Activities

Table 4 presents the various revenue categories and gross costs of each of the County's functional areas for both the current and prior year. Following the table, we provide explanations for the significant or unusual fluctuations between the two years.

Table 4 - Changes in Net Position

	Governmental Activities			
	2017	2016	$ Change	% Change
Revenues:				
Program revenues:				
Charges for services	$ 716,755	$ 715,931	$ 824	0%
Operating grants and contributions	273,296	1,015,115	(741,819)	-73%
General revenues:				
Property taxes	4,779,815	4,613,081	166,734	4%
Sales taxes	293,903	263,441	30,462	12%
Highway taxes	424,703	426,990	(2,287)	-1%
Investment earnings	11,068	5,255	5,813	111%
Miscellaneous	151,695	43,071	108,624	252%
Total revenues	6,651,235	7,082,884	(431,649)	-6%
Expenses:				
General government	1,283,098	1,114,747	168,351	15%
Judicial	155,499	154,549	950	1%
Courthouse/Annex/Buildings	247,845	252,622	(4,777)	-2%
County Clerk	175,503	166,790	8,713	5%
District Clerk	143,579	142,019	1,560	1%
Elections	76,515	83,477	(6,962)	-8%
District Court	99,206	98,362	844	1%
District Attorney	77,171	61,664	15,507	25%
County Attorney	131,163	131,792	(629)	0%
Tax Assessor/Collector	182,157	156,899	25,258	16%
Treasurer	107,780	104,104	3,676	4%
Public transportation	1,649,771	1,916,778	(267,007)	-14%
Sheriff	1,428,539	1,266,077	162,462	13%
Constable	127,450	104,156	23,294	22%
Indigent health care	111,362	75,232	36,130	48%
Extension office	48,827	59,371	(10,544)	-18%
Emergency management	42,051	57,850	(15,799)	-27%
County auditor	77,224	84,700	(7,476)	-9%
Library	54,556	53,382	1,174	2%
Justice of the Peace	216,033	159,912	56,121	35%
Museum	3,295	2,832	463	16%
Other departments	84,333	71,502	12,831	18%
Interest expense and bond costs	132,331	143,292	(10,961)	-8%
Total expenses	6,655,288	6,462,109	193,179	3%
Change in net position	$ (4,053)	$ 620,775	$ (624,828)	-101%

- Operating grants and contributions decreased due to CETRZ and FEMA projects ending during the year.
- Property tax revenues increased as the rate was increased from $0.59958 to $0.69503 in the current year to compensate for the loss in value of mineral appraised values.
- Sales tax revenues increased slightly due to the recovery of oil and gas prices that increased economic activity in the County.
- General government expenses increased 15% due to the County contributing to employees' HSA accounts in the current year.
- Public transportation expenses decreased due to the decline in CETRZ funding from the state for road maintenance.

Table 5 presents the net cost of the County's governmental functions (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by local tax dollars, state aid, and other miscellaneous general revenues.

Table 5 - Net Cost of County Functions

	Governmental Activities			
	2017	Percent	2016	Percent
General government	$ 2,046,651	36%	$ 1,832,076	39%
Judicial	313,719	6%	229,267	5%
Public safety	1,351,771	24%	1,192,540	25%
Public transportation	1,438,566	25%	1,005,074	21%
Health and welfare	111,362	2%	75,232	2%
Other	403,168	7%	396,874	8%
Total Expenses	$ 5,665,237	100%	$ 4,731,063	100%

Financial Analysis of the County's Funds

As previously stated, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and segregation for particular purposes.

Governmental Funds

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

As of September 30, 2017, the County's governmental funds reported a combined ending fund balance of $3,904,907, an increase of $56,588 from the previous year. Table 6 illustrates the fund balances of the governmental funds.

Table 6 - Governmental Funds - Fund Balances
September 30, 2017

	Nonspendable	Restricted	Committed	Assigned	Unassigned	Totals
General Fund	$ 6,776	$ -	$ -	$ 269,701	$ 2,232,209	$ 2,508,686
CETRZ Fund	-	-	666	-	-	666
Precinct #2 R&B Fund	-	-	-	-	(63,068)	(63,068)
Other Governmental Funds	59,054	192,617	1,206,952	-	-	1,458,623
Total Fund Balances	$ 65,830	$ 192,617	$ 1,207,618	$ 269,701	$ 2,169,141	$ 3,904,907

General Fund

At the end of the current fiscal year, the ending fund balance for the General Fund was $2,508,686. The total fund balance represents 54% of the total General Fund expenditures for the year ended September 30, 2017. The fund balance increased $173,446 in the current fiscal year.

General Fund revenues totaled $4,629,084, an increase of $285,002 or about 7% from the preceding year. This increase was due to increased property tax revenue resulting from an increased property tax rate in the current year.

General Fund expenditures totaled $4,655,818, an increase of $494,015, or about 12% from the preceding year. A majority of the increase is due to the purchase of Sheriff and Constable vehicles in the current year, along with general increases across several areas throughout the County.

CETRZ Fund

CETRZ revenues totaled $138,503, which is a decrease of $276,338 from the preceding year. There were only a few projects left to be completed during the current year.

CETRZ expenditures totaled $172,296, which is a decrease of $346,255 from the preceding year. Fewer projects were ongoing throughout the current year.

Precinct #2 Road and Bridge Fund

Precinct #2 R&B Fund revenues totaled $326,262, a decrease of $13,573 from the preceding year. This decrease is due to normal fluctuations of revenues within each precinct.

Precinct #2 R&B Fund expenditures totaled $361,401, a decrease of $225,082 from the preceding year. This decrease was mainly due to the purchase of two CAT Motor Graders in the prior year.

Other Governmental Funds

Other governmental funds consist of the various special revenue funds and the debt service fund. The total ending fund balance for these funds combined was $1,458,623, a decrease of $75,648. This decrease is mostly due to less transfers needed to support operations within these funds.

General Fund Budgetary Highlights

Over the course of the year, the County revised its budget several times. There were no significant changes from the original to the final budget. Total actual expenditures were $83,547 below total final budget amounts. Expenditures in most functional areas were below the budget amounts. Courthouse/Annex/Buildings ($64,856) was the area most below the budgeted amount, with Indigent Health Care ($49,350) also well below budgeted expenditures.

On the other hand, revenues were $55,108 above the final budgeted amounts. Payments in lieu of taxes were $62,500 above the budgeted amount due to an additional tax abatement payment made during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2017, the County had invested in a broad range of capital assets totaling $10,482,939, net of accumulated depreciation, including land, buildings, equipment, and infrastructure. See Table 7 below.

