PRELIMINARY OFFICIAL STATEMENT
Dated October 29, 2020

NEW ISSUE - Book-Entry-Only

RATING: S&P - Applied For
(See "OTHER PERTINENT INFORMATION - Municipal Bond Rating")

Interest on the Bonds (defined below) is not excludable from gross income for federal income tax purposes under existing law. See "FEDERAL INCOME TAX TREATMENT OF THE BONDS" herein.

$11,480,000*
BURNET COUNTY, TEXAS
GENERAL OBLIGATION REFUNDING BONDS, TAXABLE SERIES 2020

Dated Date: November 15, 2020

Due: March 1, as shown on page -ii- herein

The "Burnet County, Texas General Obligation Refunding Bonds, Taxable Series 2020" (the "Bonds"), as shown on page -ii- of this Official Statement, are being issued by the Commissioners Court (the "Court") of Burnet County, Texas (the "County") pursuant to the Constitution and general laws of the State of Texas (the "State"), including Chapter 1207, as amended, Texas Government Code ("Chapter 1207") and an order authorizing the issuance of the Bonds (the "Order") adopted by the Court on October 13, 2020. In the Order, and as permitted by the provisions of Chapter 1207, the Court delegated to certain County officials (each, an "Authorized Official") the authority to execute an approval certificate (the "Approval Certificate") evidencing the final sale terms of the Bonds. See "THE BONDS - Authority for Issuance" herein.

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 within the County, as provided by the Order. See "THE BONDS – Authority for Issuance", "THE BONDS - Security for Payment", and "AD VALOREM PROPERTY TAXATION – Debt Tax Rate Limitations" herein.

Interest on the Bonds will accrue from November 15, 2020 (the "Dated Date") as shown above, will be payable on March 1 and September 1 of each year, commencing March 1, 2021, until stated maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Bonds will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository. Book-entry interests in the Bonds will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. Purchasers of the Bonds ("Beneficial Owners") will not receive physical delivery of Bonds representing their interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, the principal of and interest on the Bonds will be payable by U.S. Bank National Association, Dallas, Texas, as Paying Agent/Registrar, to Cede & Co., which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the Beneficial Owners of the Bonds. See "BOOK -ENTRY-ONLY SYSTEM" herein.

Proceeds from the sale of the Bonds will be used for the purpose of (i) refunding a portion of the County's currently outstanding indebtedness, as identified in Schedule I attached hereto (the "Refunded Obligations"), for debt service savings, and (ii) paying professional services associated with the costs of issuance of the Bonds. See "THE BONDS - Use of Proceeds" herein.

SEE MATURITY SCHEDULE, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL YIELDS, CUSIP NUMBERS, AND REDEMPTION PROVISIONS ON PAGE -ii-

The Bonds are offered for delivery when, as and if issued and received by the initial purchasers thereof named below (the "Underwriter") and are subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, Austin, Texas, Bond Counsel. See "LEGAL MATTERS" herein for a discussion of Bond Counsel's opinion. Certain legal matters will be passed upon for the Underwriter by its legal counsel, McCall, Parkhurst & Horton L.L.P., Austin, Texas. It is expected that the Bonds will be available for delivery through the services of DTC, New York, New York, on or about December 15, 2020.

RBC CAPITAL MARKETS

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* *Preliminary, subject to change.*

MATURITY SCHEDULE

$11,480,000[1]
Burnet County, Texas
General Obligation Refunding Bonds,
Taxable Series 2020

CUSIP NO. PREFIX: 122223 [2]

Maturity March 1	Principal Amount ($)	Interest Rate (%)	Initial Yield (%)	CUSIP No. Suffix[2]
2022	185,000			
2023	185,000			
2024	185,000			
2025	855,000			
2026	860,000			
2027	865,000			
2028	875,000			
2029	885,000			
2030	890,000			
2031	905,000			
2032	925,000			
2033	940,000			
2034	960,000			
2035	970,000			
2036	995,000			

(Accrued interest to be added from the Dated Date)

Redemption Provisions

The County reserves the right to redeem the Bonds maturing on and after March 1, 2030 in whole or in part, in the principal amount of $5,000 or any integral multiple thereof, on March 1, 2029 or any date thereafter, at the redemption price of par plus accrued interest. If two or more serial bonds of consecutive maturity are combined into one or more "term" Bonds (the "Term Bonds") by the Underwriter, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Order. (See "THE BONDS - Redemption Provisions of the Bonds" herein.)

(1) Preliminary, subject to change.

(2) 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. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the Underwriter, the County or the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein.

BURNET COUNTY, TEXAS
220 South Pierce
Burnet, Texas 78611

COMMISSIONERS COURT

Name	Position	Length of Service	Term Expires Dec 31
James Oakley	County Judge	6	2022
Jim Luther, Jr.	Commissioner, Precinct 1	4	2020*
Damon Beierle	Commissioner, Precinct 2	2	2022
Billy Wall	Commissioner, Precinct 3	4	2020*
Joe Don Dockery	Commissioner, Precinct 4	14	2022

** For the November 3, 2020 general election, both Commissioner Luther and Wall are running for reelection unopposed.*

COUNTY OFFICIALS

Name	Position	Years Served
Karin Smith	County Auditor	8*
Eddie Arredondo	County Attorney	15
Karrie Crownover	County Treasurer	15
Janet Parker	County Clerk	30
Sheri Frazier	Tax Assessor/Collector	29

** Ms. Smith has served as County Auditor for Burnet County for two years and has served six prior years as the County Auditor of another county.*

CONSULTANTS AND ADVISORS

SAMCO Capital Markets, Inc. San Antonio, Texas	Financial Advisor
Norton Rose Fulbright US LLP Austin, Texas	Bond Counsel
Pattillo, Brown & Hill, LLP Waco, Texas	Certified Public Accountants

For additional information regarding the County, please contact:

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Burnet County
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Burnet, Texas 78611
(512) 715-5276
(512) 715-5217
comcrt@burnetcountytexas.org

Mr. Duane L. Westerman
Senior Managing Director
SAMCO Capital Markets, Inc.
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dwesterman@samcocapital.com

USE OF INFORMATION IN OFFICIAL STATEMENT

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

No dealer, broker, salesman, or other person has been authorized by the County to give any information or to make any representation with respect to the Bonds, other than as 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 either of the foregoing.

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information set forth herein has been obtained from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will under any circumstances create any implication that there has been no change in the information or opinions set forth herein after the date of this Official Statement.

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 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 FOR THE PURCHASE THEREOF.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE OF THIS ISSUE 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, or the Underwriter make any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company ("DTC") or its book-entry-only system described under the caption "BOOK-ENTRY-ONLY SYSTEM" as such information has been provided by The Depository Trust Company.

The agreements of the County and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement, nor any other statement made in connection with the offer or sale of the Bonds, is to be construed as constituting an agreement with the purchasers of the Bonds. 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 WITH RESPECT TO THE BONDS.

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TABLE OF CONTENTS

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

OFFICIAL STATEMENT SUMMARY INFORMATION

The following information is qualified in its entirety by more detailed information and financial statements appearing elsewhere in this Official Statement:

THE ISSUER	Burnet County, Texas (the "County") is a political subdivision of the State of Texas and is governed by the Commissioners Court, which is composed of four County Commissioners and the County Judge. The County's 2020 population estimate was 49,318. See "APPENDIX B - GENERAL INFORMATION REGARDING BURNET COUNTY - Economic and Demographic Characteristics" herein.
THE BONDS	$11,480,000* Burnet County, Texas General Obligation Refunding Bonds, Taxable Series 2020 (the "Bonds"). Interest on the Bonds will accrue from the Dated Date (identified below) and is payable initially on March 1, 2021 and semiannually on September 1 and March 1 thereafter until the earlier of stated maturity or prior redemption. The Bonds will mature on the dates, at the rates, and in the principal amounts indicated on page -ii- hereof.
DATED DATE	November 15, 2020.
REDEMPTION	The County reserves the right to redeem the Bonds maturing on and after March 1, 2030, in whole or in part, in the principal amount of $5,000 or any integral multiple thereof, on March 1, 2029 or any date thereafter, at the redemption price of par plus accrued interest. If two or more serial bonds of consecutive maturity are combined into one or more "term" Bonds (the "Term Bonds") by the Underwriter, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Order. See "THE BONDS - Redemption Provisions of the Bonds" herein.
SECURITY FOR THE BONDS	The Bonds constitute direct obligations of the County payable, both as to principal and interest, from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the County. See "THE BONDS - Security for Payment" herein.
BOOK-ENTRY-ONLY SYSTEM	The County intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York relating to the method and timing of payment as to principal and interest.
PAYING AGENT/REGISTRAR	U.S. Bank National Association, Dallas, Texas.
FEDERAL INCOME TAX TREATMENT OF THE BONDS	Interest on the Bonds is not excludable from gross income for federal income tax purposes. (See "FEDERAL INCOME TAX TREATMENT OF THE BONDS" herein).
USE OF PROCEEDS	Proceeds from the sale of the Bonds will be used for the purpose of (i) refunding a portion of the County's currently outstanding indebtedness, as identified in Schedule I attached hereto (the "Refunded Obligations"), for debt service savings, and (ii) paying professional services associated with the costs of issuance of the Bonds. See "THE BONDS - Use of Proceeds" herein.
RATING	The County has made application to S&P Global Ratings ("S&P") for a contract rating on the Bonds. See "OTHER PERTINENT INFORMATION - Municipal Bond Rating" herein.
FUTURE BOND ISSUES	The County does not anticipate the issuance of additional debt in the next 12 months except potentially refunding bonds for debt service savings.
PAYMENT RECORD	The County has never defaulted on the payment of its bonded indebtedness.
DELIVERY	When issued, anticipated on or about December 15, 2020.
Legality	The Bonds are subject to the approval of legality by the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright LLP, Austin, Texas, Bond Counsel. See "APPENDIX D - Form of Opinion of Bond Counsel" herein.

* *Preliminary, subject to change.*

PRELIMINARY OFFICIAL STATEMENT

relating to

$11,480,000*
BURNET COUNTY, TEXAS
GENERAL OBLIGATION REFUNDING BONDS,
TAXABLE SERIES 2020

INTRODUCTION

This Official Statement of Burnet County, Texas (the "County") is provided to furnish certain information in connection with the sale of the County's $11,480,000* General Obligation Refunding Bonds, Taxable Series 2020 (the "Bonds").

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

This Official Statement, which includes the cover page, the appendices and Schedule I hereto, provides certain information about 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 upon request from the County and, during the offering period, from the County's Financial Advisor, SAMCO Capital Markets, Inc., 1020 N.E. Loop 410, Suite 640, San Antonio, Texas 78209, by electronic mail or upon payment of reasonable copying, mailing, and handling charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. A copy of the Official Statement and the Escrow Agreement (defined herein) pertaining to the Bonds will be filed by the Underwriter with the Municipal Securities Rulemaking Board through its Electronic Municipal Markets 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. Capitalized terms used, but not defined herein, shall have the meanings ascribed thereto in the Order (defined below).

Infectious Disease Outbreak – COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the Pandemic which has been subsequently extended and is still in effect. In addition certain local officials, including the County Judge, have also declared a local state of disaster. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. Due to a previous spike in COVID-19 cases, prior executive orders modified the phased reopening of businesses in Texas, subject to further restrictions in the Governor's discretion. The Governor has since issued a number of these including, for example, the issuance on September 17, 2020 of Executive Order GA-30, which, among other things, provided further guidelines for the reopening of businesses and the maximum threshold level of occupancy related to such establishments. Certain businesses, such as cybersecurity services, child care services, local government operations, youth camps, recreational programs, schools, and religious services, do not have the foregoing limitations. The Governor's order also states, in providing or obtaining services, every person (including individuals, businesses, and other legal entities) should use good-faith efforts and available resources to follow the minimum standard health protocols. Executive Order GA-30 remains in place until amended, rescinded, or superseded by the Governor. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov/texas/gov/. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

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* *Preliminary, subject to change.*

The full extent of the ongoing impact of COVID-19 on the County's longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies discussed above, the duration and spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted. The County continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic upon the County. While the potential impact of the Pandemic on County cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the County's operations and financial condition.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the County. The financial and operating data contained herein are the latest available but are for the dates and the periods stated herein, which are for periods prior to the economic impact of the Pandemic and efforts to slow it. It is unclear at this time what effect, if any, COVID-19 and resulting economic disruption may have on future assessed values or the collection of taxes, either because of delinquencies or collection and valuation relief resulting from the declared emergency. The Bonds are secured by a limited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the County's share of operations and maintenance expenses payable from ad valorem taxes.

PLAN OF FINANCING

Purpose

Proceeds from the sale of the Bonds will be used for the purpose of (i) refunding a portion of the County's currently outstanding indebtedness, as identified in Schedule I attached hereto (the "Refunded Obligations"), for debt service savings, and (ii) paying professional services associated with the costs of issuance of the Bonds.

Refunded Obligations

The Refunded Obligations, and interest due thereon, are to be paid on their respective scheduled maturity date or dates from funds to be deposited with U.S. Bank National Association, Dallas, Texas (the "Escrow Agent") pursuant to an Escrow and Trust Agreement dated as of October 13, 2020 (the "Escrow Agreement") between the County and the Escrow Agent.

The Order provides that the County will deposit certain proceeds of the sale of the Bonds along with other lawfully available funds of the County, if any, with the Escrow Agent in the amount necessary to accomplish the discharge and final payment of the Refunded Obligations. Such funds will be held by the Escrow Agent in an escrow account for the Refunded Obligations (the "Escrow Fund"), containing sufficient funds to accomplish the discharge and final payment of the Refunded Obligations. The funds held by the Escrow Agent in the Escrow Fund will be used to purchase a portfolio of securities authorized under Section 1207.062, Texas Government Code (the "Escrowed Securities"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest of the Refunded Obligations.

Ritz & Associates PA (the "Verification Agent") will verify at the time of delivery of the Bonds to the Underwriter that the Escrowed Securities deposited under the Escrow Agreement will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund established under the Escrow Agreement, will be sufficient to pay, when due, the principal of and interest on the Refunded Obligations addressed by such Escrow Agreement on their respective scheduled redemption dates. Such maturing principal of and interest on the Escrowed Securities will not be available to pay the debt service on the Bonds. See "OTHER INFORMATION - VERIFICATION OF MATHEMATICAL COMPUTATIONS."

By the deposit of the Escrowed Securities and cash with the Escrow Agent pursuant to the Escrow Agreement, 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 Escrowed Securities and/or cash held for such purpose by the Escrow Agent, and the Refunded Obligations will not be deemed as being outstanding obligations of the County.

It is the opinion of Bond Counsel that as a result of such deposit and in reliance upon the report of the Verification Agent, firm banking arrangements will have been made for the discharge and final payment of the Refunded Obligations, and such Refunded Obligations will be deemed to be fully paid and no longer outstanding except for the purpose of being paid from funds provided therefor, in the Escrow Agreement.

THE BONDS

Authority for Issuance

The Bonds are being issued by the Commissioners Court (the "Court") of the County pursuant to the Constitution and general laws of the State of Texas (the "State"), including Chapter 1207, as amended, Texas Government Code ("Chapter 1207") and an order authorizing the issuance of the Bonds (the "Order") adopted by the Commissioners Court (the "Court") on October 13, 2020. In the Order, and as permitted by the provisions of Chapter 1207, the Court delegated to certain County officials (each, an “Authorized Official”) the authority to execute an approval certificate (the "Approval Certificate") evidencing the final sale terms of the Bonds.

General Description

The Bonds will be dated November 15, 2020 (the “Dated Date”) and will be issued in principal denominations of $5,000 or any integral multiple thereof. The Bonds bear interest from the Dated Date at the stated interest rates indicated on the inside cover page hereof. Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months, payable on March 1, 2021 and each September 1 and March 1 thereafter, until stated maturity or prior redemption.

Interest on the Bonds is payable to the registered owners appearing on the bond registration books kept by the Paying Agent/Registrar (identified herein) relating to the Bonds (the “Bond Register”) on the Record Date (identified below) and such interest shall be paid by the Paying Agent/Registrar (i) by check sent by United States mail, first class, postage prepaid, to the address of the registered owner recorded in the Bond Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The principal of the Bonds is payable at stated maturity or prior redemption upon their presentation and surrender to the Paying Agent/Registrar. The Bonds will be issued only in fully registered form in any integral multiple of $5,000 principal for any one maturity.

Initially the Bonds will be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the owners thereof.** Notwithstanding the foregoing, as long as the Bonds are held in the Book-Entry-Only System, 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 (defined herein) of the Bonds. See “BOOK-ENTRY-ONLY SYSTEM” herein.

Security for Payment

The Bonds constitute direct obligations of the County payable, both as to principal and interest, from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the County.

Payment Record

The County has never defaulted on the payment of its bonded indebtedness.