Table 7 - Capital Assets, Net

	2017	2016	$ Change	% Change
Land	$ 62,430	$ 62,430	$ -	0%
Buildings and improvements	8,078,860	8,286,566	(207,706)	-3%
Equipment	174,989	148,290	26,699	18%
Equipment under capital lease	1,830,630	1,858,527	(27,897)	-2%
Infrastructure	336,030	343,756	(7,726)	-2%
Totals	$ 10,482,939	$ 10,699,569	$ (216,630)	-2%

Capital assets, net of accumulated depreciation, decreased $216,630 or approximately 2% from the previous year. Additional information about the County's capital assets is presented in the notes to the financial statements.

Long-term Debt

At September 30, 2017, the County had $4,763,436 in certificates of obligation and capital leases outstanding as shown in Table 8 below.

Table 8 - Long-term Debt

	2017	2016	$ Change	% Change
Certificates of obligation	$ 3,442,669	$ 3,719,861	$ (277,192)	-7%
Capital leases payable	1,320,767	1,315,961	4,806	0%
Totals	$ 4,763,436	$ 5,035,822	$ (272,386)	-5%

Additional information about the County's long-term debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Appraised value used for the 2017-18 budget preparation is $653,766,250, an increase of $25,269,930, or 4%, from the prior year. The total County tax rate was decreased from $0.69503 to $0.67503.

Revenues budgeted in the General Fund's budget are $4,606,284, a decrease of just over 2% from the final 2016-17 budget of $4,706,414. Most revenues are expected to remain relatively consistent, but current ad valorem taxes and health insurance rebates are expected to decrease by $52,829 and 95,152, respectively, from the 2016-17 budget.

Expenditures in most budget categories are similar to the previous year. Total expenditures for 2017-18 are budgeted to increase about 2% over the actual 2016-17 expenditures, with general increases in most areas.

If these estimates are realized, the County's General Fund's fund balance is expected to decrease approximately $270,000 by September 30, 2018.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

ARCHER COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Governmental Activities
Assets	
Cash	$ 2,090,470
Investments	1,908,550
Property taxes receivable (net)	134,944
Sales taxes receivable	50,802
Fines and fees receivable (net)	167,826
Other receivables	147,598
Prepaid expenses	6,776
Capital assets not being depreciated	62,430
Capital assets being depreciated (net)	10,420,509
Total assets	14,989,905
Deferred Outflows of Resources	
Pension-related	613,452
Liabilities	
Accounts payable	212,884
Accrued payroll	61,629
Accrued interest payable	35,856
Other liabilities	24,776
Long-term liabilities:	
Portion due or payable within one year:	
Bonds	286,295
Capital leases	429,259
Portion due or payable after one year:	
Bonds	3,156,374
Capital leases	891,508
Net pension liability	357,992
Total liabilities	5,456,573
Deferred Inflows of Resources	
Pension-related	99,511
Net Position	
Net investment in capital assets	5,719,503
Restricted for:	
Debt service	207,102
Unrestricted	4,120,668
Total net position	$ 10,047,273

The accompanying notes are an integral part of this statement.

ARCHER COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Functions/Programs				
Governmental Activities:				
General government	$ 1,283,098	$ 49,398	$ 61,246	$ (1,172,454)
Judicial	155,499	975	-	(154,524)
Courthouse/Annex/Buildings	247,845	10,450	-	(237,395)
County Clerk	175,503	205,988	-	30,485
District Clerk	143,579	42,878	-	(100,701)
Elections	76,515	2,078	-	(74,437)
District Court	99,206	2,875	-	(96,331)
District Attorney	77,171	-	-	(77,171)
County Attorney	131,163	-	-	(131,163)
Tax Assessor/Collector	182,157	83,346	-	(98,811)
Treasurer	107,780	-	-	(107,780)
Public transportation	1,649,771	20,797	190,408	(1,438,566)
Sheriff	1,428,539	98,876	3,965	(1,325,698)
Constable	127,450	833	-	(126,617)
Indigent health care	111,362	-	-	(111,362)
Extension office	48,827	-	-	(48,827)
Emergency management	42,051	-	15,978	(26,073)
County Auditor	77,224	-	-	(77,224)
Library	54,556	-	-	(54,556)
Justice of the Peace	216,033	153,169	-	(62,864)
Museum	3,295	-	181	(3,114)
Other departments	84,333	45,092	1,518	(37,723)
Interest expense and bond costs	132,331	-	-	(132,331)
Total governmental activities	$ 6,655,288	$ 716,755	$ 273,296	(5,665,237)
General revenues:				
Property taxes, levied for general purposes				4,316,120
Property taxes, levied for debt service				463,695
Sales taxes				293,903
Highway taxes				424,703
Investment earnings				11,068
Miscellaneous				151,695
Total general revenues				5,661,184
Change in net position				(4,053)
Net position - beginning				10,051,326
Net position - ending				$ 10,047,273

The accompanying notes are an integral part of this statement.

ARCHER COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	General Fund	CETRZ Fund	Precinct #2 Road & Bridge Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash	$ 1,114,848	$ 45,258	$ 1,411	$ 928,953	$ 2,090,470
Investments	1,467,482	-	-	441,068	1,908,550
Receivables:					
Property taxes (net)	94,623	-	6,717	33,604	134,944
Sales taxes	50,802	-	-	-	50,802
Interfund	-	-	4,870	119,338	124,208
Fines and fees (net)	167,826	-	-	-	167,826
Other	40,644	101,395	80	5,479	147,598
Prepaid expenditures	6,776	-	-	-	6,776
Total assets	$ 2,943,001	$ 146,653	$ 13,078	$ 1,528,442	$ 4,631,174
Liabilities					
Accounts payable	$ 97,555	$ 80,833	$ 6,915	$ 27,581	$ 212,884
Accrued payroll	49,092	-	3,460	9,077	61,629
Interfund payables	-	65,154	59,054	-	124,208
Other liabilities	25,219	-	-	(443)	24,776
Total liabilities	171,866	145,987	69,429	36,215	423,497
Deferred inflows of resources					
Unavailable revenue	262,449	-	6,717	33,604	302,770
Fund balances					
Nonspendable:					
Long-term loans	-	-	-	59,054	59,054
Prepaid items	6,776	-	-	-	6,776
Restricted for:					
Debt service	-	-	-	192,617	192,617
Committed for:					
Public transportation	-	-	-	438,160	438,160
Capital asset acquisition	-	-	-	275,814	275,814
Special programs	-	666	-	492,978	493,644
Assigned for:					
Subsequent year's deficit budget	269,701	-	-	-	269,701
Unassigned	2,232,209	-	(63,068)	-	2,169,141
Total fund balances	2,508,686	666	(63,068)	1,458,623	3,904,907
Total liabilities, deferred inflows of resources and fund balances	$ 2,943,001	$ 146,653	$ 13,078	$ 1,528,442	$ 4,631,174

The accompanying notes are an integral part of this statement.