Legality

The Bonds are subject to the approval of legality by the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, Bond Counsel, Austin, Texas. The legal opinion of Bond Counsel will accompany the Bonds deposited with DTC or will be printed on the Bonds. A form of the legal opinion of Bond Counsel appears in APPENDIX D attached hereto.

Delivery

When issued; anticipated on or about December 15, 2020.

Use of Proceeds

Proceeds from the sale of the Bonds will be used for the purpose of (i) refunding a portion of the County's currently outstanding indebtedness, as identified in Schedule I attached hereto (the “Refunded Obligations”), for debt service savings, and (ii) paying professional services associated with the costs of issuance of the Bonds.

Redemption Provisions of the Bonds

The Bonds stated to mature on and after March 1, 2030 are subject to optional redemption, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof (and if less than all within a stated maturity by lot, selected by the Paying Agent/Registrar), on March 1, 2029 or any date thereafter, at a price of par (100%) plus accrued interest to the date fixed for redemption. Additionally, if two or more serial bonds of consecutive maturity are combined into one or more “term” Bonds (the “Term Bonds”) by the Underwriter, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Order.

Selection of Bonds for Redemption

If less than all of the Bonds are to be redeemed, the County shall determine the amounts and maturities thereof to be redeemed and shall direct the Paying Agent/Registrar to select by lot the Bonds, or portions thereof, to be redeemed.

Notice of Redemption

Not less than 30 days prior to a redemption date for the Bonds, the County shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to each registered owner of a Bond to be redeemed, in whole or in part, at the address of the holder appearing on the Bond Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE OF REDEMPTION SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER ONE OR MORE BONDHOLDERS FAILED TO RECEIVE SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

The Paying Agent/Registrar and the County, so long as the Book-Entry-Only System is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Order or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the Beneficial Owner, shall not affect the validity of the redemption of the Bonds called for redemption or any other action premised on such notice or any such notice. Redemption of portions of the Bonds by the County will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Bonds from the Beneficial Owners. Any such selection of Bonds to be redeemed will not be governed by the Order and will not be conducted by the County or the Paying Agent/Registrar. Neither the County nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Bonds for redemption. (See “BOOK-ENTRY-ONLY SYSTEM” herein.)

Defeasance

Any Bond will be deemed paid and shall no longer be considered to be outstanding within the meaning of the Order when payment of the principal of and interest on such Bond to its stated maturity or redemption date will have been made or will have been provided by depositing with the Paying Agent/Registrar or an authorized escrow agent, (1) cash in an amount sufficient to make such payment, (2) Government Obligations (defined below) of such maturities and interest payment dates and bearing such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment, or (3) a combination of cash and Government Obligations. The foregoing deposits shall be certified as to sufficiency by an independent accounting firm, the County's Financial Advisor, the Paying Agent/Registrar, or such other qualified financial institution (as provided in the Order).

The Order provides that “Government Obligations” 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. County officials may further restrict the eligible defeasance securities at the time of the sale of the Bonds. There is no assurance that the ratings for U.S. Treasury securities acquired to defease any Bonds, or those for any other Government Obligations, will be maintained at any particular rating category. Further, there is no assurance that current Texas 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 Texas law as permissible defeasance securities.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Bonds have been made as described above, all rights of the County to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, the County has the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption at an earlier date those Bonds which have been defeased to their maturity date, if the County (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption, (ii) gives notice of the reservation of that right to the owners of the

Bonds immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Amendments

The County may amend the Order without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the County may, with the written consent of the holders of a majority in aggregate principal amount of the Bonds then outstanding, amend, add to, or rescind any of the provisions of the Order; except that, without the consent of all of the registered owners of the Bonds then outstanding, no such amendment, addition, or rescission may (1) change the date specified as the date on which the principal of or any installment of interest on any Bond is due and payable, reduce the principal amount, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the percentage of the aggregate principal amount of Bonds required to be held for consent to any amendment, addition, waiver, or rescission.

Defaults and Remedies

If the County defaults in the payment of principal, interest or redemption price 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 the Order and the County's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the 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 registered owners upon any failure of the County to perform in accordance with the terms of the Order, or upon any other condition and, accordingly, all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas Legislature has effectively waived the County's sovereign immunity from a suit for money damages, 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 United States 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 and general principles of equity which permit the exercise of judicial discretion.

SOURCES AND USES OF FUNDS FOR THE BONDS

Sources of Funds:	
Principal Amount of the Bonds	$____________
[Net] Reoffering Premium	
Accrued Interest	
Transfers/Cash Contribution	
Total Sources of Funds	$____________
Uses of Funds:	
Deposit to Escrow Fund	$____________
Deposit to Bond Fund	
Underwriter's Discount	
Cost of Issuance and Contingency	
Total Uses of Funds	**$____________**

REGISTRATION, TRANSFER, AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar is U.S. Bank National Association, Dallas, Texas. The Bonds will be issued in fully registered form in multiples of $5,000 or integral multiple thereof for any one stated maturity, and principal and interest will be paid by the Paying Agent/Registrar. If the date for the payment of the principal of or interest on, or redemption price of, the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

Successor Paying Agent/Registrar

The County covenants that until the Bonds are paid it will at all times maintain and provide a paying agent/registrar. In the Order, the County retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the County, the new Paying Agent/Registrar must accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the County must be a bank, trust company, financial institution or other entity duly qualified and legally authorized to serve and perform the duties of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the County will promptly cause a notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall give the address of the new Paying Agent/Registrar.

Record Date

The record date ("Record Date") for determining the registered owner entitled to receive a payment of interest on a Bond is the fifteenth day of the month next preceding each interest payment date.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each registered owner of a Bond appearing on the Bond Register at the close of business on the last business day next preceding the date of mailing of such notice.

Registration, Transferability and Exchange

In the event the Book-Entry-Only System shall be discontinued, printed certificates will be issued to the registered owners of the Bonds and thereafter the Bonds may be transferred, registered, and assigned on the Bond Register only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or 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 registered mail to the new registered owner at the registered owner's request, risk and expense. 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 (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in authorized denominations and for a like kind and aggregate principal amount and having the same maturity or maturities as the Bond or Bonds surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

Limitation on Transferability of Bonds Called for Redemption

Neither the County nor the Paying Agent/Registrar are required (1) to make any transfer or exchange during a period beginning at the opening of business 45 days before the day of the first mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing, or (2) to transfer or exchange any Bonds so selected for redemption when such redemption is scheduled to occur within 45 calendar days; provided however, that such limitation of transfer is not applicable to an exchange by the registered owner of the uncalled balance of a Bond.

Replacement Bonds

In the event the Book-Entry-Only System has been discontinued, and any Bond is mutilated, destroyed, stolen or lost, a new Bond of like kind and in the same maturity and amount as the Bond so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Bond, such new Bond will be delivered only upon surrender and cancellation of such mutilated Bond. In the case of any Bond issued in lieu of and in substitution for a Bond which has been destroyed, stolen, or lost, such new Bond will be delivered only (a) upon filing with the County and the Paying Agent/Registrar evidence satisfactory to establish to the County and the Paying Agent/Registrar that such Bond has been destroyed, stolen or lost and proof of the ownership thereof, and (b) upon furnishing the County and the Paying Agent/Registrar with bond or indemnity satisfactory to them. The person requesting the authentication and delivery of a new Bond must comply with such other reasonable regulations as the Paying Agent/Registrar may prescribe and pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

BOOK-ENTRY-ONLY SYSTEM

The following 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 credited by DTC (defined below) 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, the Financial Advisor 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 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 United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.
The Depository Trust Company ("DTC"), New York, New York, 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 security 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 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 an S&P Global Ratings rating of "AA+." The DTC Rules applicable to its Participants are on file with the United States 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-only 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 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 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).

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 the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC [nor its nominee], the Paying Agent/Registrar, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. 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 depository with respect to the Bonds at any time by giving reasonable notice to the County or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, physical bond certificates are required to be printed and delivered.

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 none of the County, the Financial Advisor, or the Underwriter takes 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.

Effect of Termination of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the County, printed physical Bond certificates will be issued to the respective holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Order and summarized under the caption "REGISTRATION, TRANSFER AND EXCHANGE" above.

AD VALOREM PROPERTY TAXATION

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

Valuation of Taxable Property

Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the County is the responsibility of the Burnet Central Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax

Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

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

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

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

State Mandated Homestead Exemptions

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

Local Option Homestead Exemptions

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

Local Option Freeze for the Elderly and Disabled

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

Personal Property

Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

Freeport and Goods-In-Transit Exemptions

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

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

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

Other Exempt Property

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

Tax Increment Reinvestment Zones

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

Tax Abatement Agreements

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

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

County and Taxpayer Remedies

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

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $50 million for the 2020 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

Levy and Collection of Taxes

The County is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the County. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the County may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

County's Rights in the Event of Tax Delinquencies

Taxes levied by the County are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the County, having power to tax the property.

The County's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the County is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

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

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

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

County Application of the Property Tax Code

The County grants a local exemption of $35,000 to the market value of the residence homestead of persons 65 years of age or older and the disabled.

The County grants an additional exemption of up to 20% of the market value of residence homesteads (minimum exemption of $5,000).

The County does not tax nonbusiness personal property.

The County does not allow discounts for the early payment of taxes or split (installment) payments except as provided by State law for persons 65 years of age and older.

The County took action before January 1, 1990 to tax Article VIII, Section 1-j ("freeport") exempt property. The County took action on December 12, 2000 to grant freeport exemptions effective January 1, 2002.

The County does not grant an exemption for goods-in-transit.

The County participates in four Tax Increment Reinvestment Zones with a cumulative captured TIRZ Value of $506,752,562. The estimated loss of County tax revenue to the TIRZs is $2,459,270.

The County has 14 active Tax Abatements with businesses and has adopted criteria which is a prerequisite to the executions of any abatement agreements. For the 2019 Tax Year, the total aggregate assessed valuation loss due to the abatement agreements equals $ 268,968,279 and the latest expiration date for any of the abatements is 2028. On July 2, 2019, the Commissioners Court approved the framework of a tax abatement program with Prairie Hill Wind Project, LLC, which proposes placing 100 turbines in the County and Limestone County, Texas. Under the terms of the agreement, the County would receive $50,000 payments annually from the developer during the 10-year life of the abatement contract. The County may consider additional abatements in the future if they happen to meet the adopted criteria.

Public Hearing and Maintenance and Operations Tax Rate Limitations

The following terms as used in this section have the meanings provided below:

> "de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional $500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.
>
> "no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted). Certain counties for which certain expenditures for indigent legal defense or certain hospital expenditures exceed the amount for such expenditures for the preceding tax year, may increase their no-new-revenue tax rate proportionately with such expenditures in the manner provided by the Property Tax Code.
>
> "special taxing unit" means a county for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per $100 of taxable value.

> "unused increment rate" means the cumulative difference between a county's voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a county's tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.
>
> "voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the unused increment rate.

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

A county must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a county fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the county for the preceding tax year.

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

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

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

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

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

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

See "AD VALOREM PROPERTY TAXATION – Debt Tax Rate Limitations" for a description of the debt service tax rate limitations applicable to the Bonds.

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.

Debt Tax Rate Limitations

Article VIII, Section 9 of the Texas Constitution imposes a limit of $0.80 per $100 assessed valuation for all purposes of a county's General Fund, Permanent Improvement Fund, Road and Bridge Fund and Jury Fund, including debt service on bonds or other debt issued against such funds. Administratively, the Attorney General of Texas will not approve limited tax obligations 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, as calculated at the time of issuance. **The Bonds are payable from such tax indebtedness and do not exceed this limitation**.

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

Article VIII, Section 9 of the Texas Constitution and State statute authorize the County to levy a special Road and Bridge Fund Tax (the "Road and Bridge Maintenance Tax") in an amount not to exceed $0.15 per $100 assessed valuation, no part of which may be used for debt service, if approved by the voters.

Article VIII, Section 1-a of the Texas Constitution and State statute permit the County to levy a tax for Farm-to-Market Road and Flood Control purposes (the "Farm-to-Market Road and Flood Control Tax") in an amount not to exceed $0.30 per $100 assessed valuation after the mandatory $3,000 homestead exemption, if approved by the voters. There is no allocation prescribed by statutes between debt service and maintenance.

Section 1301.003, Texas Government Code, as amended, limits the amount of limited tax obligations of counties issue pursuant to such authority for those certain purposes as follows:

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

However, courthouse, jail, and certain other types of bonds may be issued under the authority of Section 1431.101, Texas Government Code, as amended, which removes the above limitations.

INVESTMENT DATA

The County invests funds in instruments authorized by Texas law, specifically the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "PFIA"), in accordance with and investment policies approved by the Commissioners Court. The Commissioners Court has designated the County Treasurer as the "Investment Officer" of the County. Both State law and the County's investment policies are subject to change.

Under State law and subject to certain limitations, the County is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations issued and secured by a federal agency or instrumentality of the United States; (4) other obligations unconditionally guaranteed or insured by the State of Texas or the United States or their respective agencies and instrumentalities; (5) "A" or better rated obligations of states, agencies, counties, cities, and other political subdivisions of any state; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) federally insured interest-bearing bank deposits, brokered pools of such deposits, and collateralized certificates of deposit and share certificates; (8) fully collateralized United States government securities repurchase agreements; (9) one-year or shorter securities lending agreements secured by obligations described in clauses (1) through (7) above or (11) through (14) below or an irrevocable letter of credit issued by an "A" or better rated state or national bank; (10) 270-day or shorter bankers' acceptances, if the short-term obligations of the accepting bank or its holding company are rated at least "A-1" or "P-1"; (11) commercial paper rated at least "A-1" or "P-1"; (12) SEC-registered no-load money market mutual funds that are subject to SEC Rule 2a-7; (13) SEC-registered no-load mutual funds that have an average weighted maturity of less than two years; (14) "AAA" or "AAAm"-rated investment pools that invest solely in investments described above; and (15) in the case of bond proceeds, guaranteed investment contracts that are secured by obligations described in clauses (1) through (7) above and, except for debt service funds and reserves, have a term of 5 years or less.

The County may not, however, invest in (1) interest only obligations, or non-interest bearing principal obligations, stripped from mortgage-backed securities; (2) collateralized mortgage obligations that have a remaining term that exceeds 10 years; and (3) collateralized mortgage obligations that bear interest at an index rate that adjusts opposite to the changes in a market index. In addition, the County may not invest more than 15% of its monthly average fund balance (excluding bond proceeds and debt service funds and reserves) in mutual funds described in clause (13) above or make an investment in any mutual fund that exceeds 10% of the fund's total assets.

Except as stated above or inconsistent with its investment policy, the County may invest in obligations of any duration without regard to their credit rating, if any. If an obligation ceases to qualify as an eligible investment after it has been purchased, the County is not required to liquidate the investment unless it no longer carries a required rating, in which case the County is required to take prudent measures to liquidate the investment that are consistent with its investment policy.

Under State law, the County is required to adopt and annually review written investment policies and must invest its funds in accordance with its policies. The policies must identify eligible investments and address investment diversification, yield, maturity, and the quality and capability of investment management. For investments whose eligibility is rating dependent, the policies must adopt procedures to monitor ratings and liquidate investments if and when required. The policies must require that all investment transactions settle on a delivery versus payment basis. The County is required to adopt a written investment strategy for each fund group to achieve investment objectives in the following order of priority: (1) suitability, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.

State law requires the County's investments 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." The County is required to perform an annual audit of the management controls on investments and compliance with its investment policies and provide regular training for its investment officers.

Current Investments[(1)]

As of October 1, 2020 the following percentages of the County's invested funds were invested in the following categories of investments:

Category of Investments	Amount	Percentage	Term of Investments
Money Market Account	$1,095,191	11.00%	Overnight
Investment Pool(s)	8,494,747	89.00%	Overnight
	$9,589,938	100.00%	

[(1)] *Unaudited.*

As of such date, the market value of such investments (as determined by the County by reference to published quotations, dealer bids, and comparable information) was approximately 100% of their book value. No funds of the County are invested in derivative securities, *i.e.*, securities whose rate of return is determined by reference to some other instrument, index, or commodity.