ARCHER COUNTY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2017

Total fund balances - governmental funds (Exhibit A-3)		$ 3,904,907
Amounts reported for *governmental activities* in the Statement of Net Position (Exhibit A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. Capital assets at year-end consist of:		
Gross capital assets	$ 15,369,305	
Related accumulated depreciation	4,886,366	10,482,939
Property tax receivables and fines and fees receivables are not available to pay for current period expenditures and therefore are deferred in the funds.		302,770
Long-term liabilities, including bonds and capital leases, are not due and payable in the current period and therefore not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds payable	3,442,669	
Capital leases payable	1,320,767	
Accrued interest	35,856	(4,799,292)
The County's net pension liability and related deferred outflows related to its participation in the Texas County and District Retirement System do not meet criteria to be reported in the governmental funds financial statements. These items consist of:		
Deferred outflows - pension related items	613,452	
Deferred inflows - pension related items	(99,511)	
Net pension liability	(357,992)	155,949
Total net position - governmental activities (Exhibit A-1)		$ 10,047,273

The accompanying notes are an integral part of this statement.

ARCHER COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	General Fund	CETRZ Fund	Precinct #2 Road & Bridge Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Ad valorem taxes	$ 3,018,415	$ -	$ 201,933	$ 1,038,442	$ 4,258,790
Payments in lieu of taxes	522,950	-	-	-	522,950
Sales taxes	293,903	-	-	-	293,903
Highway taxes	-	-	106,175	318,528	424,703
Fees and commissions	441,068	-	-	89,476	530,544
Royalties	75,404	-	-	-	75,404
Intergovernmental	61,246	138,503	12,976	58,175	270,900
Charges for services	104,860	-	-	2,078	106,938
Contributions and donations	714	-	-	1,681	2,395
Other	110,524	-	5,178	19,768	135,470
Total revenues	4,629,084	138,503	326,262	1,528,148	6,621,997
Expenditures					
General administrative	1,283,098	-	-	-	1,283,098
County Judge/County Court	151,111	-	-	-	151,111
Courthouse/Annex/Buildings	140,331	-	-	5,840	146,171
County Clerk	133,426	-	-	37,890	171,316
District Clerk	138,653	-	-	728	139,381
Elections	69,624	-	-	5,420	75,044
District Court	97,936	-	-	-	97,936
District Attorney	77,171	-	-	-	77,171
County Attorney	127,143	-	-	-	127,143
Tax Assessor/Collector	177,679	-	-	-	177,679
Treasurer	104,872	-	-	-	104,872
Public Transportation	-	172,296	361,401	1,045,386	1,579,083
Sheriff	1,371,074	-	-	18,610	1,389,684
Constable 1	62,178	-	-	-	62,178
Constable 2	32,491	-	-	-	32,491
Constable 4	102,372	-	-	272	102,644
Indigent Health Care	109,891	-	-	-	109,891
Extension Office	48,468	-	-	-	48,468
Emergency management	53,850	-	-	-	53,850
County Auditor	75,025	-	-	-	75,025
Library	53,257	-	-	-	53,257
Justice of the Peace - Precinct 1	103,225	-	-	-	103,225
Justice of the Peace - Precinct 2	44,404	-	-	-	44,404
Justice of the Peace - Precinct 3	11,496	-	-	-	11,496
Justice of the Peace - Precinct 4	50,497	-	-	-	50,497
Museum	3,055	-	-	240	3,295
Other departments	33,491	-	-	49,722	83,213
Principal retirement	-	-	-	265,000	265,000
Interest expense and paying agent fees	-	-	-	147,223	147,223
Total expenditures	4,655,818	172,296	361,401	1,576,331	6,765,846
Excess of revenues over (under) expenditures	(26,734)	(33,793)	(35,139)	(48,183)	(143,849)
Other financing sources (uses):					
Transfers in	-	34,459	-	-	34,459
Transfers out	-	-	(6,737)	(27,722)	(34,459)
Capital lease proceeds	140,971	-	-	-	140,971
Proceeds from sale of capital assets	59,209	-	-	257	59,466
Total other financing sources (uses)	200,180	34,459	(6,737)	(27,465)	200,437
Net change in fund balance	173,446	666	(41,876)	(75,648)	56,588
Fund balances - beginning	2,335,240	-	(21,192)	1,534,271	3,848,319
Fund balances - ending	$ 2,508,686	$ 666	$ (63,068)	$ 1,458,623	$ 3,904,907

The accompanying notes are an integral part of this statement.

ARCHER COUNTY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2017

Net change in fund balances - total governmental funds (Exhibit A-5)		$ 56,588
Amounts reported for *governmental activities* in the Statement of Activities (Exhibit A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. The net difference between the two is as follows:		
Capital outlay during the year	$ 215,247	
Depreciation expense for the year	405,953	(190,706)
Proceeds from the sale of capital assets are recorded as revenues when received in the governmental funds. In the Statement of Activities, the difference between the proceeds and the book value of the capital asset is reported as a gain (loss) from sale.		(25,924)
Because property tax receivables and fines and fees receivables will not be collected for several months after the County's fiscal year ends, they are not considered 'available' revenues and are deferred in the governmental funds. Deferred inflows of resources increased by this amount this year.		(4,304)
The issuance of long-term debt provides current financial resources to governmental funds. However, the issuance increases long-term liabilities in the Statement of Net Position. Long-term debt issued in 2016-17 was:		(140,971)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The decrease in accrued interest is as follows:		
Accrued interest at September 30, 2016	24,272	
Accrued interest at September 30, 2017	35,856	(11,584)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. The long-term debt principal paid during the year was:		413,357
The County participates in an agent multiple-employer defined benefit pension plan. Contributions to the plan are expenditures at the fund level when payments are due. At the government-wide level, pension expenses are recognized on an actuarial basis. Payments exceeded the actuarial expenses in the current year.		(100,509)
Change in net position of governmental activities (Exhibit A-2)		$ (4,053)

The accompanying notes are an integral part of this statement.

ARCHER COUNTY, TEXAS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
SEPTEMBER 30, 2017

	Agency Funds
Assets	
Cash and cash equivalents	$ 659,048
Total assets	$ 659,048
Liabilities	
Due to other governments	$ 251,199
Due to others	407,849
Total liabilities	$ 659,048

The accompanying notes are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Archer County, Texas (County) conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. GAAP for local governments includes those principles prescribed by the Governmental Accounting Standards Board (GASB), which includes all statements and interpretations of the National Council on Governmental Accounting (NCGA) unless modified by the GASB, and those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units. The following is a summary of the more significant policies and practices used by the County.

A. Reporting Entity

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

The Commissioners' Court consists of four commissioners and the County Judge, all of whom are elected by the voters of Archer County. The Commissioners' Court is the policy-making body of the County and operates under provisions of state statute.

In evaluating how to define the County for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. Financial Accountability: the primary government is deemed to be financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board. As a result, there are no component units required to be included by the blending or discrete presentation methods.

B. Basis of Presentation

Government-wide financial statements

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the County. For the most part, the effects of interfund activity have been removed from these statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (public works, public transportation, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting operational requirements of a particular function or segment, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund financial statements

Separate fund-based financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for governmental and enterprise) for the determination of major funds. The major governmental funds are the General Fund, CETRZ Fund, and the Precinct #2 Road and Bridge Fund. Non-major funds are combined in a column in the fund financial statements.

The government-wide focus is more on the sustainability of the County as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement focus, basis of accounting and financial statement presentation

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

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

Property tax and sales tax revenues associated with the current fiscal period are susceptible to accrual and have been recognized as revenues of the current fiscal period. These revenue items are considered to be measurable and available if received within sixty days of year-end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid general operating costs, fixed charges, and capital improvement costs that are not paid through other funds.

The CETRZ Fund is used to account for activity related to the County Energy Transportation Reinvestment Zone funds received from the State of Texas.

The Precinct #2 Road and Bridge Fund accounts for the activities of the Road and Bridge department in Precinct #2.

Other governmental funds are a summarization of all the non-major governmental funds.

The County additionally reports the following fund types:

Fiduciary funds are used to account for funds that are held on a purely custodial basis.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities and net assets or equity

1. Cash, cash equivalents and investments

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

2. Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the time received.

Capital assets are depreciated using the straight line method over the following useful lives:

Assets	Years
Buildings and improvements	50 years
Equipment	5-7 years
Infrastructure	50 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3. 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 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 amounts reported by the County in this category relate to the County's participation in the Texas County and District Retirement System (TCDRS).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflow of resources. This separate financial statement element 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. Property taxes receivable ($134,944) and fines and fees receivable ($167,826) are unavailable and therefore cannot be recognized as revenue in the governmental funds until they are received. The County also reports items in this category related to the County's participation in the TCDRS.

4. Long-Term Obligations

Long-term debt and other obligations for general government purposes are recorded in the government-wide statement of net position.

For the government-wide financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred bond issue costs and amortized over the term of the related debt. In the governmental fund-level financial statements, bond proceeds are reported as another financing source. Bond premiums and discounts in governmental funds are also recognized currently as other financing sources or uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

5. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the County's Commissioners' Court. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the County intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself. The County reports an assigned fund balance of $269,701 in the current year that represents the deficit budget adopted in the General Fund for 2017-18.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District 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.

6. Transactions Between Funds

Outstanding balances between funds are reported as "due to/from other funds." Nonrecurring or non-routine transfers of equity between funds are accounted for as transfers.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

7. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The County participates in the Texas Association of Counties Property and Casualty Self Insurance Fund. As an insured member, the County is not obligated to reimburse the pool for losses. The County has not had any significant reductions in insurance coverage, nor have insurance settlements for the last three fiscal years exceeded insurance coverage. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the County's basic financial statements.

8. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

9. Pensions

The fiduciary net position of the TCDRS has been determined using the flow of economic resources measurement focus and full accrual basis of accounting, the same basis as is reported by TCDRS in their Comprehensive Annual Financial Report. This includes for purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCDRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

A. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions are reported below, along with actions taken to address such violations.

For the year ended September 30, 2017, the County had no violations of finance-related legal and contractual provisions.

B. Deficit Fund Balance or Net Position of Individual Funds

As of September 30, 2017, the Precinct #2 Road & Bridge Fund had a deficit fund balance of $63,068. The County plans to alleviate this deficit with operations in the near future.

NOTE 3 - DEPOSITS AND INVESTMENTS

A. Deposits

All of the County's demand and time depository accounts are held in local banking institutions. At September 30, 2017, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $4,006,770 and the bank balance was $4,133,455. The County's cash deposits at September 30, 2017, and during the year ended September 30, 2017 were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

B. Investments

The County is required by Government Code Chapter 2256, The Public Funds Investment Act (Act) to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, maturity and the quality and capability of investment management; include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, investment practices of the County were in accordance with local policies.

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The County's investments at September 30, 2017, are shown below:

Investment or Investment Type	Weighted Maturity (Months)	Fair Value
Money Market Account	1.0	$1,316,086
Certificate of Deposit	4.3	592,464
Total		$1,908,550

NOTE 3 - DEPOSITS AND INVESTMENTS (CONT'D.)

The County categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

The County values its certificates of deposit using Level 2 inputs.

C. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

1. Credit Risk

   Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

2. Custodial Credit Risk

   Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

   Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the County's name.

   At year end, the County was not exposed to custodial credit risk.

3. Concentration of Credit Risk

   This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the County was not exposed to concentration of credit risk.

4. Interest Rate Risk

   This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the County was not exposed to interest rate risk.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONT'D.)

5. Foreign Currency Risk

   This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the County was not exposed to foreign currency risk.

NOTE 4 - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1 of the prior year. Taxes are levied on October 1, and do not begin to accrue interest until February 1. The County is permitted by the Municipal Finance Law of the State of Texas to levy taxes (exclusive of those amounts levied to service long-term debt) up to $.80 per $100 of assessed valuation for general services, permanent improvements, road and bridge and jury fund purposes. The combined tax rate to finance general government (exclusive of long-term debt service and Special Road & Bridge) for the year ended September 30, 2017, was $0.48082 per $100 valuation.

Taxes levied for the payment of principal and interest related to long-term debt was $0.07485 per $100 valuation for the year ended September 30, 2017. An additional ad valorem tax may be levied and collected for further maintenance of public roads, provided that a majority of the qualified property taxpaying voters shall vote such tax, not to exceed fifteen cents (.15) per $100 valuation. Archer County has such a tax and the levy for 2017 was $0.03115. The total tax rate for Archer County for fiscal year 2017 also includes a Farm to Market Right of Way with a tax rate of $0.07010. The total tax rate for Archer County for fiscal year 2017 was $0.69503.

Allowances for uncollectible tax receivables within the General, Road & Bridge, and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

At September 30, 2017, net property taxes receivable is calculated as follows:

Gross property taxes receivable	$186,477
Allowance for uncollectible taxes	(51,533)
Net property taxes receivable	$134,944

Of the $186,477 of property taxes receivable at September 30, 2017, the County expects to collect approximately $40,000 within one year. This is similar to the amount of delinquent taxes received in previous years.

NOTE 5 - FINES AND FEES RECEIVABLE

Fines and fees receivable represent amounts due to the County for outstanding citations.

The allowance for uncollectible fines and fees receivable within the funds is based upon historical experience collecting fines. Uncollectible fines and fees are periodically written off.

NOTE 5 - FINES AND FEES RECEIVABLE (CONT'D.)