LEGAL MATTERS

The County will furnish the Underwriter with a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Initial Bond is a valid and legally binding obligation of the County, and based upon examination of such transcript of proceedings, the approval of certain legal matters by Bond Counsel, to the effect that the Bonds, issued in compliance with the provisions of the Order, are valid and legally binding obligations of the County. Though it represents the Underwriter and the Financial Advisor from time to time in connection with matters unrelated to the Bonds, Bond Counsel only represents the County in connection with the issuance of the Bonds. 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 caption "PLAN OF FINANCING," "THE BONDS" (other than the information under the subcaptions "Payment Record," "Delivery," "Future Issues," and "Defaults and Remedies," as to which no opinion is expressed), "REGISTRATION, TRANSFER AND EXCHANGE," "LEGAL MATTERS" (other than the last sentence of the first paragraph thereof, as to which no opinion is expressed), "FEDERAL INCOME TAX TREATMENT OF THE BONDS," "CONTINUING DISCLOSURE OF INFORMATION" (other than the information under the subcaptions "Compliance with Prior Undertakings," as to which no opinion is expressed), and the subcaption "Legal Investments and Eligibility to Secure Public Funds in Texas" and "Registration and Qualification of Bonds for Sale" under the caption "OTHER PERTINENT 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 provisions of the Order. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds or which would affect the provision made for their payment or security, or in any manner questioning the validity of the Bonds will also be furnished. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of Bonds are contingent on the sale and delivery of the Bonds. The legal opinion of Bond Counsel will accompany the Bonds deposited with DTC or will be printed on the definitive 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., Austin, Texas, whose fee is contingent on the sale and delivery of the Bonds.

The various 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 the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

NO-LITIGATION

In the opinion of various officials of the County, except as disclosed in this Official Statement, there is no litigation or other proceeding pending against or, to their knowledge, threatened against the County in any court, agency, or administrative body (either state or federal) wherein an adverse decision would materially adversely affect the financial condition of the County.

At the time of the initial delivery of the Bonds, the County will provide the Underwriter with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Bonds or that affects the payment and security of the Bonds or in any other manner questioning the issuance, sale, or delivery of the Bonds.

FEDERAL INCOME TAX TREATMENT OF THE BONDS

The foregoing discussion of certain United States federal income tax consequences is provided for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, owning, and disposing of the Bonds, including the applicability and effect of any state, local, or foreign tax laws, and of any proposed changes in applicable laws.

General

The following is a general summary of the United States federal income tax consequences of the purchase and ownership of the Bonds. The discussion is based upon the Code, United States Treasury Regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect) or possibly differing interpretations. No assurances can be given that future changes in the law will not alter the conclusions reached herein. The discussion below does not purport to deal with United States federal income tax consequences applicable to all categories of investors. Further, this summary does not discuss all aspects of United States federal income taxation that may be relevant to a particular investor in the Bonds in light of the investor's particular personal investment circumstances (for example, persons subject to alternative minimum tax) or to certain types of investors subject to special treatment under United States federal income tax laws (including insurance companies, tax- exempt organizations, financial institutions, brokers-dealers, persons who have hedged the risk of owning the Bonds, traders in securities that elect to use a mark-to-market method of accounting, thrifts, regulated investment companies, pension and other employee benefit plans, partnerships and other pass-through entities, certain hybrid entities and owners of interests therein, persons who acquire Bonds in connection with the performance of services, or persons deemed to sell Bonds under the constructive sale provisions of the Code). The discussion below also does not discuss any aspect of state, local, or foreign law or United States federal tax laws other than United States federal income tax law. The summary is therefore limited to certain issues relating to initial investors who will hold the Bonds as "capital assets" within the meaning of section 1221 of the Code, and acquire such Bonds for investment and not as a dealer or for resale. This summary addresses certain federal income tax consequences applicable to owners of the Bonds who are United States persons within the meaning of Section 7701(a)(30) of the Code ("United States persons") and, except as discussed below, does not address any consequences to persons other than United States persons. Prospective investors should note that no rulings have been or will be sought from the IRS with respect to any of the United States federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions.

INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE BONDS.

Payments of Stated Interest on the Bonds

The stated interest paid on the Bonds will be included in the gross income, as defined in section 61 of the Code, of the owner thereof and be subject to United States federal income taxation when received or accrued, depending on the tax accounting method applicable to the owner thereof as ordinary income for federal income tax purposes at the time it is paid or accrued, depending on the tax accounting method applicable to the owner thereof. Subject to certain exceptions, the stated interest on the Bonds will be reported to the IRS. Such information will be filed each year with the IRS on Form 1099 which will reflect the name, address, and taxpayer identification number ("TIN") of the owner. A copy of Form 1099 will be sent to each owner of a Taxable Bond for federal income tax purposes.

Original Issue Discount

If the first price at which a substantial amount of the Bonds of any stated maturity is purchased at original issuance for a purchase price (the "Issue Price") that is less than their stated redemption price at maturity (increased in certain cases by interest accrued but not paid for more than a year) by more than one quarter of one percent times the number of complete years to maturity, the Bonds of such maturity will be treated as being issued with "original issue discount." The amount of the original issue discount will equal the excess of the principal amount payable on such Bonds at maturity over its issue price, and the amount of the original issue discount on the Bonds will be amortized over the life of the Bonds using the "constant yield method" provided in the Treasury Regulations. As the original issue discount accrues under the constant yield method, the owner of the Bonds, regardless of their regular method of accounting, will be required to include such accrued amount in their gross income as interest. This can result in taxable income to the owner of the Bonds that exceeds actual cash distributions to the owner in a taxable year.

The amount of the original issue discount that accrues on the Bonds each taxable year will be reported annually to the IRS and to the owner. The portion of the original issue discount included in each owner's gross income while the owner holds the Bonds will increase the adjusted tax basis of the Bonds in the hands of such owner.

Premium

If an owner purchases a Taxable Bond for an amount that is greater than its stated redemption price at maturity, such owner will be considered to have purchased the Taxable Bond with "amortizable bond premium" equal in amount to such excess. An owner may elect to amortize such premium using a constant yield method over the remaining term of the Taxable Bond and may offset interest otherwise required to be included in respect of the Taxable Bond during any taxable year by the amortized amount of such excess for the taxable year. The bond premium on a Taxable Bond held by an owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a Taxable Bond. However, if the Taxable Bond may be optionally redeemed after the owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until later in the term of the Taxable Bond. Any election to amortize bond premium applies to all taxable debt instruments held by the owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

Defeasance

Persons considering the purchase of a Taxable Bond should be aware that a defeasance of a Taxable Bond by the County could result in the realization of gain or loss by the owner of the Taxable Bond for federal income tax purposes, without any corresponding receipts of monies by the owner. Such gain or loss generally would be subject to recognition for the tax year in which such realization occurs, as in the case of a sale or exchange, owner are advised to consult their own tax advisers with respect to the tax consequences resulting from such events.

Medicare Contribution Tax

Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8 percent of the lesser of (1) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (2) the excess of "modified adjusted gross income" of the individual over $200,000 for unmarried individuals ($250,000 for married couples filing a joint return and a surviving spouse). Holders of the Bonds should consult with their tax advisor concerning this additional tax, as it may apply to interest earned on the Bonds as well as gain on the sale of a Taxable Bond.

Disposition of Bonds and Market Discount

An owner of Bonds will generally recognize gain or loss on the redemption, sale or exchange of a Taxable Bond equal to the difference between the redemption or sales price (exclusive of the amount paid for accrued interest) and the owner's adjusted tax basis in the Bonds. Generally, the owner's adjusted tax basis in the Bonds will be the owner's initial cost, increased by the original issue discount previously included in the owner's income to the date of disposition and decreased by any amortized bond premium. Any gain or loss generally will be capital gain or loss and will be long-term or short term, depending on the owner's holding period for the Bonds.

Under current law, a purchaser of Bonds who did not purchase the Bonds in the initial public offering (a "subsequent purchaser") generally will be required, on the disposition of the Bonds, to recognize as ordinary income a portion of the gain, if any, to the extent of the accrued "market discount." Market discount is the amount by which the price paid for the Bonds by a subsequent purchaser is less than the sum of issue price and the amount of original issue discount previously accrued on the Bonds. The Code also limits the deductibility of interest incurred by a subsequent purchaser on funds borrowed to acquire Bonds with market discount. As an alternative to the inclusion of market discount in income upon disposition, a subsequent purchaser may elect to include market discount in income currently as it accrues on all market discount instruments acquired by the subsequent purchaser in that taxable year or thereafter, in which case the interest deferral rule will not apply. The re-characterization of gain as ordinary income on a subsequent disposition of Bonds could have a material effect on the market value of the Bonds.

Backup Withholding

Under section 3406 of the Code, an owner of the Bonds who is a United States person, as defined in section 7701(a)(30) of the Code, may, under certain circumstances, be subject to "backup withholding" on payments of current or accrued interest on the Bonds. This withholding applies if such owners of Bonds: (1) fails to furnish the payor such owner's social security number or other TIN; (2) furnishes the payor an incorrect TIN; (3) fails to report properly interest, dividends, or other "reportable payments" as defined in the Code; or (4) under certain circumstances, fails to provide the payor with a certified statement, signed under penalty of perjury, that the TIN provided to the payor is correct and that such owner is not subject to backup withholding. To establish status as an exempt person, an owner will generally be required to provide certification on IRS Form W-9 (or substitute or replacement form).

Backup withholding will not apply, however, with respect to payments made to certain owners of the Bonds, owners of the Bonds should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedures for obtaining such exemption. The backup withholding tax is not an additional tax and taxpayers may use amounts withheld as a credit against their federal income tax liability or may claim a refund as long as they timely provide certain information to the IRS.

Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations

Under sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the rate of 30 percent on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest received by the owner of the Bonds is not treated as effectively connected income within the meaning of section 864 of the Code, such interest will be subject to 30 percent withholding, or any lower rate specified in an income tax treaty, unless such income is treated as portfolio interest. Interest will be treated as portfolio interest if: (1) the owner provides a statement to the payor certifying, under penalties of perjury, that such owner is not a United States person and providing the name and address of such owner; (2) such interest is treated as not effectively connected with the owner's United States trade or business; (3) interest payments are not made to a person within a foreign country which the IRS has included on a list of countries having provisions inadequate to prevent United States tax evasion; (4) interest payable with respect to the Bonds is not deemed contingent interest within the meaning of the portfolio debt provision; (5) such owner is not a controlled foreign corporation, within the meaning of section 957 of the Code; and (6) such owner is not a bank receiving interest on the Bonds pursuant to a loan agreement entered into in the ordinary course of the bank's trade or business. The treatment described under this section may have been modified by an applicable tax treaty.

Assuming payments on the Bonds are treated as portfolio interest within the meaning of sections 871 and 881 of the Code, then no backup withholding under section 1441 and 1442 of the Code and no backup withholding under section 3406 of the Code is required with respect to owners or intermediaries who have furnished Form W-8 BEN, Form W-8 EXP or Form W-8 IMY, as applicable, provided the payor does not have actual knowledge that such person is a United States person.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the Code impose a 30 percent withholding tax on certain types of payments made to a foreign financial institution, unless the foreign financial institution enters into an agreement with the United States Treasury to, among other things, undertake to identify accounts held by certain United States persons or United States-owned entities, annually report certain information about such accounts, and withhold 30 percent on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the Foreign Account Tax Compliance Act ("FATCA") imposes a 30 percent withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial United States owners or the entity furnishes identifying information regarding each substantial United States owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30 percent withholding tax being imposed on payments of interest and principal under the Bonds and sales proceeds of Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of United States source interest (including original issue discount) and will apply to (1) gross proceeds from the sale, exchange or retirement of debt obligations paid after December 31, 2016 and (2) certain "passthru" payments no earlier than January 1, 2017. Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

CONTINUING DISCLOSURE OF INFORMATION

The County in the Order 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 obligated to advance funds to pay the Bonds. Under the agreement, the County will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board ("MSRB"). This information will be available to the public free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org, as further described below under "Availability of Information from MSRB".

Annual Reports

The County will provide certain updated financial information and operating data to the MSRB annually. The information to be updated with respect to the County includes all quantitative financial information and operating data of the general type included in this Official Statement. The information is of the type included in APPENDIX A (exclusive of the tables reflecting "CONSOLIDATED OVERLAPPING GROSS FUNDED DEBT PAYABLE FROM AD VALOREM TAXES" and "2020/2021 PRO FORMA INTEREST AND SINKING FUND INDEX") and in APPENDIX C. The County will update and provide this information within six months after the end of each of its fiscal year ending in and after 2020.

The County may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the United States Securities and Exchange Commission (the "SEC") Rule 15c2-12 (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 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 information by the last day of March in each year, unless it changes its fiscal year. If the County changes its fiscal year, it will file notice of such change with the MSRB.

Notice of Certain Events

The County will file with the MSRB notice of any of the following events with respect to the Bonds in a timely manner (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 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) Bond 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; (14) appointment of a successor or additional Paying Agent/Registrar or the change of name of a Paying Agent/Registrar, if material; (15) incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect Bond holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties. Neither the Bonds nor the Order make any provision for debt service reserves, credit enhancement or liquidity enhancement. Additionally, the Bonds are not obligations the interest of which is excludable from gross income for federal income tax purposes. In the Order, the County has adopted policies and procedures to ensure timely compliance of its continuing disclosure undertakings. 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, (a) any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur; the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County, and (b) the County intends the words used in the immediately preceding clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

Availability of Information from MSRB

All information and documentation filing required to be made by the County in accordance with its undertaking made for the Bonds will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB.

Limitations and Amendments

The County has agreed to update information and to provide notices of 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 or Beneficial Owners of Bonds may seek a writ of mandamus to compel the County to comply with its agreement.

The County may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the County, if (1) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent or (b) any person unaffiliated with the County (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The County may also repeal or amend these provisions if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but in either case only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. 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 past five years, the County has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OTHER PERTINENT INFORMATION

Authenticity of Financial Data and Other Information

The financial data and other information contained herein have been obtained from the County's records, audited financial statements and other sources that 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 resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. 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.

Verification of Mathematical Computations

Ritz & Associates PA will deliver to the County, on or before the settlement date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Escrowed Securities, as applicable, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Obligations. Ritz & Associates PA relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the County. In addition, Ritz & Associates PA has relied on any information provided to it by the County's retained advisors, consultants and legal counsel.

Registration and Qualification of Bonds for Sale

No registration statement relating to the Bonds has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2). The Bonds have not been approved or disapproved by the SEC, nor has the SEC passed upon the accuracy or adequacy of the Official Statement. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, nor have the Bonds been registered or qualified under the securities act of any other jurisdiction. The County assumes no responsibility for registration or 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 registration or 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 or qualification provisions.

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

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Securities 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 of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "OTHER PERTINENT INFORMATION - Municipal Bond 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 least $1 million of capital, 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.

The County has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The County has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

Municipal Bond Rating

The County has made application to S&P Global Ratings ("S&P") for a contract rating on the Bonds. The County's unenhanced, underlying municipal bond rating is “AA.”

The rating of the Bonds by S&P reflects only the view of said company at the time the rating is given, and the County makes no representation as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

Financial Advisor

SAMCO Capital Markets, Inc. (the “Financial Advisor”) is employed as the 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. SAMCO Capital Markets, Inc., in its capacity as Financial Advisor, has relied on the opinions of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants, and representations contained in any of the bond documentation with respect to the federal income tax status of the Bonds. In the normal course of business, the Financial Advisor may also from time to time sell investment securities to the County for the investment of bond proceeds or other funds of the County upon the request of the County.

The Financial Advisor 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 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 the price equal to the initial offering prices to the public, as shown on page -ii- herein, less an Underwriter’s discount of $__________, plus accrued interest from their Dated Date to their date of initial delivery. The Underwriter’s obligations are subject to certain conditions precedent. The Underwriter will be obligated to purchase all of the Bonds, if any of the Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriter.

RBC Capital Markets, LLC (the “Underwriter”) has provided the following information for inclusion in this Official Statement: The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the County. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the County. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

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 their 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.

Certification of the Official Statement

At the time of payment for and delivery of the Initial Bond, the Underwriter will be furnished a certificate, executed by proper officials of the County, acting in their official capacities, to the effect that to the best of their knowledge and belief:

(a) the descriptions and statements pertaining to the County contained in its Official Statement, and any addenda, supplement, or amendment thereto, for the Bonds, on the date of such Official Statement, on the date of sale of said Bonds and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the County and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the County, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the County believes to be reliable and the County has no reason to believe that they are untrue in any material respect; and (d) except as otherwise disclosed in this Official Statement, there has been no material adverse change in the financial condition of the County, since September 30, 2019, the date of the last financial statements of the County appearing in the Official Statement.

Forward Looking Statements

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. It is important to note that the County's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements 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 would prove to be accurate.

Information from External Sources

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, SEC Rule 15c2-12.

Authorization of the Official Statement

No person has been authorized 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.

This Official Statement has been approved by the Commissioners Court of the County for distribution in accordance with provisions of the SEC's Rule codified at 17 C.F.R. Section 240.15c2-12, as amended.

The Order approved the form and content of this Official Statement and any addenda, supplement or amendment thereto and authorized its further use in the reoffering of the Bonds by the Underwriter.