At September 30, 2017, net fines and fees receivable is calculated as follows:

Gross fines and fees receivable	$705,239
Allowance for uncollectible fines and fees	(537,413)
Net fines and fees receivable	$167,826

Of the $705,239 of gross fines and fees receivable at September 30, 2017, the County expects to collect approximately $50,000 within a year. This is similar to the amount of delinquent fines and fees receivable collected in the current year.

NOTE 6 - INTERFUND BALANCES

Balances due to and from other funds at September 30, 2017, were as follows:

Due to Fund	Due from Fund	Amount	Reason
Precinct #2 R&B Fund	CETRZ Fund	$ 4,870	Short-term loan - road materials
Other Governmental Funds	Precinct #2 R&B Fund	59,054	Long-term loan for equipment
Other Governmental Funds	CETRZ Fund	60,284	Short-term loan - road materials
Total		$124,208	

The balance due to Other Governmental Funds from the Precinct #2 Road and Bridge Fund is expected to be repaid over the next four years. $59,054 of the Other Governmental Funds fund balance has been listed as nonspendable for the long-term portion of the receivable.

The balance due to the Other Governmental Funds from the CETRZ Fund is expected to be repaid within one year.

Transfers to and from other funds during the year ended September 30, 2017 were as follows:

Transfers From	Transfers To	Amount	Reason
Precinct #2 R&B Fund	CETRZ Fund	$ 6,737	Supplement other funding sources
Other Governmental Funds	CETRZ Fund	27,722	Supplement other funding sources
Total		$34,459	

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017, was as follows:

Governmental activities:	Balance October 1, 2016	Increases	Decreases	Balance September 30, 2017
Capital assets not being depreciated:				
Land	$ 62,430	$ -	$ -	$ 62,430
Capital assets being depreciated:				
Buildings and improvements	10,544,692	-	-	10,544,693
Equipment	2,047,814	69,186	26,749	2,090,251
Equipment under capital lease	2,245,020	198,847	158,218	2,285,648
Infrastructure	386,283	-	-	386,283
Total capital assets being depreciated	15,223,809	268,033	184,967	15,306,875
Less accumulated depreciation	4,586,670	405,953	106,257	4,886,366
Total capital assets being depreciated, net	10,637,139	(137,920)	78,710	10,420,509
Governmental activities capital assets, net	$10,699,569	($ 137,920)	$ 78,710	$10,482,939

Depreciation expense was charged to functions as follows:

Governmental activities:	
Sheriff	$171,872
Public Transportation	103,343
Courthouse/Annex/Buildings	101,674
Constable	22,031
Emergency Management	7,033
Total governmental depreciation	$405,953

NOTE 8 - LONG-TERM LIABILITIES

Long-term liabilities transactions for the year ended September 30, 2017 are summarized as follows:

Governmental Activities:	Balance 10/1/16	Issued	Retired	Balance 9/30/17	Due Within One Year
Certificates of Obligation	$3,719,861	$ -	$277,192	$3,442,669	$ 286,295
Capital Leases	1,315,961	140,971	136,165	1,320,767	429,259
Totals	$5,035,822	$140,971	$413,357	$4,763,436	$ 715,554

The amount reported as Certificates of Obligation includes $62,669 of bond premium received on the issuance of the certificates. This amount is being amortized over the life of the bonds.

NOTE 8 - LONG-TERM LIABILITIES (CONT'D.)

Certificates of Obligation

Certificates of obligation at September 30, 2017, are comprised of the following issue:

	Range of Interest Rates	Final Maturity Date	Payments	Bonds Authorized	Bonds Outstanding at 9/30/17
Certificates of Obligation, Series 2009	4.0% - 4.5%	2/15/2027	$210,000 - $405,000	$5,750,000	$3,380,000
Plus bond premiums					62,669
Total					$3,442,669

The certificates were issued on the full faith and credit of the County and are secured by ad valorem taxes levied against all taxable property. These certificates will be serviced by the Debt Service Fund with an apportionment of the ad valorem tax levy. At September 30, 2017, $192,617 was available in this fund to service these certificates.

Capital Leases Payable

Obligations under capital leases are as follows (all leases are financed through American National Leasing):

$16,633 Ford Van due in five annual installments of $3,741 with final maturity in December 2017, with interest due annually, imputed at 2.25% (Sheriff's Office)	$ 2,984
$119,562 Caterpillar grader due in five annual installments of $5,000 and balloon payment of $106,788 in March 2021, with interest due annually, imputed at 2.20% (Road & Bridge Precinct 2)	112,812
$121,562 Caterpillar grader due in five annual installments of $5,000 and balloon payment of $109,018 in March 2021, with interest due annually, imputed at 2.20% (Road & Bridge Precinct 2)	114,868
$144,514 Caterpillar grader due in five annual installments of $15,000 and balloon payment of $81,521 in March 2021, with interest due annually, imputed at 2.20% (Road & Bridge Precinct 3)	118,244
$112,114 Caterpillar grader due in five annual installments of $10,000 and balloon payment of $71,935 in March 2021, with interest due annually, imputed at 2.20% (Road & Bridge Precinct 3)	95,044
$159,565 John Deere grader due in five annual installments of $8,500 and balloon payment of $140,105 in November 2017, with interest due annually, imputed at 2.25% (Road & Bridge Precinct 4)	139,519

NOTE 8 - LONG-TERM LIABILITIES (CONT'D.)

$188,128 Caterpillar grader due in five annual installments of $13,500 and balloon payment of $135,105 in March 2018, with interest due annually, imputed at 2.25% (Road & Bridge Precinct 4)	150,934
$21,396 Chevrolet Tahoe due in three annual installments of $4,681 and balloon payment of $8,500 in December 2016, with interest due annually, imputed at 2.25% (Sheriff's Office)	8,109
$21,396 Chevrolet Tahoe due in three annual installments of $4,681 and balloon payment of $8,500 in December 2016, with interest due annually, imputed at 2.25% (Sheriff's Office)	8,109
$25,825 Chevrolet Tahoe due in three annual installments of $6,162 and balloon payment of $9,000 in September 2017, with interest due annually, imputed at 2.5% (Emergency Management Coordinator)	13,054
$206,000 John Deere grader due in five annual installments of $10,406 and balloon payment of $175,000 in October 2019, with interest due annually, imputed at 2.25% (Road & Bridge Precinct 1)	184,934
$24,592 Chevrolet Tahoe due in three annual installments of $5,699 and balloon payment of $9,000 in December 2017, with interest due annually, imputed at 2.5% (Sheriff's Office)	14,341
$24,069 Ford Pickup due in three annual installments of $5,664 and balloon payment of $8,500 in December 2017, with interest due annually, imputed at 2.5% (Sheriff's Office)	13,819
$19,851 Ford Explorer due in three annual installments of $4,473 and balloon payment of $7,500 in December 2018, with interest due annually, imputed at 2.25% (Sheriff's Office)	15,826
$29,626 Dodge Ram due in three annual installments of $7,326 and balloon payment of $9,000 in March 2019, with interest due annually, imputed at 2.25% (Constable)	22,707
$21,136 Dodge Ram due in five annual installments of $4,390 and balloon payment of $9,000 in August 2019, with interest due annually, imputed at 2.25% (Sheriff's Office)	17,022
$149,065 Caterpillar grader due in three annual installments of $5,000 and balloon payment of $143,919 in March 2019, with interest due annually, imputed at 2.20% (Road & Bridge Precinct 1)	147,470
$27,539 Chevrolet Tahoe due in three annual installments of $5,797 and balloon payment of $12,000 in February 2020, with interest due annually, imputed at 2.75% (Constable)	27,539

NOTE 8 - LONG-TERM LIABILITIES (CONT'D.)

$30,718 Chevrolet Tahoe due in three annual installments of $7,888 and balloon payment of $9,000 in March 2020, with interest due annually, imputed at 2.75% (Constable)	30,718
$27,438 Chevrolet Tahoe due in three annual installments of $6,734 and balloon payment of $9,000 in May 2020, with interest due annually, imputed at 2.75% (Sheriff's Office)	27,438
$27,438 Chevrolet Tahoe due in three annual installments of $6,734 and balloon payment of $9,000 in May 2020, with interest due annually, imputed at 2.75% (Sheriff's Office)	27,438
$27,838 Chevrolet Tahoe due in three annual installments of $6,875 and balloon payment of $9,000 in May 2020, with interest due annually, imputed at 2.275% (Sheriff's Office)	27,838
Total remaining obligations under capital leases	$ 1,320,767

The total cost of assets acquired under capital lease is $2,285,649 at September 30, 2017. These assets have accumulated depreciation of $455,019, for a net value of $1,830,630 as of September 30, 2017.

Aggregate maturities of the long-term debt (principal and interest) for the years subsequent to September 30, 2017 are as follows:

Year Ending	Certificates of Obligation		Capital Leases		Total	
September 30	Principal	Interest	Principal	Interest	Principal	Interest
2018	$ 286,295	$ 136,023	$ 429,259	$ 32,062	$ 715,554	$ 168,085
2019	300,357	124,723	231,710	19,996	532,067	144,719
2020	309,315	112,173	296,385	13,419	605,700	125,592
2021	323,166	97,975	363,413	5,848	686,579	103,823
2022	336,961	83,463	-	-	336,961	83,463
2023-2027	1,886,575	199,602	-	-	1,886,575	199,602
Totals	$3,442,669	$ 753,959	$1,320,767	$71,325	$4,763,436	$ 825,284

NOTE 9 - DEFINED BENEFIT PENSION PLAN

A. Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 701 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis that is publicly available at *www.tcdrs.org.*

NOTE 9 - DEFINED BENEFIT PENSION PLAN (CONT'D.)

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

B. Benefits Provided

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

Employees Covered by Benefit Terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	51
Inactive employees entitled to but not yet receiving benefits	46
Active employees	67

C. Contributions

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 7.57% for the months of the accounting year in 2016, and 6.68% for the months of the accounting year in 2017.

The contribution rate payable by the employee members for calendar year 2017 is the rate of 7% as adopted by the Commissioners' Court of the County. The employee contribution rate and the County contribution rate may be changed by the Commissioners' Court of the County within the options available in the TCDRS Act.

D. Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation.

NOTE 9 - DEFINED BENEFIT PENSION PLAN (CONT'D.)

Actuarial Assumptions

The 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 through December 31, 2012, except where required to be different by GASB 68.

Real rate of return	5.0% per year
Inflation	3.0% per year
Long-term investment return	8.0% per year, net of pension plan investments expenses
Growth in membership	0.0% per year
Payroll growth	2.5% per year

Salary increases were based on a service-related table. The mortality rates for active members were based on the RP2000 Active Employee Mortality Table for males with a two-year set-forward and the RP2000 Active Employee Mortality Table for females with a four-year setback, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that. The mortality rate for service retirees, beneficiaries, and non-depositing members was based on the RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with a one-year set forward for males and no age adjustment for females. The mortality rates for disabled retirees were based on the RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and a two-year set-forward for females.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are based on January 2016 information for a 7-10 year time horizon.

The valuation assumption for long-term expected return is re-assessed a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013.

NOTE 9 - DEFINED BENEFIT PENSION PLAN (CONT'D.)

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

Asset Class	Benchmark	Target Allocation [1]	Geometric Real Rate of Return (Expected minus Inflation) [2]
US Equities	Dow Jones U.S. Total Stock Market Index	13.50%	4.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index [3]	16.00%	7.70%
Global Equities	MSCI World (net) Index	1.50%	5.00%
International Equities – Developed	50% MSCI World Ex USA (net) + 50% MSCI World Ex USA 100% Hedged to USD (net) Index	10.00%	4.70%
International Equities – Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.60%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.70%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	3.83%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.15%
Distressed Debt	Cambridge Associates Distressed Securities Index [4]	3.00%	6.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	3.85%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.60%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index [5]	6.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	20.00%	3.85%

[1] Target asset allocation adopted at the April 2017 TCDRS Board Meeting.

[2] Geometric real rates of return in addition to assumed inflation of 2.0%, per Cliffwater's 2017 capital market assumptions.

[3] Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

[4] Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

[5] Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

NOTE 9 - DEFINED BENEFIT PENSION PLAN (CONT'D.)

Discount Rate

The projected fiduciary net position was determined to be sufficient compared to projected benefit payments. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be sufficient to pay projected benefit payments in all future years. Therefore, 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 (8.10%).

Changes in Net Pension Liability / (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) – (b)
Balances as of December 31, 2015	$8,226,413	$7,826,015	$400,397
Changes for the year:			
Service cost	279,689	-	279,689
Interest on total pension liability	659,146	-	659,146
Effect of plan terms	-	-	-
Effect of economic/demographic gains or losses	(63,549)	-	(63,549)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(42,233)	(42,233)	-
Benefit payments	(418,590)	(418,590)	-
Administrative expense	-	(6,285)	6,285
Member contributions	-	170,859	(170,859)
Net investment income	-	575,122	(575,122)
Employer contributions	-	184,772	(184,772)
Other changes	-	(6,777)	6,777
Balances as of December 31, 2016	$8,640,876	$8,282,883	$357,992

Sensitivity Analysis

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

NOTE 9 - DEFINED BENEFIT PENSION PLAN (CONT'D.)