BURNET COUNTY, TEXAS

____
County Judge

ATTEST:

____
County Clerk

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SCHEDULE I

REFUNDED OBLIGATIONS*

Series	Principal Amount ($)	Maturities	Interest Rates (%)	Redemption Date and Price
Burnet County, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Taxable Series 2015	680,000	3-1-2025	4.000	3/1/2024 @ 100%
	705,000	3-1-2026	4.000	3/1/2024 @ 100%
	730,000	3-1-2027	4.000	3/1/2024 @ 100%
	760,000	3-1-2028	3.750	3/1/2024 @ 100%
	785,000	3-1-2029	4.000	3/1/2024 @ 100%
	810,000	3-1-2030	4.000	3/1/2024 @ 100%
	845,000	3-1-2031	4.000	3/1/2024 @ 100%
	885,000	3-1-2032	4.000	3/1/2024 @ 100%
	920,000	3-1-2033	4.125	3/1/2024 @ 100%
	960,000	3-1-2034	4.200	3/1/2024 @ 100%
	995,000	3-1-2035	4.250	3/1/2024 @ 100%
	1,045,000	3-1-2036	4.250	3/1/2024 @ 100%

* *Preliminary, subject to change.*

APPENDIX A

Selected Financial Information of the County

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GENERAL PURPOSE, GENERAL OBLIGATION BONDS AND CERTIFICATES

2020 Appraised Valuation of County @ 100%		$10,559,808,485
Less Local Exemptions:		
100% Disabled or Unemployable Veterans Homestead Exemption	$ 77,049,066	
Disabled or Deceased Veteran's Survivors Exemption	6,959,066	
Pollution Control Loss	1,926,065	
Productivity Loss	2,834,154,355	
Freeport	23,397,662	
10% Homestead Cap Adjustment	101,189,424	
Other	633,988	3,045,309,626
2020 Taxable Assessed Valuation		$ 7,514,498,859

Source: Burnet Central Appraisal District.

County's Funded Debt Payable from Ad Valorem Taxes: (unaudited as of 10-01-2020)(1)

Combination Tax and Limited Pledge Revenue Certificates of Obligation, Taxable Series 2015	$ 2,430,000
Tax Notes, Series 2016	2,585,000
Tax Notes, Series 2018	4,470,000
Tax Notes, Series 2019	2,230,000
Tax Notes, Series 2020	6,000,000
General Obligation Refunding Bonds, Series 2020 (the "Bonds")	11,480,000 (1)
Total Funded Debt Outstanding	$29,195,000
Less: Interest and Sinking Fund Cash Balance (as of 10-1-2020)	1,401,607
Net Funded Debt Outstanding (as of 10-1-2020)	$27,793,393
Ratio Total Funded Debt to 2020 Taxable Assessed Valuation	0.39%
Ratio Net Funded Debt to 2020 Taxable Assessed Valuation	0.37%

(1) *Preliminary, subject to change. Includes the Bonds and excludes the Refunded Obligations.*

2010 U.S. Census Population - 42,750
2020 Census Population Estimate - 49,318
Per Capita 2020 Taxable Assessed Valuation - $152,368.28
Per Capita 2020 Total General Purpose Funded Debt - $591.97
Area - 996 Square Miles (637,440 acres)
Total General Purpose Funded Debt Per Acre - $45.80
General Fund Balance as of 9-30-2019 - $2,332,833

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

The County has no voter authorized but unissued ad valorem tax-supported debt.

NON-FUNDED DEBT

Capital Leases

Equipment under capital lease at September 30, 2019 consists of:

Road Equipment	$1,848,682
Lease Accumulated Depreciation	(326,013)
Total	$1,522,669

Annual debt service requirements to maturity for capital lease obligations are as follows:

	Total	
Year Ended September 30	**Principal**	**Interest**
2020	$405,590	$30,457
2021	550,041	21,889
2022	26,529	6,133
2023	12,931	3,225
Total	$995,091	$61,704

Operating Leases

Commitments under operating (non-capitalized) lease agreements for equipment provide for minimum future rental payments as of September 30, 2019 follows:

Year Ended September 30	
2020	$40,713
2021	26,942
2022	5,548
2023	309
Total Minimum Rentals	$73,512
Rental Expenditures in Fiscal Year 2019	$ 71,819

Source: County's audited financial statement for fiscal year ended 2019.

ANTICIPATED ISSUANCE OF ADDITIONAL DEBT

The County does not anticipate the issuance of additional general obligation debt in the next twelve months, except potentially refunding bonds for debt service savings.

AD VALOREM TAX RATE DISTRIBUTION

	Tax Year				
	2020	**2019**	**2018**	**2017**	**2016**
Operating Funds	$0.3114	$0.3107	$0.3026	$0.3149	$0.3149
Interest & Sinking Fund	.0468	.0475	.0457	.0402	.0402
Total Tax Rate *	$0.3582	$0.3582	$0.3483	$0.3551	$0.3551
Special Road and Bridge	$0.0417	$0.0417	$0.0417	$0.0418	$0.0418

** Limited to $0.80 per $100 taxable assessed valuation.*

TAX RATES AND COLLECTIONS

Tax Year	Assessed Valuation	Tax Rate(1)	% Tax Collections Current	% Tax Collections Total	Year Ending
2009	$4,216,501,735	$.3267	97.47%	99.77%	9-30-2010
2010	4,301,453,206	.3303	97.84%	99.74%	9-30-2011
2011	4,387,638,931	.3332	97.84%	99.73%	9-30-2012
2012	4,465,675,643	.3517	98.95%	100.01%	9-30-2013
2013	4,555,426,273	.3533	98.59%	102.00%	9-30-2014
2014	4,672,499,953	.3700	97.76%	102.23%	9-30-2015
2015	4,962,400,463	.3601	99.23%	100.77%	9-30-2016
2016	5,189,090,371	.3551	99.28%	99.34%	9-30-2017
2017	5,693,378,949	.3551	98.29%	98.86%	9-30-2018
2018	6,425,545,719	.3483	98.49%	99.07%	9-30-2019
2019	7,091,284,880	.3582	98.71%	99.41%	9-30-2020
2020	7,514,498,859	.3582	(In process of collection)		9-30-2021

Source: Burnet Central Appraisal District
(1) Does not include Farm-to-Market and Flood Control.

TEN LARGEST TAXPAYERS AND THEIR VALUATIONS*

Name	Type of Property	2020 Net Taxable Assessed Valuation	% of Total 2020 Assessed Valuation
Pedernales Electric Co-Op	Electric Utility	$40,965,480	0.54%
LCRA Transmission Services Corp	Electric Utility	23,862,526	0.32%
Whitehorn Pipeline LLC	Pipeline	22,750,755	0.30%
Seminole Pipeline Co	Pipeline	18,176,718	0.24%
NE-Marble Falls LP	Real Estate	17,000,000	0.23%
Worldmark the Club	Commercial	14,434,311	0.19%
Hanson Aggregates Central Inc.	Aggregate Materials	14,200,566	0.19%
HTA-Marble Falls Mob LLC	Commercial	14,026,820	0.19%
Homestead Mormon Mill Lp	Apartments	12,222,103	0.16%
Huber Carbonates LLC	Aggregate Material	12,047,656	0.16%
TOTAL		$189,686,935	2.52%

* *Burnet Central Appraisal District.*

TAXPAYERS BY CLASSIFICATION

Classification	2020 Assessed Valuation	Percent Of Total	2019 Assessed Valuation	Percent Of Total	2018 Assessed Valuation	Percent Of Total
Single Family Residences	$ 4,550,865,658	43.10%	$ 4,314,563,566	42.23%	$3,943,631,206	42.14%
Multi-Family Residences	108,302,704	1.02%	102,565,123	1.00%	75,349,683	0.81%
Vacant - Platted Lots	332,875,616	3.15%	319,958,735	3.13%	286,788,728	3.06%
Rural Real and Open Space	4,265,136,228	40.39%	4,204,299,000	41.15%	3,876,346,425	41.42%
Commercial Real	650,446,925	6.16%	637,978,119	6.24%	603,000,592	6.44%
Industrial Real	62,631,048	0.59%	50,862,693	0.50%	49,164,569	0.53%
Oil, Gas, Minerals	244,201	0.00%	244,201	0.00%	244,201	0.00%
Utilities	122,646,341	1.16%	133,551,713	1.31%	122,174,166	1.31%
Commercial Personal	191,737,078	1.82%	174,546,516	1.71%	171,457,866	1.83%
Industrial Personal	151,589,080	1.44%	166,289,458	1.63%	138,518,487	1.48%
Mobile Homes/Other Personal	66,302,680	0.63%	61,172,363	0.60%	47,310,006	0.51%
Residential Inventory	42,044,607	0.40%	36,484,573	0.36%	31,236,348	0.33%
Special Inventory	14,986,319	0.14%	14,218,764	0.14%	14,062,267	0.15%
Total Valuation	$10,559,808,485	100.00%	$10,216,734,824	100.00%	$9,359,284,544	100.00%
Less Exemptions & Exclusions *	3,045,309,626		3,125,449,944		2,933,738,825	
Net Taxable Assessed Valuation	$ 7,514,498,859		$ 7,091,284,880		$6,425,545,719	

Source: Burnet Central Appraisal District.
* *Does not include Farm-to-Market and Flood Control.*

CONSOLIDATED OVERLAPPING GROSS FUNDED DEBT PAYABLE FROM AD VALOREM TAXES

Expenditures of the various taxing bodies within the territory of the County are paid out of ad valorem taxes levied by these taxing bodies on properties within the County. These political taxing bodies are independent of the County and may incur borrowings to finance their expenditures. The following statement of direct and estimated overlapping ad valorem 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 below may have issued additional debt since the date stated in the table, and such entities may have programs requiring the issuance of substantial amounts of additional debt, the amount of which cannot be determined. The following table reflects the County's estimated share of overlapping gross debt of these various taxing bodies:

	Net Debt		Percent	Amount
Taxing Body	**Amount**	**As Of**	**Overlapping**	**Overlapping**
Cities:				
Bertram	$19,370,000	10-1-2020	100.00%	$19,370,000
Burnet	22,837,475	10-1-2020	100.00%	22,837,475
Cottonwood Shores	1,901,000	10-1-2020	100.00%	1,901,000
Granite Shoals	16,338,000	10-1-2020	100.00%	16,338,000
Highland Haven	710,000	10-1-2020	100.00%	710,000
Horseshoe Bay	25,460,000	10-1-2020	11.14%	2,826,244
Marble Falls	50,320,000	10-1-2020	100.00%	50,320,000
Meadowlakes	1,240,000	10-1-2020	100.00%	1,240,000
School Districts:				
Burnet CISD	29,340,000	10-1-2020	87.81%	25,763,454
Lampasas ISD	29,604,982	10-1-2020	7.69%	2,276,623
Marble Falls ISD	98,065,000	10-1-2020	86.87%	85,189,066
Total Estimated Overlapping Funded Debt				$228,781,862
Burnet County[(1)]	27,835,000	9-1-2020	100.00%	27,835,000
Total Direct and Estimated Overlapping Funded Debt				$256,616,862
Ratio of Direct and Overlapping Funded Debt to Net Taxable Assessed Valuation				3.41%
Per Capita Direct and Overlapping Funded Debt				$5,203

[(1)] *Preliminary, subject to change. Includes the Refunded Obligations and excludes the Bonds.*

CONSOLIDATED DEBT SERVICE REQUIREMENTS*

FISCAL YEAR 30-June	CURRENTLY OUTSTANDING DEBT SERVICE REQUIREMENTS	LESS REFUNDED DEBT SERVICE REQUIREMENTS	PLUS: THE BONDS AT ASSUMED RATES				GRAND TOTAL ALL ALL DEBT SERVICE
			PRINCIPAL DUE 3/1	INTEREST DUE 3/1	INTEREST DUE 9/1	TOTAL	
2021	$ 3,035,116.00	$ 151,754.99		$ 68,979.54	$ 82,775.45	$ 151,754.99	$ 3,035,116.00
2022	3,019,201.50	411,070.00	$ 185,000	82,775.45	82,508.13	350,283.58	2,958,415.08
2023	3,026,039.00	411,070.00	185,000	82,508.13	82,127.03	349,635.15	2,964,604.15
2024	2,934,448.00	411,070.00	185,000	82,127.03	81,603.48	348,730.50	2,872,108.50
2025	2,898,275.00	1,077,470.00	855,000	81,603.48	78,529.75	1,015,133.23	2,835,938.23
2026	1,484,792.00	1,074,770.00	860,000	78,529.75	74,578.05	1,013,107.80	1,423,129.80
2027	1,071,070.00	1,071,070.00	865,000	74,578.05	69,742.70	1,009,320.75	1,009,320.75
2028	1,072,220.00	1,072,220.00	875,000	69,742.70	64,396.45	1,009,139.15	1,009,139.15
2029	1,067,270.00	1,067,270.00	885,000	64,396.45	58,285.53	1,007,681.98	1,007,681.98
2030	1,060,370.00	1,060,370.00	890,000	58,285.53	51,677.28	999,962.80	999,962.80
2031	1,062,270.00	1,062,270.00	905,000	51,677.28	44,577.55	1,001,254.83	1,001,254.83
2032	1,067,670.00	1,067,670.00	925,000	44,577.55	36,932.43	1,006,509.98	1,006,509.98
2033	1,065,995.00	1,065,995.00	940,000	36,932.43	28,613.43	1,005,545.85	1,005,545.85
2034	1,066,860.00	1,066,860.00	960,000	28,613.43	19,551.03	1,008,164.45	1,008,164.45
2035	1,060,556.25	1,060,556.25	970,000	19,551.03	10,064.43	999,615.45	999,615.45
2036	1,067,206.25	1,067,206.25	995,000	10,064.43		1,005,064.43	1,005,064.43
	$27,059,359.00	$14,198,692.49	$11,480,000	$934,942.26	$865,962.72	$13,280,904.92	$26,141,571.43

* *Preliminary, subject to change.*

2020/2021 PRO FORMA INTEREST & SINKING FUND MANAGEMENT INDEX

Estimated Interest & Sinking Fund Balance at 9-30-2020	$1,275,000
Estimated Proceeds from $0.0468 Tax Using 2021 Estimated Taxable Assessed Valuation of $7,514,498,859 at 96% Collected	3,376,114
Estimated Interest Income and other revenue	10,000
Total Available Funds for 2020/2021 Debt Service	4,661,114
2020/2021 Debt Service Requirement	3,035,116
Estimated Interest and Sinking Fund Balance at 9-30-2021	$1,625,998

GROSS RECEIPTS RECEIVED FROM COUNTY JAIL OPERATIONS

2019	2018	2017	2016	2015
$5,243,000	$5,739,013	$4,173,930	$1,121,941	$567,453

THE COUNTY

Administration of the County

The County is divided into a number of different departments, each with its own legally constituted duties as prescribed by the Constitution of 1876 and/or legislative acts and each headed by either an elected or appointed official. The State court system is intertwined in the operation of the County as an entity.

The County Judge and the four County Commissioners who comprise the Commissioners Court, the County Tax Assessor/Collector, and the County Treasurer, all of whom are elected officials, and the County Auditor have responsibility for the financial administration of the County.

The Commissioners Court is the governing body of the County. It has certain powers expressly granted to it by the legislature and powers necessarily implied from such grant. The functions of the Commissioners Court are to establish a courthouse and jail, appoint numerous minor officials, fill vacancies in certain county offices, let contracts in the County, build roads and bridges, administer the County's welfare services, perform numerous duties in regard to elections, set the County tax rate, issue bonds, adopt the County budget and serve as a board of equalization for tax assessments.

The County Judge is the presiding officer of the Commissioners Court and is elected for a four-year term by the voters of the County. Each Commissioner represents one of four Commissioner precincts into which the County is divided and is elected by the voters of such precinct for a four-year term.

The County Tax Assessor-Collector is elected by the voters of the County at large and is responsible for assessing the property within the County and for collecting ad valorem taxes, certain State and County fees, and other taxes.

The County Treasurer is elected by the voters of the County at large and the duties are prescribed by the Legislature. The Treasurer's duties include receiving and investing all money collected by the County. However, the funds can be withdrawn only upon the Treasurer's signature and the countersignature of the County Auditor. The function of the office is essential as a feature of internal control in the custody of the bank.

The County Auditor is appointed by the District Judges. The Auditor serves as the chief accounting officer of the County and assists the County Judge in all areas of County finance. The County Auditor has general oversight of all financial records of the County. The County Auditor countersigns all warrants written and checks written by the County Treasurer.

The County Attorney is elected by the voters in the County and represents the County in all legal maters, advising County officials, and representing the County and State in all courts except when the County is a defendant in civil litigation.

The Criminal District Attorney is elected by the voters in the County and prosecutes all felonies and misdemeanors.

Budgeting and Capital Planning

The County Judge is, by statute, the budget officer and has the responsibility of preparing the County's budget. Under the County's budgeting procedures, each department submits a budget request to the County Auditor and the County Judge. The County Auditor then prepares an estimate of revenues and a compilation of the requested departmental expenditures and submits it to the Commissioners Court.

The Commissioners Court invites a representative of each department to appear for a hearing concerning the department's budget request. Before finalizing the budget, Commissioners Court may increase or decrease the budget amounts requested by the various departments. The finalized budget cannot exceed the County Auditor's projected revenues and available cash.

When the budget has been approved by the Commissioners Court, the County Auditor is responsible for monitoring the expenditures of the various departments to prevent expenditures from exceeding budgeted appropriations as well as keeping the members of the Commissioners Court advised of the condition of the various appropriation accounts. Purchase orders and contracts are not valid until the County Auditor certifies that money is, or will be, available to make payment for same.

Each fund is budgeted on an annual basis with no carry-overs into the next year. If a fund has or shows a balance at the end of the year, the balance is included in making computation of available cash for the next year's budget. Trust and agency funds are not budgeted for.

County Services

As a subdivision of the State of Texas, the County provides only those services allowed by statute. This includes judicial, detention facilities, public safety, highways, flood control, health and limited social services, public improvements and general administrative services.

Pension Fund Liability and Other Post-Employment Benefits

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 (the "TCDRS"). The County has elected the annually determined contribution rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer 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 7.00% for the months of the accounting year in 2020. Each qualified employee of the County contributed 11.61% of gross earnings. County employees are also covered by the United States Social Security Program.

Employees

The number of employees of the County in each of the years 2016 through 2020 is shown as follows:

2020	2019	2018	2017	2016
354	343	316	336	331

Source: County Auditor's Office. Includes full-time and part-time positions.

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

	Fiscal Year Ending September 30				
	2019	2018	2017	2016	2015
Revenues:					
Tax and Tax Related Revenues	$18,799,319	$17,553,845	$16,008,596	$15,522,695	$15,460,979
Licenses & Permits	751,640	721,228	685,753	639,676	604,460
Intergovernmental & Grants	232,784	233,852	266,140	227,847	184,016
Charges and Fees for Services	1,086,133	1,017,412	977,685	1,012,906	1,449,819
Fines and Forfeitures	446,496	511,986	494,348	545,913	530,612
Interest and Miscellaneous	290,359	252,296	177,158	376,312	218,496
Total Revenues	21,606,731	20,290,619	18,609,680	18,325,349	18,448,382
Expenditures:					
General Government	9,844,230	10,273,183	9,889,811	9,424,262	7,909,647
Public Safety	6,778,350	6,211,104	5,942,803	5,323,915	5,527,468
Health and Welfare	401,224	-0-	-0-	-0-	53,289
Culture and Recreation	225	2,233	1,795	2,465	4,157
Conservation	323,010	312,475	310,030	291,449	241,531
Capital Outlay	164,463	632,358	355,820	359,792	369,083
Debt Service	286,884	132,332	80,032	50,748	84,290
Total Expenditures	17,798,386	17,563,685	16,580,291	15,452,631	14,189,465
Other Financing Sources (Uses)[(1)]	(3,580,982)	(2,523,297)	(3,900,756)	(6,917,353)	(4,239,776)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	227,363	203,637	(1,871,367)	(4,044,634)	19,141
BEGINNING FUND BALANCE (Oct 1)	2,105,470	1,901,833	3,773,200	7,817,835	8,133,614
Prior Period Adjustments (restated)	-0-	-0-	-0-	-0-	(334,920)
ENDING FUND BALANCE (Sept 30)[(2)]	$2,332,833	$ 2,105,470	$ 1,901,833	$ 3,773,200	$ 7,817,835

Source: County's audited financial statements.
(1) Amounts include transfers out of the General Fund to various other County funds as further described in the County's audited financial statements. See "APPENDIX C - Burnet County Audited Financial Statement" for the fiscal year ended September 30, 2019, Notes to the Financial Statements, VII. Interfund Balances and Activity, B. Transfers to and from Other Funds.
(2) The County anticipates its unaudited General Fund balance to be approximately $4,000,000 at September 30, 2020.

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APPENDIX B

Burnet County Economic
And Demographic Characteristics

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This Appendix contains a brief discussion of certain economic and demographic characteristics of the area in which the County is located. Information in this Appendix has been obtained from the sources noted. They are believed to be reliable, although no investigation has been made to verify the accuracy of such information. Much of the information was obtained from the Burnet Chamber of Commerce, City of Burnet and Burnet County Texas Municipal Reports. Additionally, the following information is qualified by the impact from the effects of the COVID-19 pandemic. Within the body of the Official Statement, under caption "INTRODUCTION – Infectious Disease Outbreak - COVID-19", the County described this event, as well as its initial impact and possible effects. The County has not attempted to update the descriptions included in this APPENDIX B to account for the effects of COVID-19, as the specific results of this event are evolving and their extent unknown; rather, the County makes reference to the aforementioned section of the body of the Official Statement and directs the reader thereto for a general discussion of the COVID-19 event as of the date of the Official Statement.

ECONOMIC AND DEMOGRAPHIC CHARACTERISTICS

General Information

Burnet County ("the County"), created in 1854 from Bell, Travis and Williamson counties, is located in central Texas and traversed by U.S. Highways 183 and 281, State Highways 29 and 71, and six farm-to-market roads. The economy is based on stone processing, agriculture, manufacturing and tourism. The area of the County is 996 square miles.

The City of Burnet (the "City") is the county seat and principal commercial center of the County. The City is located at the intersection of U.S. Highway 281 and State Highway 29 and is approximately 55 miles northwest of Austin, 100 miles north of San Antonio, and 225 miles northwest of Houston.

Population

Census Report	City of Burnet	City of Marble Falls	Burnet County
2020 Est.	6,559	7,444	49,318
2010	5,987	6,077	42,750
2000	4,735	4,959	34,147
1990	3,423	4,007	22,677
1980	3,410	3,252	17,803
1970	2,864	2,209	11,420

Source: U.S. Census Bureau

Agriculture

The principal source of agricultural income is derived from hay, cattle, horses and goats. Other sources of income are derived from deer, wild hog and turkey hunting leases.

Major Employers

Name	Product	Approximate Number of Employees
Marble Falls ISD	Education	693
Horseshoe Bay Resort & Marriott	Hotel	662
Baylor, Scott & White	Hospital	573
Burnet CISD	Education	503
HEB Stores	Grocery Store	440
Wal-Mart Stores, Inc.	Retail Store	400
Burnet County	Government	380
Stealth Products	Manufacturing	150
Entergris	Manufacturing	141
City of Burnet	Government	130

Minerals

Burnet County is the granite capital of Texas. Other minerals produced include limestone, sand and gravel.

Recreation

Inks Lake State Park and Longhorn Caverns State Park attract over 350,000 tourists annually. Longhorn Caverns, Lake LBJ, Lake Buchanan, Inks Lake, Lake Marble Falls and a portion of Lake Travis make the County a popular water sports recreational area.

Labor Force Statistics - Burnet County

	August	Average			
	2020	2019	2018	2017	2016
Civilian Labor Force	22,720	23,570	22,921	22,274	21,986
Total Employed	23,685	22,930	22,264	21,567	21,226
Total Unemployed	965	640	657	707	760
% Unemployed	4.1%	2.7%	2.9%	3.2%	3.5%
% Unemployed (Texas)	6.8%	3.5%	3.8%	4.3%	4.6%
% Unemployed (United States)	8.4%	3.7%	3.9%	4.4%	4.9%

Source: Texas Workforce Commission -Economic Research and Analysis Department, and United States Department of Labor.

Employment and Wages by Industry - Burnet County

	Number of Employees			
	First Quarter 2020	Fourth Quarter 2019	Fourth Quarter 2018	Fourth Quarter 2017
Natural Resources and Mining	212	262	161	168
Construction	1,498	1,424	1,201	1,308
Manufacturing	1,089	999	948	836
Trade, Transportation & Utilities	3,001	2,996	3,047	3,017
Information	134	138	123	127
Financial Activities	721	684	529	528
Professional and Business Services	919	1,050	1,064	978
Education and Health Services	2,198	2,241	2,108	2,031
Leisure and Hospitality	1,972	2,009	1,975	1,985
Other Services	445	448	441	396
Unclassified	17	6	21	27
Federal Government	73	75	69	63
State Government	274	273	267	263
Local Government	2,419	2,400	2,352	2,351
Total Employment	14,973	15,005	14,305	14,078
Total Wages	$166,342,865	$176,145,711	$160,610,460	$155,865,173

Source: Labor Market and Career Information Department, Texas Workforce Commission.

APPENDIX C

Audited Financial Statements

The information contained in this appendix consists of Burnet County, Texas Audited Financial Statements (the "Report") for the fiscal year ended September 30, 2019.

The information presented represents only a part of the Report and does not purport to be a complete statement of the County's financial condition. Reference is made to the complete Annual Audit Report for additional information.

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BURNET COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019

Prepared by:

County Auditor's Office

Karin Smith

County Auditor

INTRODUCTORY SECTION

THE COUNTY OF BURNET
BURNET, TEXAS 78611

March 27, 2020

To the Honorable District Judges, County Judge, County Commissioners and the Citizens of the County of Burnet:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the County of Burnet for the year ended September 30, 2019. This report is prepared by the County Auditor's office, which is responsible for both the accuracy of the data and the completeness and fairness of its presentation, including disclosures. We believe that the information presented is accurate in all material respects and reported in a manner designed to show the financial position and operating results of the County.

This report has been prepared in accordance with generally accepted accounting principles (GAAP) for governments as promulgated by the Government Accounting Standards Board (GASB). To demonstrate further public accountability, the independent accounting firm of Pattillo, Brown & Hill, LLP, Independent Certified Public Accountants, whose report is included herein, has audited the County's financial statements. The independent auditors' report is presented as the first component of the financial section of this report.

The County is not required to undergo an annual single audit in conformity with the provisions of the Uniform Guidance (2 CFR § 200).

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the auditor's report.

PROFILE OF BURNET COUNTY

The financial statements present information on the financial position and operations of County government as a single comprehensive reporting entity. The various agencies, departments, boards, commissions and accounts of the County that constitute the County reporting entity are included in this report in accordance with criteria established by the GASB. The reporting entity consists of all the funds of the primary government (Burnet County).

The County provides a full range of services authorized by statute. Such services include general governmental functions 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 costs associated with these services are presented within the financial statements in detail and summary form.

The County receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the County is not included in any other governmental "reporting entity" as defined in Section 2100, Codication of Government Accounting and Financial Reporting Standards, since County Commissioners and the County Judge are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The Burnet County Government is administered under a Commissioners' Court system. The five-member Court is comprised of the County Judge and four Commissioners. The Commissioners are elected by precinct and the County Judge is elected at large. The County Judge is the presiding officer of the County Commissioners' Court. The Court is responsible for setting the County's annual tax rate, approving the tax roll and supervising all expenditures of County money. The Court is also responsible for issuing bonds to finance capital improvements. The County Judge is elected to a four-year term. Commissioners are elected to four-year staggered terms with two Commissioners elected every two years.

Internal Controls

The County's internal accounting controls provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposal and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that evaluation of costs and benefits requires estimates and judgments by management. A fulltime staff internal auditor has been assigned to perform these internal reviews, greatly enhancing the internal control process.

Budgetary Controls

The annual budget serves as the foundation for the County's planning and control. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Commissioners' Court. Activities of the General Fund, certain special revenue funds and the debt service fund are included in the annual appropriated budget. Project length financial plans are adopted for the capital project fund. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the departmental level within each fund. The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end.

ECONOMIC CONDITION AND OUTLOOK

Community Profile

Burnet County, located in the Texas Hill Country, is 55 miles west of Austin and 100 miles north of San Antonio. The County covers 996 square miles with the Colorado River serving as the western boundary. The Llano River merges with the Colorado River in the southern portion of the County. A network of flood control dams has been built along this watershed creating a chain of five lakes in the county. The lakes coupled along with the excellent whitetail deer hunting and beautiful landscape make Burnet County one of the "hot spots" for tourism in the State of Texas.

The County, traversed by U.S. Highways 29, 71, 183 and 281, has a limited economy based on stone processing, tourism and agriculture. Activities that attract tourists to Burnet include hunting, fishing, water sports, Longhorn Caverns and Inks Lake State Park.

The duties and specific responsibilities of county government are unlike those of other entities, be they school, or special districts, however the differentiations are complimentary and not conflicting nor repetitive. Therefore, the role of the County and how its public servants are bringing those services to the citizens is our focus.

The primary components of the County's services are public administration, criminal justice, facilities and infrastructure and public health and safety. Intertwined and commingled among these are the same guiding criteria as stated in our Mission Statement, as given below that apply to all of our service endeavors.

Mission Statement

The mission of Burnet County is to maintain overall efficient and financial management of county resources and provide services desired by the people of Burnet County and mandated by state and federal law. We are here to serve.

The County's budget has maintained consistent service levels with a steady tax rate.

The criminal justice requirements for County government account for almost one-half of all expenditures, excluding debt service. Included in this category are law enforcement, jail, prosecution and judiciary. Numerous policies, procedures and projects, implemented and planned, will hopefully hold the expenditures relatively constant or possibly reduce the costs for these services with increased efficiencies.

The value of the public's tangible assets, excluding cash, such as land, buildings, equipment and vehicles exceeds $51 million. The County continues to upgrade and maintain all these assets, with additional capital improvements to County facilities including the County jail, facility and equipment upgrades in the Road and Bridge and County radio communications towers and systems.

Factors Affecting Financial Condition

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

The economy in the County remained strong in 2019. The medical industry and the construction industry continue to provide many jobs in the Central Texas area. Burnet has estimated its population to be 48,950 at September 2019. This represents a 15% increase in population since the 2010 census. The growth can be attributed to factors such as a large influx of retirement age citizens and the County's close proximity to the City of Austin. Numerous small businesses and some nationally recognized chains have opened in direct response to the growth of the county.

The cities of Burnet and Marble Falls continue to make aggressive efforts to attract job-producing industries into the County.

Increasing growth creates challenges such as demand for increased services. Property values for FY 2018-2019 reflected an increase. The certified tax roll shows an increase of $582,451,568 in value over the 2017-2018 roll. The County relies heavily on ad valorem taxes for its operating resources. Tax revenues generated from new construction were increased over the last year.

There are two pressing issues that will have a financial impact on the County and its citizens:

1) Legislative activities to cap or restrict Ad Valorem taxes and appraisals.
2) Program, facility and infrastructure expansions to keep up with growth and demand on services.

The last three sessions of the Texas Legislature have been primarily focused on legislation that would limit local governments' ability to increase its Ad Valorem taxes as well as limiting the appraisal values on homesteads. Texas Counties rely primarily on Ad Valorem taxes as its major funding source for operational expenses. Local governments have been successful so far in battling the potential budget buster bills from passing; however, this next session promises to have a more united front and may get the necessary support to enact such legislation. If this type of legislation was to pass, counties across the state will be forced to reduce, if not eliminate, programs that are non-mandated (i.e. libraries, fire departments, EMS) in order to balance the budget.

Long-Term Financial Planning

The County has previously authorized the issuance of Certificate of Obligations in June of 2015. The proceeds of that issuance were used to purchase the jail building from the Burnet County Public Facilities Corporation. The County also issued Tax Notes for County Road Infrastructure and Various Improvements in 2016, 2018 and 2019.

The County also works with its financial advisor to monitor the conditions of the tax-exempt credit market and issue refunding debt to defease outstanding obligations, when it can lower its cost of money.

At September 30, 2019, Burnet County had four (4) debt issues outstanding. The outstanding principal balance of the certificates of obligation and tax notes at year end totaled $26,880,000. According to the Constitution of the State of Texas, Burnet County's outstanding bonded debt is limited to an amount not exceeding 25% of the assessed taxable value of real property in the County.

The County has issued debt obligations, and in the process submitted financial information to various rating agencies. Based on the submission of that information, the Burnet County Commissioners' Court has determined that the County maintain adequate reserves for operating expenditures in the amount of not less than 25 percent of the operating expenditures in the General Fund including assigned and committed funds in the Restricted Fund.

AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a "Certificate of Achievement for Excellence in Financial Reporting" to Burnet County for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2018. This was the twenty-third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGEMENTS

The preparation of the CAFR on a timely basis could not have been accomplished without the efficient and dedicated services of the staff of the County Auditor's office and the competent services of the independent auditors. We also thank the members of the Commissioners' Court and their staff and all other County officials and employees who have given their support in planning and conducting the financial operations of the County in a responsible manner.