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Net pension liability / (asset)	$1,278,798	$357,992	($424,647)

Pension Expense

	January 1, 2016 to December 31, 2016
Service cost	$279,689
Interest on total pension liability [1]	659,146
Effect of plan changes	0
Administrative expenses	6,285
Member contributions	(170,859)
Expected investment return net of investment expenses	(629,211)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(48,555)
Recognition of assumption changes or inputs	23,101
Recognition of investment gains or losses	149,476
Other [2]	6,777
Pension expense	$275,849

[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.*

Deferred Outflows / Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 99,511
Changes of assumptions	46,202	-
Net difference between projected and actual earnings	439,884	-
Contributions made subsequent to measurement date	127,366	-
Total	$613,452	$ 99,511

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:

NOTE 9 - DEFINED BENEFIT PENSION PLAN (CONT'D.)

Year Ended December 31:	
2017	$124,023
2018	121,621
2019	130,115
2020	10,816

For the year ended December 31, 2016, there were no changes to the Plan relative to assumptions and benefit terms.

NOTE 10 - FEDERAL AND STATE GRANTS

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

NOTE 11 - TAX ABATEMENT AGREEMENTS

The Commissioner's Court has approved value limitation agreements with companies for a limitation on the appraised value of County pursuant to Chapter 312 of the Texas Tax Code, as amended, i.e., the Property Tax Abatement Act. Under these agreements, the County has agreed to abate 100% of property taxes levied on qualified improvements during the abatement period. These abatements may be granted to businesses that construct improvements within certain zones designated by the Commissioner's Court.

For the fiscal year ended September 30, 2017, the County abated property taxes totaling $2,084,352 under this program and received payments in lieu of taxes totaling $522,950.

REQUIRED SUPPLEMENTARY INFORMATION

ARCHER COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	$ 2,984,452	$ 2,984,452	$ 3,018,415	$ 33,963
Payments in lieu of taxes	460,450	460,450	522,950	62,500
Sales taxes	258,362	258,362	293,903	35,541
Fees and commissions	602,646	602,646	573,506	(29,140)
Royalties	31,997	74,854	75,404	550
Intergovernmental	52,766	52,766	61,246	8,480
Charges for services	77,200	93,848	104,860	11,012
Contributions and donations	400	400	714	314
Other	170,013	174,325	110,524	(63,801)
Total revenues	4,638,286	4,702,103	4,761,522	59,419
Expenditures				
General administrative	1,388,891	1,431,748	1,415,536	16,212
County Judge/County Court	152,569	152,569	151,111	1,458
Courthouse/Annex/Buildings	205,187	205,187	140,331	64,856
County Clerk	134,047	134,747	133,426	1,321
District Clerk	144,471	144,471	138,653	5,818
Elections	80,415	80,415	69,624	10,791
District Court	99,872	99,872	97,936	1,936
District Attorney	82,494	82,494	77,171	5,323
County Attorney	132,043	132,043	127,143	4,900
Tax Assessor/Collector	165,787	179,949	177,679	2,270
Treasurer	109,392	109,392	104,872	4,520
Sheriff	1,280,905	1,280,905	1,288,360	(7,455)
Constable 1	34,196	37,417	34,639	2,778
Constable 2	38,879	38,879	32,491	6,388
Constable 4	65,913	76,742	71,654	5,088
Indigent Health Care	159,241	159,241	109,891	49,350
Extension Office	71,494	71,494	48,468	23,026
Emergency management	62,214	62,214	53,850	8,364
County Auditor	76,049	76,049	75,025	1,024
Library	59,557	59,557	53,257	6,300
Justice of the Peace - Precinct 1	110,596	110,596	103,225	7,371
Justice of the Peace - Precinct 2	51,147	51,147	44,404	6,743
Justice of the Peace - Precinct 3	14,281	14,281	11,496	2,785
Justice of the Peace - Precinct 4	51,482	51,482	50,497	985
Museum	4,841	4,841	3,055	1,786
Other departments	28,424	34,522	33,491	1,031
Total expenditures	4,804,387	4,882,254	4,647,285	234,969
Excess of revenues over (under) expenditures	(166,101)	(180,151)	114,237	294,388
Other financing sources:				
Transfers in	31,000	31,000	-	(31,000)
Proceeds from sale of capital assets	-	14,050	59,209	45,159
Total other financing sources	31,000	45,050	59,209	14,159

ARCHER COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget - Positive (Negative)
	Original	Final		
Excess of revenues and other sources over (under) expenditures and other uses	(135,101)	(135,101)	173,446	308,547
Fund balances - beginning	2,335,240	2,335,240	2,335,240	-
Fund balances - ending	$ 2,200,139	$ 2,200,139	$ 2,508,686	$ 308,547

Reconciliation of budgetary basis results to GAAP basis results shown on Exhibit A-5:

	Budgetary Basis	State Fee Adjustments (1)	Capital Lease Adjustments (2)	GAAP Basis
Total revenues	$ 4,761,522	$ (132,438)	$ -	$ 4,629,084
Total expenditures	4,647,285	(132,438)	140,971	4,655,818
Other financing sources	59,209	-	140,971	200,180
Net change in fund balance	$ 173,446	$ -	$ -	$ 173,446

(1) The County budgets state fees collected by the County Clerk and Justices of the Peace as both revenues/expenditures. For GAAP reporting purposes, these fees are not recorded as either revenues or expenditures as they are not within the control of the County.

(2) The County does not budget for equipment purchases that utilize capital lease financing or the trade-in value of any equipment traded in. These adjustments have no net effect on the change in fund balance between the budgetary basis and GAAP basis.

ARCHER COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - ROAD & BRIDGE PRECINCT 2 FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	$ 225,072	$ 225,072	$ 201,933	$ (23,139)
Highway taxes	100,000	100,000	106,175	6,175
Intergovernmental	13,750	92,276	12,976	(79,300)
Other	2,507	2,507	5,178	2,671
Total revenues	341,329	419,855	326,262	(93,593)
Expenditures				
Public transportation	356,695	435,221	361,401	73,820
Total expenditures	356,695	435,221	361,401	73,820
Excess of revenues over (under) expenditures	(15,366)	(15,366)	(35,139)	(19,773)
Other financing sources (uses):				
Transfers out	-	-	(6,737)	(6,737)
Net change in fund balance	(15,366)	(15,366)	(41,876)	(26,510)
Fund balances - beginning	(21,192)	(21,192)	(21,192)	-
Fund balances - ending	$ (36,558)	$ (36,558)	$ (63,068)	$ (26,510)

For the year ended September 30, 2017, there are no reconciling items between budget basis and GAAP basis.