Respectfully submitted,

Burnet County Auditor

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Burnet County
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

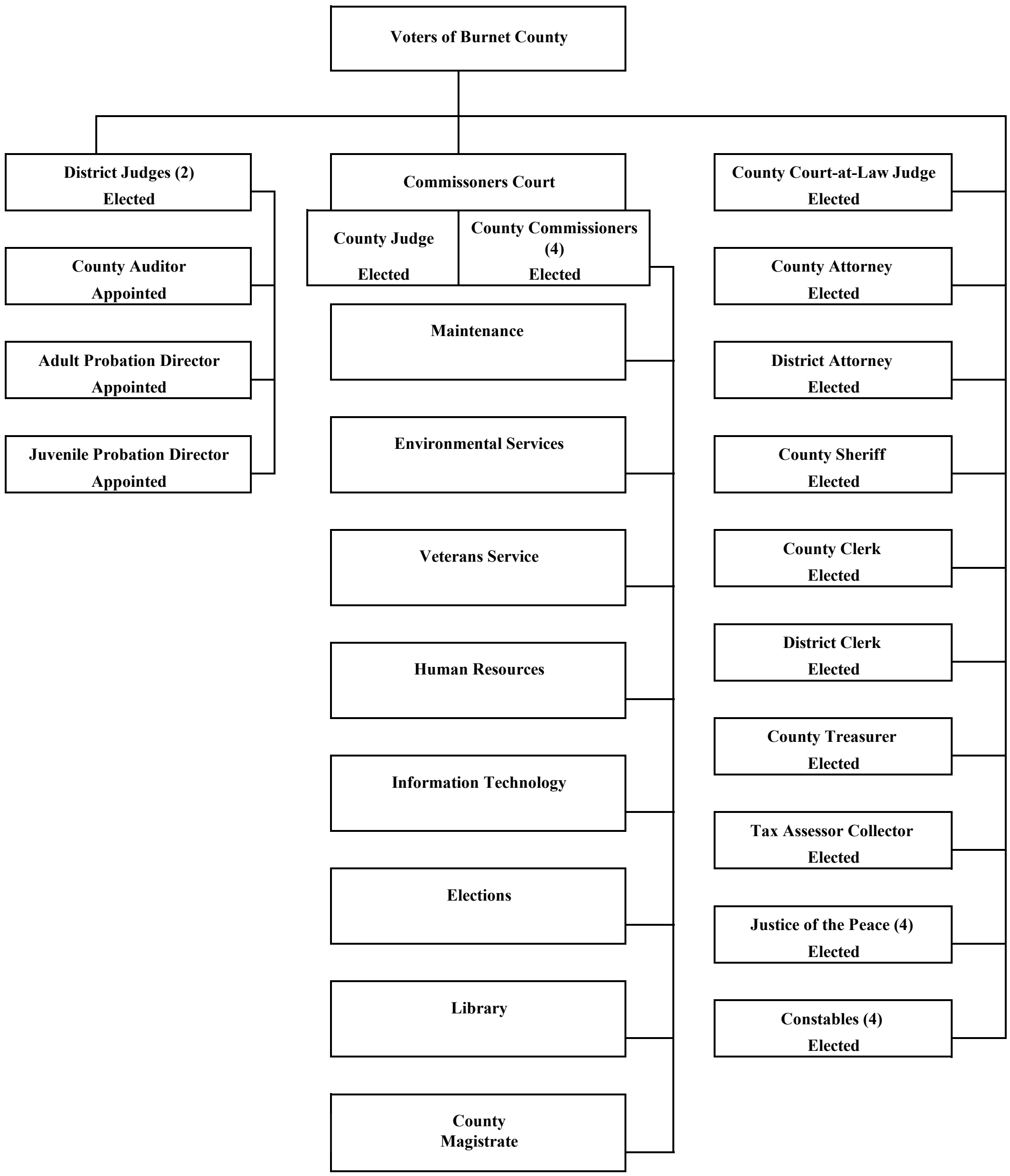
Christopher P. Morrill

Executive Director/CEO

BURNET COUNTY, TEXAS

ORGANIZATIONAL CHART

SEPTEMBER 30, 2019



BURNET COUNTY, TEXAS

PRINCIPAL OFFICIALS

September 30, 2019

COMMISSIONERS

Jim Luther, Jr
Damon Beierle
Billy Wall
Joe Don Dockery

COUNTY JUDGE

James Oakley

OTHER OFFICIALS

Linda Bayless	County Court at Law Judge
Eduardo Arredondo	County Attorney
Janet Parker	County Clerk
Casie Walker	District Clerk
Karin Smith	County Auditor
Karrie Crownover	County Treasurer
Sheri Frazier	Tax Assessor-Collector
Calvin Boyd	County Sheriff
Roxanne Nelson	Justice of Peace, Precinct 1
Lisa Whitehead	Justice of Peace, Precinct 2
Jane Marie Hurst	Justice of Peace, Precinct 3
Debbie Bindseil	Justice of Peace, Precinct 4
Leslie Ray	Constable, Precinct 1
Garry Adams	Constable, Precinct 2
Chip Leake	Constable, Precinct 3
Missy Bindseil	Constable, Precinct 4

FINANCIAL SECTION

PATTILLO, BROWN & HILL, L.L.P.
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Waco, Texas 76710
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund financial of Burnet County, Texas (County) as of and for the year ended September 30, 2019, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Burnet County, Texas, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed 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 operations, 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 obtain during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for purposes of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2020, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Waco, Texas
March 27, 2020

MANAGEMENT'S
DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Burnet County, Texas (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page i of this report.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $19.4 million which represents total net position.
- As of the close of the current fiscal year, the County's governmental funds reported a combined fund balances of $12.2 million, an increase of approximately $785,000 from the prior year. About 19% of this amount ($2.3 million) is available for spending at the County's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was approximately $3.3 million, or approximately 27% of 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 consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. As noted above this narrative includes approximate values and percentages in the wording to summarize the schedules and financials in this report which include exact values. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

The chart below summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of the overview section of management's discussion and analysis explains the structure and contents of each of the statements.

MAJOR FEATURES OF THE COUNTY'S GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Type of Statement	**Government-Wide**	**Governmental Funds**	**Proprietary Funds**	**Fiduciary Funds**
Scope	Entire Agency's government (except fiduciary funds)	The activities of the County that are not proprietary orfiduciary	Activities the County operates similar to private businesses: self-insurance	Instances in which the County is the trustee or agent for someone else's resources
Required financial statements	Statement of net positions Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Statement of net positions Statement of revenues, expenses and changes in net positions Statement of cash flows	Statement of fiduciary net positions Statement of Changes in fiduciary net positions
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and longterm	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both shortterm and long-term; the Agency's funds donot currently containcapital assets, although they can
Type of flow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, using accounting methods similar to those used by private-sector business.

The *statement of net position* (page 11) presents financial information on all of the County's assets, liabilities, and deferred inflows/outflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating when examined in conjunction with non-financial factors.

The *statement of activities* (page 12) presents information showing how the County's net position changed during the most recent fiscal year. All changes in net positions are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, public transportation, health and welfare, culture and recreation, conservation, and debt interest. The County does not currently have any business-type activities.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

The County maintains 21 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Road and Bridge Fund, County Jail Fund, Restricted Fund, Debt Service Fund and Capital Projects Fund, which are considered to be major funds. Data from the other 15 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements (Other Governmental Funds) in the combing and individual fund statements and schedules section of this report.

The County adopts an annual appropriated budget for its General Fund, Road and Bridge Fund, County Jail Fund, Restricted Fund and certain nonmajor special revenue funds. Budgetary comparison schedules have been provided on pages 48-53 and pages 68-76 to demonstrate compliance with these budgets.

Proprietary Funds. There are two types of proprietary funds, *enterprise* and *internal service* funds. At this time, the County only maintains one *internal service fund*. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its Healthcare Reimbursement Accounts. As these services only benefit governmental activities, they have been included within *governmental activities* in the government-wide financial statements.

The internal service fund is presented in the proprietary fund financial statements on pages 19-21 of this report.

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

The County maintains one type of fiduciary fund. A*gency funds* report resources held by the County in a custodial capacity for individuals, private organizations and other governments.

The fiduciary fund financial statement can be found on page 22 of the report.

Notes to the Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-47 of this report.

Other Information. In addition to the basic financial statements, this report also presents *required supplementary information* concerning the County's budgetary comparison information for the General Fund and major special revenue funds and progress in funding its obligations to provide pension and OPEB benefits its employees. Required supplementary information can be found on pages 48-59 of the report.

The combining statements referred to earlier in connection with nonmajor governmental funds and agency funds are presented immediately following the required supplementary information along with budgetary schedules for nonmajor special revenue funds and the debt service fund. Combining and individual fund statements and schedules can be found on pages 60-81 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities by $19.4 million at the close of the most recent fiscal year.

The following table provides a summary of the County's net position at September 30, 2019 and 2018:

	Governmental Activities	
	2019	2018
Current and other assets	$ 19,534,876	$ 13,418,958
Capital assets	36,341,198	29,938,008
Total assets	55,876,074	43,356,966
Deferred outflows of resources	4,788,200	1,993,646
Current liabilities	3,179,137	1,001,882
Long-term liabilities	35,123,527	24,879,664
Total liabilities	38,302,664	25,881,546
Deferred inflows of resources	115,134	812,221
Net position:		
Net investment in capital assets	14,627,420	13,283,083
Restricted	5,454,615	3,356,838
Unrestricted	(639,544)	2,016,924
Total net position	$ 19,442,491	$ 18,656,845

By far, the largest portion of the County's net position (75%) reflects its investment in capital assets (e.g., land. buildings, vehicles, machinery and equipment, office furniture and equipment, infrastructure, and construction in progress), less any related outstanding debt that was used to acquire those assets. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position (28%) represents resources that are subject to external restrictions on how they may be used. The deficit balance for unrestricted net position of roughly $640,000 was largely due to growing OPEB and net pension liabilities. At the end of the current fiscal year, the County is able to report a positive balance for the County as a whole.

The County's overall net position increased approximately $785,000 from the prior fiscal year for an ending balance of $19.4 million. The reasons for this overall increase are discussed in the following sections.

The following table provides a summary of the County's operations for the years ended September 30, 2019 and 2018:

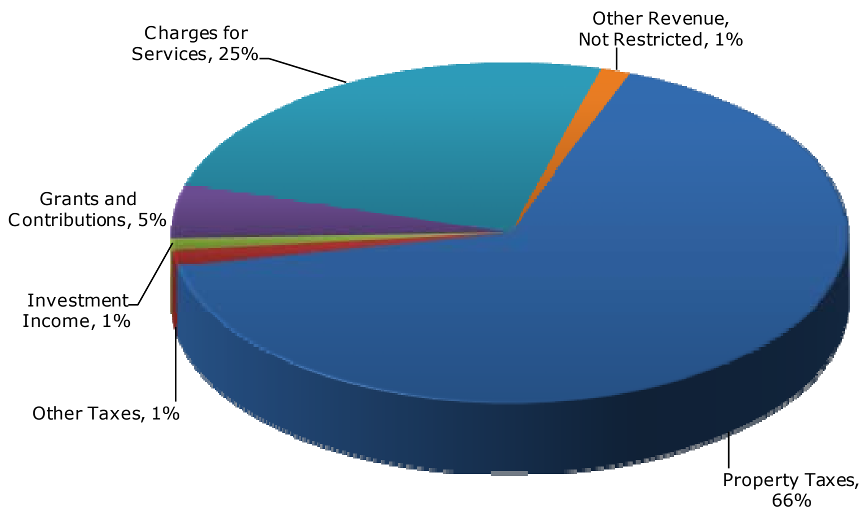
	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	$ 9,100,775	$ 9,514,736
Operating grants and contributions	1,838,075	1,387,821
Capital grants and contributions	-	2,050,598
General revenues:		
Property taxes	24,121,921	21,837,294
Other taxes	538,393	578,334
Investment earnings	411,082	228,669
Miscellaneous revenue	516,173	454,325
Total revenues	36,526,419	36,051,777
Expenses:		
General government	11,729,343	12,667,853
Public safety	17,889,676	16,099,155
Public transportation	3,015,832	3,218,518
Health and welfare	456,627	411,338
Culture and recreation	1,433,593	890,872
Conservation	339,013	324,936
Debt interest	876,689	642,497
Total expenses	35,740,773	34,255,169
Change in net position	785,646	1,796,608
Net position, beginning	18,656,845	17,536,195
Prior period adjustment	-	(675,958)
Net position, ending	$ 19,442,491	$ 18,656,845

At the end of the current fiscal year, the County reported an increase in net position for the County as a whole. Key elements of this change in net position are as follows:

- Property taxes increased by $2.3 million even with a decrease in the tax rate due to an increase in taxable assessed value.
- Capital grants and contributions decreased due to a $1.8 million contribution for radio tower upgrades in the prior year.
- Public safety expenses increased by $1.8 million due to a variety of factors such as an increase in pension and depreciation expense from the previous year.

Total revenues for the fiscal year ended September 30, 2019 were $36.5 million. Approximately 68% of the County's revenue comes from taxes, with 66% from property taxes alone. Property tax revenue increased 9.5% due to an increase in property tax values, even though the tax rate decreased.

The graph below shows the sources of revenues for fiscal year 2019.



Financial Analysis of Governmental Funds

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

Governmental Funds. The focus of the County's *governmental funds* is to provide information of near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the County's Commissioners Court.

At the end of the fiscal year, the County's governmental funds reported a combined fund balance of $12.2 million, an increase of about $809,000. Approximately 19% of this total amount ($2.3 million) is *unassigned fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is divided among *committed* fund balance of $1 million, *restricted* fund balance of $8.9 million, and *nonspendable* fund balance of $28,000. The County's ability to spend each of these types of fund balance is more limited than with the unassigned fund balance, and the limitations on spending are discussed more fully in the notes to the financial statements.

General Fund. The General Fund is the chief operating fund of the County. At the end of the fiscal year, $2.3 million of the total fund balance is unassigned. As a measure of the fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents approximately 13.1% of total general fund expenditures.

The County's general fund fund balance increased slightly by $227 thousand during the current fiscal year.

General Fund Budgetary Highlights

Original budget compared to final budget. Over the course of the year, the County recommended, and the Commissioners approved several revisions to budgeted revenue and original budgeted appropriations. Differences between the original budget and the final amended budget was a slight increase in estimated revenues of $15 thousand which was for intergovernmental revenue. Amendments to appropriations were a slight decrease of $145 thousand and were primarily for the following:

- To reflect department year-end projections and re-appropriate funds within or between departments,
- To re-appropriate funds from other governmental units received during the year (grants),
- To re-appropriate funds to pay for commitments in the form of encumbrances established prior to the end of the year; however not paid by that date.

Final budget compared to actual results. During the year, revenues were slightly less than budgetary estimates and expenditures were significantly less than budgetary estimates. Major variances include:

- Property tax collections were lower by $422 thousand, which is 2% than budgeted due to a miscalculation in the budgeted amount.
- Charges for services exceeded budget by $110 thousand primarily due to increases in fees collected in County Sheriff, County Clerk, District Clerk, Constable Fees and Bond Forfeitures.
- Investment earnings increased due to an increase in interest rates and conservative budgeting.
- General government savings of $713 thousand due to conservative spending in all departments. There was less spending in other areas as well resulting in an overall variance of $1.3 million, which is 7% under budget.
- Planned transfers out were decreased to utilize Unclaimed Capital Credits to help support the libraries.

Capital Assets and Debt Administration

Capital Assets. As of September 30, 2019, the County had invested $36.3 million (net of accumulated depreciation) in a broad range of capital assets, including land, buildings, roads, bridges and equipment. This amount represents a net increase (including additions, retirements and adjustments) of $6.4 million or 18% more than last year as you can see in the table below.

	Governmental Activities	
	2019	2018
Land	$ 1,357,612	$ 1,286,412
Construction in progress	4,644,567	2,118,132
Infrastructure	6,508,609	2,447,588
Buildings & other improvements	18,473,828	19,531,966
Office and miscellaneous equipment	1,299,386	1,841,442
Road equipment	4,057,196	2,712,468
Total capital assets	$ 36,341,198	$ 29,938,008

Major capital asset events during the current fiscal year included:

INSERT MAJOR CAPITAL ASSET EVENTS HERE

Additional information about the County’s capital assets can be found in Note VI of this report.

Long-term liabilities. At the end of the current fiscal year, the County had total long-term liabilities outstanding of $35 million. Of this amount, $13.1 million is general obligation bonds and $11 million is tax notes issued. The remainder of the County's long-term obligations consist of capital leases, compensated absences and pension and OPEB-related liabilities.

	Governmental Activities	
	2019	2018
General obligation bonds	$ 13,095,000	$ 13,620,000
Tax notes	10,985,000	4,370,000
Premiums on bonds	525,860	471,910
Capital leases	995,091	1,205,503
Compensated absences	605,787	579,883
Total OPEB liability	717,185	763,505
Net pension liability	8,199,604	3,868,863
	$ 35,123,527	$ 24,879,664

During the year, the County's long-term liabilities increased by $10.2 million, primarily from the issuance of new debt and the increase in the net pension liability of $4.3 million.

Standard & Poor's rating service has assigned its 'AA' rating to the County taxable series 2015 combination tax and limited pledge revenue certificates of obligation.

State statutes limit the amount of general obligation debt that a County can issue to 25% of its total assessed valuation. The current debt limitation for the County is over $1.0 billion, which is significantly higher than the County's outstanding general obligation debt.

More detailed information about the County's long-term obligations can be found in Note IX of the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The following economic factors and others were taken into consideration when preparing the County's budget for the 2020 fiscal year.

- The County continues to enjoy growth in various demographic areas as the economy improves.
- Increases in the taxable assessed value as a percentage of estimated actual value and resulting increases in property assessments will continue to affect the County's real property tax base. The taxable value used for the next year's budget preparation is estimated to be up $665 million or 10.3% from FY2019.
- The County's unemployment rate is currently 2.5%, which is a decrease from a rate of 2.6% one year ago. The County's rate is favorable to the state's average unemployment rate of 3.4% and is expected to remain favorable with continued growth in the County.
- The population of the County is estimated at 46,804 in 2019, which is an increase of 9.5% since the Census of 2010 estimated at 42,755.
- The average household income for 2019 is $54,259 and is expected to continue to rise as average wages continue to increase.
- On the expenditure side, increases are expected in health insurance premiums as the continue to rise every year.
- The County will continue with renovations and improvements among various buildings.
- The Commissioners Court approved a $37 million budget for the 2020 fiscal year. This is less than a 1% increase over the adopted 2019 fiscal year budget. The increase in the budget is primarily due to

adding new public safety positions.

- The overall tax rate established for the FY2020 budget is $0.3999 per $100 of assessed valuation, which is higher than the rate for the previous year of $0.3900 and just under the rollback tax rate of $0.4004 and slightly higher than the effective rate of $0.3753 per $100 of assessed valuation. The change in tax rate is due to the legislature reducing the rollback rate to 3.5% beginning in the 2020 fiscal year.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of Burnet County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Office of Burnet County Auditor, 220 South Pierce, Burnet, TX 78611.

BASIC
FINANCIAL STATEMENTS

BURNET COUNTY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

		Governmental Activities
ASSETS		
Cash and cash equivalents	$	12,990,412
Investments		3,220,878
Receivables (net of allowance for uncollectibles)		1,513,552
Due from other governments		1,691,358
Due from others		90,374
Inventory		161
Prepaid expenses		28,141
Capital assets not being depreciated		6,002,179
Capital assets, net of accumulated depreciation		30,339,019
Total assets		55,876,074
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to OPEB		41,066
Deferred outflows related to pension		4,747,134
Total deferred outflows of resources		4,788,200
LIABILITIES		
Accounts payable		2,854,677
Accrued interest payable		67,077
Due to others		257,383
Claims payable		3,985
Tax anticipation notes payable		2,800,000
Noncurrent liabilities:		
Due within one year:		
Long-term debt		2,802,037
Total OPEB liability		17,183
Due in more than one year:		
Long-term debt		23,404,701
Net pension liability		8,199,604
Total OPEB liability		700,002
Total liabilities		41,106,649
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to OPEB		69,050
Deferred inflows related to pensions		46,084
Total deferred inflows of resources		115,134
NET POSITION		
Net investment in capital assets		14,627,420
Restricted for:		
Debt service		1,323,632
Road and bridge		846,273
Other		3,284,710
Unrestricted	(	639,544)
Total net position	$	19,442,491

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

BURNET COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:				
General government	$ 11,729,343	$ 2,018,298	$ 449,358	$(9,261,687)
Public safety	17,889,676	5,392,552	1,049,099	(11,448,025)
Public transportation	3,015,832	1,655,221	337,518	(1,023,093)
Health and welfare	456,627	7,489	-	(449,138)
Culture and recreation	1,433,593	27,215	2,100	(1,404,278)
Conservation	339,013	-	-	(339,013)
Interest	876,689	-	-	(876,689)
Total governmental activities	$ 35,740,773	$ 9,100,775	$ 1,838,075	(24,801,923)

General revenues:	
Taxes:	
Property, levied for general purposes	21,276,628
Property, levied for debt service	2,845,293
Other	538,393
Miscellaneous	516,173
Unrestricted investment earnings	411,082
Total general revenues	25,587,569
Change in net position	785,646
Net position - beginning	18,656,845
Net position - ending	$ 19,442,491

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

BURNET COUNTY, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	General	Road and Bridge	County Jail
ASSETS			
Cash and cash equivalents	$ 4,961,374	$ 829,910	$ -
Investments	496,000	16,537	-
Taxes receivable (net)	573,168	68,013	-
Fines, fees, and court costs receivable (net)	383,700	-	-
Other receivables (net)	117,814	72,835	36,980
Due from other governments	282,103	-	822,191
Due from other funds	830,246	-	-
Due from others	90,374	-	-
Inventories	161	-	-
Prepaid items	7,368	-	-
Total assets	7,742,308	987,295	859,171
LIABILITIES			
Accounts payable and other accrued liabilities	1,487,037	141,022	140,978
Tax anticipation notes payable	2,800,000	-	-
Due to other funds	-	-	718,193
Due to others	190,920	-	-
Total liabilities	4,477,957	141,022	859,171
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - fines, fees, and court costs	358,350	-	-
Unavailable revenue - property taxes	573,168	68,013	-
Unavailable revenue - grants	-	-	-
Total deferred inflows of resources	931,518	68,013	-
Fund balances:			
Nonspendable	7,529	-	-
Restricted	-	778,260	-
Committed	-	-	-
Unassigned	2,325,304	-	-
Total fund balances	2,332,833	778,260	-
Total liabilities, fund balances, and deferred inflows of resources	$ 7,742,308	$ 987,295	$ 859,171

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

Restricted	Debt Service	Capital Projects	Nonmajor Funds	Total Governmental Funds
$ 1,877,561	$ 1,237,143	$ 2,281,900	$ 1,798,539	$ 12,986,427
-	787	2,586,033	121,521	3,220,878
-	74,488	-	-	715,669
-	-	-	-	383,700
-	11,214	-	175,340	414,183
-	-	-	587,064	1,691,358
-	-	-	-	830,246
-	-	-	-	90,374
-	-	-	-	161
-	-	-	20,773	28,141
1,877,561	1,323,632	4,867,933	2,703,237	20,361,137
11,749	-	980,760	93,131	2,854,677
-	-	-	-	2,800,000
-	-	-	112,053	830,246
-	-	-	66,463	257,383
11,749	-	980,760	271,647	6,742,306
-	-	-	-	358,350
-	74,488	-	-	715,669
-	-	-	313,843	313,843
-	74,488	-	313,843	1,387,862
-	-	-	20,773	28,302
1,865,812	1,249,144	3,887,173	1,084,282	8,864,671
-	-	-	1,012,692	1,012,692
-	-	-	-	2,325,304
1,865,812	1,249,144	3,887,173	2,117,747	12,230,969
$ 1,877,561	$ 1,323,632	$ 4,867,933	$ 2,703,237	$ 20,361,137

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BURNET COUNTY, TEXAS

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

SEPTEMBER 30, 2019

Total fund balances - governmental funds balance sheet	$	12,230,969
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet. The net effect is to increase net position.		36,341,198
Certain assets, such as property taxes receivable and imposed fines receivable, are not available to pay for current-period expenditures and, therefore, are deferred inflows in the governmental funds. Unavailable revenue recognized in the government-wide financial statements results in a net increase to net position.		1,387,862
Long-term liabilities, including bonds payable, compensated absences and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported in the governmental funds. The net effect is a decrease in net position.	(	26,206,738)
Payables for bond interest which are not due in the current period are not reported in the funds.	(	67,077)
Included in the items related to debt is the recognition of the County's total OPEB liability in the amount of $717,185 and a deferred outflow of resources of $41,066 and deferred inflow of resources of $69,050. The net effect is a decrease to net position.	(	745,169)
Included in the items related to debt is the recognition of the County's net pension liability in the amount of $8,199,604, deferred outflows of $4,747,134 and a deferred inflows of resources of $46,084. The net effect is a decrease to net position.	(	3,498,554)
Net position of governmental activities	$	19,442,491

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

BURNET COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General	Road and Bridge	County Jail
REVENUES			
Taxes:			
Property	$ 18,505,984	$ 2,456,227	$ -
Other	98,228	-	-
Penalty and interest	195,107	23,846	-
Licenses and permits	751,640	882,312	-
Intergovernmental	232,784	86,851	-
Charges for services	1,086,133	-	5,236,973
Fines and forfeitures	446,496	-	-
Investment earnings	178,416	20,624	-
Rents and royalties	60,466	-	-
Miscellaneous	51,477	288	1,360
Total revenues	21,606,731	3,470,148	5,238,333
EXPENDITURES			
Current:			
General government	9,844,230	-	-
Public safety	6,778,350	-	7,851,539
Public transportation	-	2,956,057	-
Health and welfare	401,224	-	-
Culture and recreation	225	-	-
Conservation	323,010	-	-
Debt service:			
Principal	263,909	229,227	-
Interest	22,975	14,027	-
Fiscal agent's fees	-	-	-
Capital outlay	164,463	677,916	-
Total expenditures	17,798,386	3,877,227	7,851,539
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,808,345	(407,079)	(2,613,206)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	7,922	37,245	4,668
Insurance recoveries	82,697	11,150	-
Capital lease	-	300,677	-
Tax notes issued	-	-	-
Premium on debt issuance	-	-	-
Transfers in	96,309	147,948	2,608,538
Transfers out	(3,767,910)	-	-
Total other financing sources and uses	(3,580,982)	497,020	2,613,206
NET CHANGE IN FUND BALANCE	227,363	89,941	-
FUND BALANCE, BEGINNING	2,105,470	688,319	-
FUND BALANCE, ENDING	$ 2,332,833	$ 778,260	$ -

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

Restricted	Debt Service	Capital Projects	Nonmajor Funds	Total Governmental Funds
$ -	$ 2,790,840	$ -	$ -	$ 23,753,051
-	-	-	440,165	538,393
-	26,063	-	-	245,016
-	-	-	-	1,633,952
385	1,198	-	1,182,436	1,503,654
248,264	-	-	454,093	7,025,463
-	-	-	8,354	454,850
1,055	21,552	172,466	16,969	411,082
-	-	-	-	60,466
403,193	-	-	102,839	559,157
652,897	2,839,653	172,466	2,204,856	36,185,084
420,212	-	-	658,357	10,922,799
53,519	-	-	1,181,997	15,865,405
-	-	-	244,462	3,200,519
51,163	-	-	-	452,387
8,656	-	-	1,378,832	1,387,713
-	-	-	-	323,010
17,953	1,890,000	-	-	2,401,089
4,060	787,823	-	-	828,885
-	300	70,930	-	71,230
158,786	-	7,300,380	138,894	8,440,439
714,349	2,678,123	7,371,310	3,602,542	43,893,476
(61,452)	161,530	(7,198,844)	(1,397,686)	(7,708,392)
-	-	-	-	49,835
-	-	-	-	93,847
-	-	-	-	300,677
-	-	7,980,000	-	7,980,000
-	-	93,529	-	93,529
-	-	-	2,315,602	5,168,397
(1,361,661)	-	-	(38,826)	(5,168,397)
(1,361,661)	-	8,073,529	2,276,776	8,517,888
(1,423,113)	161,530	874,685	879,090	809,496
3,288,925	1,087,614	3,012,488	1,238,657	11,421,473
$ 1,865,812	$ 1,249,144	$ 3,887,173	$ 2,117,747	$ 12,230,969

BURNET 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, 2019

Net change in fund balances - total governmental funds	$	809,496
Amounts reported for governmental activities in the Statement of Activities are different because:		
Current year capital outlays of $9,314,109 are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of including capital outlays subject to capitalization is to increase net position.		9,290,505
Depreciation expense is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation. The net effect of recording current year depreciation expense is to decrease net position.		(2,672,957)
In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.		(214,358)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		341,335
Long-term debt principal payments are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements. This results in an increase in net position.		2,401,089
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but has no effect on net position.		(8,280,677)
Some expenses reported in the statement of activities (e.g. accrued compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(25,904)
Bond premiums are recorded as expenditures when paid in the fund financial statements but are capitalized and amortized in the government-wide financial statements. This is the current year issuance and amortization.		(53,950)
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due. This is a net decrease in net position.		(16,153)
Included in the statement of net position is the recognition of the County's total OPEB liability in the amount of $717,185 and a deferred outflow of resources of $41,066 and a deferred inflow of $69,050. The net effect is a decrease to net position.		(26,471)
Included in the statement of net position is the recognition of the County's net position liability in the amount of $8,199,604 and a deferred outflow of resources of $4,747,134 and a deferred inflow of $46,084. The net effect is a decrease to net position.		(766,309)
Change in net position of governmental activities	$	785,646

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

BURNET COUNTY, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUND

SEPTEMBER 30, 2019

	Governmental Activities
	Internal Service
ASSETS	
Current assets:	
Cash and cash equivalents	$ 3,985
Total assets	3,985
LIABILITIES	
Current liabilities:	
Claims payable from restricted assets	3,985
Total liabilities	3,985
NET POSITION	
Restricted for insurance claims	-
Total net position	$ -

BURNET COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Governmental Activities
	Internal Service
OPERATING REVENUES	
Charges for services	$ 34,742
Total operating revenues	34,742
OPERATING EXPENSES	
Claims	34,742
Total operating expenses	34,742
OPERATING INCOME (LOSS)	-
TOTAL NET POSITION, BEGINNING	-
TOTAL NET POSITION, ENDING	$ -

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

BURNET COUNTY, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Governmental Activities
	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from interfund charges for risk management services	$ 34,742
Payments for claims	(30,988)
Net cash provided by operating activities	3,754
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,754
CASH AND CASH EQUIVALENTS, BEGINNING	231
CASH AND CASH EQUIVALENTS, ENDING	$ 3,985
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Assets and liabilities:	
Increase (decrease) in accounts payable	3,754
Net cash provided by operating activities	$ 3,754

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

BURNET COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2019

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 4,116,838
Total assets	$ 4,116,838
LIABILITIES	
Due to others	$ 4,116,838
Total liabilities	$ 4,116,838

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

I. Summary of Significant Accounting Policies

The financial statements of Burnet County, Texas (the County) included in the accompanying basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the County's basic financial statements.

A. Reporting Entity

The County is a public corporation and political subdivision of the State of Texas. The Commissioners' Court, which is made up of four commissioners and the County Judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: general administration, tax and recording (e.g. tax collection), judicial (courts, juries, etc.), legal (district attorney, county attorney, etc.) public safety (sheriff, jail, etc.), transportation, facilities, and public service (e.g. rural fire protection and emergency management).

The County's basic financial statements include the accounts of all its operations. The County evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the County's reporting entity include whether:

1. the organization is legally separate (can sue and be sued in its name)
2. the County holds the corporate powers of the organization
3. the County appoints a voting majority of the organization's board
4. the County is able to impose its will on the organization
5. the organization has the potential to impose a financial benefit/burden on the County
6. there is fiscal dependency by the organization on the County
7. the exclusion of the organization would result in misleading or incomplete financial statements.

The County also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the County to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. Generally accepted accounting principles require inclusion of such an organization as a component unit when 1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the County, its component units or its constituents; 2) the County or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) such economic resources are significant to the County.

The County is not a component unit of any other reporting entity as defined by generally accepted accounting principles.

B. Government-wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information of all of the County's nonfiduciary activities with most of the interfund activities removed. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect expenses in the Statement of Activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The fund financial statements provide information about the County's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as non-major funds.

Proprietary funds operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

C. Governmental Fund Types

The County reports the following major governmental funds:

General Fund - This is the County's primary operating fund. It accounts for all financial resources of the County except those accounted for in another fund.

Road & Bridge Fund – This fund is a special revenue fund that accounts for and reports the financial resources received from a designated part of the annual property tax levy and auto registration fees and traffic fines, which are used for operating and maintaining County owned roads and bridges.

County Jail Fund - This fund is used to account for the financial resources used to operate the County jail.

Restricted Fund - This fund is used to account for financial resources held under certain legal restrictions.

Debt Service Fund - This fund is used to account for the accumulation of resources that are legally restricted, committed or assigned to expenditures for the specified purpose of the retirement of long-term debt, including debt principal, interest and related costs.

Capital Projects Fund - This fund accounts for financial resources that are restricted, committed or assigned to be used for the acquisition or construction of major capital facilities.

In addition, the County reports the following nonmajor fund types:

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes other than debt service or capital projects.

D. Proprietary Fund Types

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the County. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. The internal service fund is used to account for the provision of health insurance to employees of the County. The general fund is contingently liable for liabilities of this fund. Because the principal users of the internal services are the County's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements. The County uses this fund to account for and report the County's reimbursement to employees the cost of their health care insurance deductible up to $500 per year. The County elected a new health care plan beginning October 1, 2009 and increased the deductible from $250 to $750 per year in order to reduce the County's premium. The funds are paid from the General Fund per the budget.