ARCHER COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

	2016	2015	2014
Total Pension Liability			
Service cost	$ 279,689	$ 261,599	$ 243,972
Interest on total pension liability	659,146	627,704	587,441
Effect of plan changes	-	(25,802)	-
Effect of plan changes or inputs	-	92,405	-
Effect of economic/demographic (gains) or losses	(63,549)	(119,092)	9,606
Benefit payments/refunds of contributions	(460,823)	(390,264)	(380,395)
Net change in total pension liability	414,463	446,550	460,624
Total pension liability (asset), beginning	8,226,413	7,779,863	7,319,239
Total pension liability (asset), ending (a)	$ 8,640,876	$ 8,226,413	$ 7,779,863
Fiduciary Net Position			
Employer contributions	$ 184,772	$ 179,374	$ 187,364
Member contributions	170,859	160,565	155,397
Investment income net of investment expenses	575,122	41,751	504,519
Benefit payments/refunds of contributions	(460,823)	(390,264)	(380,395)
Administrative expenses	(6,285)	(5,624)	(5,845)
Other	(6,776)	5,444	1,562
Net change in fiduciary net position	456,869	(8,754)	462,602
Fiduciary net position, beginning	7,826,015	7,834,769	7,372,167
Fiduciary net position, ending (b)	$ 8,282,884	$ 7,826,015	$ 7,834,769
Net pension liability / (asset), ending = (a) - (b)	$ 357,992	$ 400,398	$ (54,906)
Fiduciary net position as a % of total pension liability	95.86%	95.13%	100.71%
Pensionable covered payroll	$ 2,240,848	$ 2,293,782	$ 2,219,950
Net pension liability (asset) as a % of covered payroll	15.98%	17.46%	-2.47%

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been prepared.

ARCHER COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a % of Covered Payroll
2007	$ 130,457	$ 130,457	$ -	$ 1,527,599	8.5%
2008	129,674	129,674	-	1,637,302	7.9%
2009	132,759	132,759	-	1,744,536	7.6%
2010	152,580	152,580	-	1,812,116	8.4%
2011	152,134	152,134	-	1,950,419	7.8%
2012	171,753	171,753	-	2,128,289	8.1%
2013	165,206	165,206	-	2,062,484	8.0%
2014	187,364	187,364	-	2,219,950	8.4%
2015	179,374	179,374	-	2,293,782	7.8%
2016	184,772	184,772	-	2,440,848	7.6%

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

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	3.0%
Salary increases	3.50% to 8.93%, including inflation
Investment rate of return	8.10%
Cost-of-living adjustments	No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement age	Experience-based table of rates are used system-wide by TCDRS.
Mortality	
Depositing members	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with a one-year set forward for males and no age adjustment for females.
Disabled retirees	The RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and a two-year set forward for females.

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been prepared.

Budget

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The County and many other governments revise their original budgets over the course of the year for a variety of reasons. Therefore the County will report the government's original budget as well as the comparison of the final budget and actual results.

The County adheres to the following procedures in establishing the operating budget reflected in the basic financial statements:

The County begins the budget process in July of each year, with each department submitting a proposed budget for the upcoming year. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted. The budget is legally enacted by the Commissioner's Court through passage of appropriation and tax levying ordinances prior to September 30 and is published under a separate cover.

An annual budget, including debt service requirements, is legally adopted for the General Fund and each of the 4 Road and Bridge Precincts. The budgets are prepared on a basis similar to generally accepted accounting principles. However, equipment purchases through capital lease financing are not budgeted. The County only budgets for the capital lease payments required during each fiscal year. Additionally, state court costs collected are budgeted as both revenue and expenditures, but these items are omitted from GAAP basis statements as they are not within the control of the County.

During the year ended September 30, 2017, the County's expenditures in the Sheriff's Department of the General Fund exceeded budgeted amounts by $7,455.

At the close of each fiscal year, any unencumbered appropriated balance lapses to the unassigned fund balance.

Texas County and District Retirement System

There were no changes to benefit terms or assumptions during the current year.

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APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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$2,735,000
ARCHER COUNTY, TEXAS
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2019

WE HAVE ACTED AS BOND COUNSEL in connection with the issuance by Archer County, Texas (the “County”) of its $2,735,000 aggregate original principal amount of General Obligation Refunding Bonds, Series 2019, dated December 15, 2018 (the "Bonds").

IN OUR CAPACITY AS BOND COUNSEL, we have examined the Bonds for the sole purpose of rendering an opinion with respect to the legality and validity of the Order (as defined below) and the Bonds under the Constitution and laws of the State of Texas, and with respect to the excludability of the interest on the Bonds from gross income for federal income tax purposes. We have not been requested to investigate or verify, and have not investigated or verified, any records, data or other material relating to the financial condition or capabilities of the County.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas. We have also examined 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 as we have deemed relevant, a transcript of certified proceedings of the County and other pertinent instruments authorizing and relating to the issuance of the Bonds, including (1) the order adopted by the Commissioners Court of the County on September 10, 2018, together with the Officer’s Pricing Certificate executed by the Authorized Representative on December 20, 2018, authorizing the issuance of the Bonds (collectively, the “Order”), (2) the Escrow Deposit Agreement, dated as of December 20, 2018 between the County and Zions Bancorporation, National Association, Amegy Bank Division, (3) a sufficiency certificate provided by the County’s financial advisor, (4) the registered Initial Bond numbered I-1, and (5) the Federal Tax Certificate of the County.

BASED ON OUR EXAMINATION, we are of the opinion that:

1. The Bonds are valid and legally binding obligations of the County enforceable in accordance with their terms, except as their enforceability may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights generally and as may be affected by matters involving the exercise of equitable or judicial discretion.

2. The Bonds are secured by and payable from the levy of a direct and continuing annual ad valorem tax upon all taxable property within the County, within limits prescribed by law, sufficient for said purposes.

3. Interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax on individuals or, except as noted below for tax years beginning before January 1, 2018, corporations.

4. Firm banking and financial arrangements have been made for the discharge and final payment of the obligations being refunded pursuant to the Order, and that therefore such obligations are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefor in the Order.

For tax years beginning before January 1, 2018, the adjustment for "adjusted current earnings" set forth in Section 56(g) of the Code is required in determining a corporation's alternative minimum taxable income. Alternative minimum taxable income is increased by seventy-five percent (75%) of the excess, if any, of the "adjusted current earnings" of a corporation over the alternative minimum taxable income (determined without regard to this adjustment or the alternative tax net operating loss deduction). Interest on tax-exempt obligations, including the Bonds, would generally be included in computing a corporation's "adjusted current earnings." Accordingly, a portion of any interest on the Bonds received or accrued by a corporation that owns the Bonds will be included in computing such corporation's alternative minimum taxable income for such year. For tax years beginning after December 31, 2017, Public Law 115-97 repealed the corporate alternative minimum tax.

In rendering this opinion, we have assumed continuing compliance by the County with the covenants contained in the Order and the Federal Tax Certificate, that it will comply with the applicable requirements of the Code, including requirements relating to, *inter alia*, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the County to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that may affect the tax-exempt status of the interest on the Bonds.

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 Internal Revenue 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. We observe that the County 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 Bonds as includable in gross income for federal income tax purposes.

Respectfully,

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SPECIALIZED PUBLIC FINANCE INC.
FINANCIAL ADVISORY SERVICES