E. Fiduciary Fund Types

Agency Funds: These funds are used to report funds of the County's fee offices and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Fees are generated and retained by the fee offices until notification is received to disburse funds to the proper individual or entity. Fees generated include fines, restitution, bail bond deposits, and inmate trust funds.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support County programs, these funds are not included in the government-wide statements.

F. Measurement Focus and Basis of Accounting

Government-wide and Proprietary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenue and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the County incurs an expenditure or expenses for which both restricted and unrestricted resources may be used, it is the County's policy to use restricted resources first, then unrestricted resources.

G. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

H. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available 1) when they become due or past due and receivable within the current period and 2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the General Fund and Debt Service Fund 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.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The County uses the consumption method to record its prepaid items which requires reporting these items as assets and deferring the recognition of expenditures until the period in which prepaid items are used or consumed. In the fund financial statements, they are offset by a designation of nonspendable fund balance which indicates they do not represent "available spendable resources".

J. Inventories

Inventory is valued at cost using the first in/first out (FIFO) method. Inventory in the governmental funds consists of expendable supplies held for consumption and the cost is recorded as expenditures when consumed rather than when purchased. Reported inventories are offset by nonspendable fund balance, which indicates that they do not constitute "available spendable resources".

K. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

Major outlays for capital assets and improvements are capitalized as projects are constructed. In the case of the initial capitalization of general infrastructure assets (i.e., streets and bridges), the County chose to include all such items regardless of their acquisition date or amount. The County was able to estimate the historical cost for the initial reporting of these assets through back-trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the County constructs or acquires additional capital assets each year, including infrastructure assets, they are capitalized and reported at historical cost.

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

Assets	Years
Infrastructure	20
Buildings and improvements	22
Other improvements	20
Office and miscellaneous equipment	3-15
Road equipment	5-10

L. <u>Receivables and Payable Balances</u>

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unearned revenue.

M. <u>Compensated Absences</u>

A liability for unused vacation for all full-time employees is calculated and reported in the government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

1. Leave or compensation is attributable to services already rendered
2. Leave or compensation is not contingent on specific event (such as illness).

Liabilities for compensated absences are recognized in the governmental fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued as long-term debt in the government-wide statements.

Upon termination from County employment, an employee shall be entitled to payment for total accrued but unused days of vacation and comp time. Comp time earned, but not taken, is paid at the end of each fiscal year. Vacation time cannot accumulate beyond 80 hours during the first nine years of employment and beyond 120 hours for the 10th year and beyond of employment per eligible employee. Sick leave accrues at 6.67 hours per month with a maximum of 90 days (720 hours), but compensation is paid only for an illness-related absence. All unpaid employee leave is due to active employees. Any unpaid leave due to an employee who is terminated is paid immediately upon the termination. Unused sick leave is non-vesting and will not be paid on termination, thus vacation and comp times are the only accrued compensation liabilities recorded.

N. <u>Interfund Activity</u>

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between functions that, if eliminated, would distort the direct costs and program revenues reported for the various functions concerned.

O. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

P. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. On new bond issues, bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Q. Deferred Inflows/Outflows of Resources

The County reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows of resources arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in current period. Deferred inflows of resources also arise when resources are received by the County before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the deferred inflows of resources is removed from the balance sheet and revenue is recognized.

In addition to assets, the Statement of Net Position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has deferred outflows of resources for the difference between projected and actual earnings for its pension and OPEB plans and contributions made to the pension plan after the measurement date but before the end of the fiscal year.

In addition to liabilities, the Statement of Net Position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has deferred inflows of resources for the differences between expected and actual experience related to its pension plan. Additionally, the County has deferred inflows of resources for uncollected property taxes as well as grants, fines, fees and court costs. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

R. Legally Adopted Budgets

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Road and Bridge Fund, County Jail Fund, Restricted Fund, Economic Development Fund, Law Library Fund, Western County Tower System Fund, Special Operations Unit Fund, Library System Fund, Grants Fund, Courthouse Security Fund, Jail Commissary Fund, and Debt Service Fund. The Capital Projects Fund is appropriated on a project-length basis. Other special revenue funds do not have appropriated budgets since other means control the use of these resources and sometimes span a period of more than one fiscal year.

S. Pensions

The fiduciary net position of the Texas County & District Retirement System (TCDRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension 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.

T. Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Texas County & District Retirement System Group Term Life Program (GTLP) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities and additions to/deductions from GTLP'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.

II. Fair Value Measurements

Generally accepted accounting principles define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.

Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities.

Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

III. Deposits and Investments

The County's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the County's agent bank approved pledged securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

The County is required by Government Code Chapter 2256, The Public Funds Investment 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, and 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 Public Funds Investment Act (Act) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports an 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, obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, certificates of deposit, certain municipal securities, money market savings accounts, repurchasing agreements, banker's acceptances, mutual funds, investment pools, guaranteed investment contracts, and common trust funds.

As of September 30, 2019, the County held the following fair value measurements:

		Fair Value Measurement Using				Weighted Average
	9/30/2019	(Level 1)	(Level 2)	(Level 3)	Rating	Maturity (Days)
Cash and cash equivalents						
Cash deposits - County	$ 12,990,412	$ -	$ -	$ -		
Cash deposits - Agency	4,116,838	-	-	-		
	17,107,250	-	-	-		
Investments measured at net asset value per share						
Investment pools:						
TexPool	$ 63,557	$ -	$ -	$ -	AAAm	34
Logic	2,651,740	-	-	-	AAAm	49
Texas Class	8,524	-	-	-	AAAm	41
Investments by fair value level:						
Debt securities:						
Affinity Fed Cred Union	248,665	-	248,665	-		
Morgan Stanley Bank	248,392	-	248,392	-		
Total Investments	3,220,878	-	497,057	-		
Total cash and investments	$ 20,328,128	$ -	$ 497,057	$ -		

The County has the following recurring fair value measurements as of September 30, 2019:

Affinity Fed Cred Union of $248,665 are valued using a present value of expected future cash flow model (Level 2 inputs).

Morgan Stanley Bank of $248,392 are valued using a present value of expected future cash flow model (Level 2 inputs).

Various certificates of deposit were purchased under the Certificate of Deposit Account Registry Service through a commercial banking institution. All certificates of deposit purchased under this program were entirely covered by FDIC insurance. The County has investments with the following public funds investment pools, which are reported at amortized cost, as of September 30, 2019:

Texas Local Government Investment Pool (TexPool & TexPool Prime) - Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The reported value of the pool is the same as the fair value of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the

Public Funds Investment Act. Audited financial statements of TexPool are available at First Public, 12008 Research Blvd., Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

Local Government Investment Cooperative (LOGIC) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, of the Texas Government Code, and the Public Funds Investment Act, chapter 2256, of the Texas Government Code. J.P. Morgan Investment Management Inc. serves as investment advisor and co-administrator with First Southwest Asset Management, Inc. LOGIC invests in treasury and agency securities and repurchase agreements as well as prime commercial paper. The pool maintains a weighted average maturity of 60 days or less. The pool seeks to maintain a constant dollar objective.

Texas CLASS was created as an investment pool for its participants pursuant to Section 2256 of the Public Funds Investment Act, Texas Government Code. The fund is administered by MBIA Municipal Investors Service Corporation and Wells Fargo Bank Texas, NA is the Custodian

A. Analysis of Specific Deposit and Investment Risks

Generally accepted accounting principles require a determination as to whether the County was exposed to the following specific investment risks at year end.

B. Interest Rate Risk

In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to less than 365 days. The maximum allowable stated maturity of any individual investment owned by the County shall not exceed three years.

C. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. County policy limits investments in public funds investment pools to those rated no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized rating service. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

D. Concentration of Credit Risk

The County's investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.

E. Investment Accounting Policy

The County's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

F. Public Funds Investment Pools

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

The County's investments in pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule of 195 2a7 of the Investment Company Act of 1940. There are no limitations or restrictions on participant withdrawals from these investment pools.

IV. Receivables

Receivables at year-end, net of the applicable allowances for uncollectible accounts, are as follows:

	General	Road and Bridge	County Jail Fund	Debt Service Fund	Nonmajor Funds	Total
Receivables:						
Property taxes	$ 818,812	$ 95,246	$ -	$ 101,104	$ -	$ 1,015,162
Accounts receivable	399,917	72,836	36,980	11,214	175,340	696,287
Adjudicated fines	2,315,030	-	-	-	-	2,315,030
Intergovernmental	-	-	822,191	-	587,064	1,409,255
Due from others	90,374	-	-	-	-	90,374
Gross receivable	3,624,133	168,082	859,171	112,318	762,404	5,526,108
Less: allowance for uncollectibles	(2,176,974)	(27,234)	-	(26,616)	-	(2,230,824)
Total	$ 1,447,159	$ 140,848	$ 859,171	$ 85,702	$ 762,404	$ 3,295,284

V. Commitments Under Leases

A. Capital Leases

During September 2016, the County entered into a lease with Branch Banking & Trust Leasing Corporation for various vehicles. This lease agreement meets the criteria of a capital lease. An additional $292,023 was recorded to the government-wide Statement of Net Position to record the capital assets acquired. The lease commitment total is $292,023. The capital lease agreement required quarterly payments of $24,873, including interest at 1.35% through September 2019.

During September 2017, the County entered into a lease with NHB Bank for various vehicles and equipment. This lease agreement meets the criteria of a capital lease. An additional $379,422 was recorded to the government-wide Statement of Net Position to record the capital assets acquired. The lease commitment total is $379,422. The capital lease agreement requires monthly payments of $10,921, including interest at 2.32% through September 2020.

During February 2018, the County entered into a lease with Enterprise for various vehicles. This lease agreement meets the criteria of a capital lease. An additional $110,905 was recorded to the government-wide Statement of Net Position to record the capital assets acquired. The lease commitment total is $110,905. The capital lease agreement requires monthly payments of $1,834. The agreement does not state a specific interest rate; however, there is an additional service fee charged monthly on each vehicle.

During September 2018, the County entered into a lease with Branch Banking & Trust Leasing Corporation for various vehicles and equipment. This lease agreement meets the criteria of a capital lease. An additional $749,168 was recorded to the government-wide Statement of Net Position to record the capital assets acquired. The lease commitment total is $749,168. The capital lease agreement requires quarterly payments of $65,464, including interest at 2.95% through September 2021.

During January 2019, the County entered into a lease with Enterprise for a vehicle. An additional $34,261 was recorded to the government-wide Statement of Net Position to record the capital asset acquired.

During September 2019, the County entered into a lease with BancorpSouth Bank for two dump trucks. An additional $266,416 was recorded to the government-wide Statement of Net Position to record the capital asset acquired.

Equipment under capital lease at September 30, 2019 consists of:

Road equipment	$ 1,848,682
Less: accumulated depreciation	(326,013)
Total	$ 1,522,669

Annual debt service requirements to maturity for capital lease obligations are as follows:

Year Ending September 30,	Principal	Interest
2020	$ 405,590	$ 30,457
2021	550,041	21,889
2022	26,529	6,133
2023	12,931	3,225
Total	$ 995,091	$ 61,704

B. Operating Leases

Commitments under operating (non-capitalized) lease agreements for equipment provide for minimum future rental payments as of September 30, 2019 as follows:

Year Ending September 30,	
2020	$ 40,713
2021	26,942
2022	5,548
2023	309
Total minimum rentals	$ 73,512
Rental expenditures in 2019	$ 71,819

VI. Capital Assets

Capital asset activity for the period ended September 30, 2019 was as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 1,286,412	$ 71,200	$ -	$ 1,357,612
Construction in progress	2,118,132	6,302,661	(3,776,226)	4,644,567
Total assets not being depreciated	3,404,544	6,373,861	(3,776,226)	6,002,179
Capital assets, being depreciated:				
Infrastructure	7,932,866	4,360,970	-	12,293,836
Buildings and improvements	29,815,804	41,235	-	29,857,039
Other improvements	2,539,869	169,044	-	2,708,913
Office and miscellaneous equipment	6,632,675	119,446	(208,307)	6,543,814
Road equipment	8,315,090	2,002,175	(133,234)	10,184,031
Total capital assets being depreciated	55,236,304	6,692,870	(341,541)	61,587,633
Less accumulated depreciation:				
Infrastructure	(5,485,278)	(299,949)	-	(5,785,227)
Buildings and improvements	(12,349,580)	(1,239,315)	-	(13,588,895)
Other improvements	(474,127)	(29,102)	-	(503,229)
Office and miscellaneous equipment	(4,791,233)	(475,409)	22,214	(5,244,428)
Road equipment	(5,602,622)	(629,182)	104,969	(6,126,835)
Total accumulated depreciation	(28,702,840)	(2,672,957)	127,183	(31,248,614)
Total capital assets being depreciated, net	26,533,464	4,019,913	(214,358)	30,339,019
Governmental activities capital assets, net	$ 29,938,008	$ 10,393,774	$(3,990,584)	$ 36,341,198

Depreciation was charged to functions as follows:

Governmental activities:	
General government	$ 500,061
Public safety	1,543,383
Culture and recreation	13,056
Conservation	7,741
Public transportation	608,716
Total depreciation expense - governmental activities	$ 2,672,957

VII. Interfund Balances and Activity

A. Due to and from Other Funds

In the fund financial statements, interfund balances are the result of normal transactions between funds and will be liquidated in the subsequent fiscal year. Balances due to and due from other funds at September 30, 2019, consisted of the following:

Due from Fund	Due to Fund	Amount	Purpose
General Fund	County Jail Fund	$ 718,193	Short-term loans
General Fund	Nonmajor funds	112,053	Short-term loans
Total		$ 830,246	

B. <u>Transfers to and from Other Funds</u>

Transfers to and from other funds at September 30, 2019, consisted of the following:

	Transfers In				
Transfers Out	General Fund	Road and Bridge Fund	County Jail Fund	Nonmajor Funds	Total
General Fund	$ -	$ -	$ 2,605,138	$ 1,162,772	$ 3,767,910
Restricted Fund	60,883	147,948	-	1,152,830	1,361,661
Nonmajor funds	35,426	-	3,400	-	38,826
Total	$ 96,309	$ 147,948	$ 2,608,538	$ 2,315,602	$ 5,168,397

Transfers from the General Fund to the County Jail Fund ($2,605,138) were to cover costs of housing county inmates. This year there were transfers from the Restricted Fund to the General Fund ($60,883), Road & Bridge Fund ($147,948) and Nonmajor Funds ($1,152,830) to follow the Texas Local Government Code. Additional transfers from the General Fund to nonmajor funds ($1,162,772) were to cover appropriations for the funds budgeted in the General Fund. $3,400 was SCAAP proceeds transferred from the Grant Fund to the County Jail Fund to offset expenditures.

VIII. Risk Management

The County is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to County assets, errors and omissions and personnel risks which relate to workers compensation. The County carries commercial insurance in order to manage the above listed risks. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

IX. Debt

The County has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the County.

A. <u>Bonds and Certificates of Obligation</u>

Current requirements for bonded indebtedness of the County are accounted for in the Debt Service Fund.

On June 25, 2015, the County issued $14,845,000 in Certificates of Obligation, Taxable Series 2015, with interest rates ranging from 3.75% to 5.00%, maturing in 2036. The proceeds from the sale of the Certificates were used for the purchase of the jail from the Burnet County Public Facilities Company.

On August 23, 2016, the County issued $5,780,000 in Tax Notes, Series 2016, with interest rate of 1.38%, maturing in 2023. The proceeds from the sale of the Tax Notes were used for infrastructure improvements.

During the 2019 fiscal year the County issued $5,450,000 and $2,530,000 in Tax Notes, Series 2018 and 2019. The notes will mature in 2025 and 2026. In addition to the tax notes, the County issued $2,800,000 in Tax and Revenue Anticipation Notes 2019. The tax and revenue anticipation note will mature in 2020.

The following are general obligation bond issues outstanding at September 30, 2019:

	Interest Rates	Date of issue	Date of Maturity	Bonds Outstanding
Certificate of obligation, Series 2015	3.75 - 5.00%	2015	2036	$ 13,095,000
Tax notes, Series 2016 - Private Placement	1.38%	2016	2023	3,495,000
Tax notes, Series 2018 - Private Placement	3.00%	2018	2025	4,960,000
Tax notes, Series 2019 - Private Placement	2.48%	2019	2026	2,530,000
Tax and Revenue Anticipation Notes 2019 - Private Placement	1.60%	2019	2020	2,800,000
Total				$ 26,880,000

Debt service is primarily paid from ad valorem taxes and is recorded in the debt service fund.

Annual debt service requirements are as follows:

General Obligation Bonds

Year Ending September 30,	Governmental Activities Principal	Governmental Activities Interest	Total Requirements
2020	$ 545,000	$ 543,470	$ 1,088,470
2021	565,000	518,445	1,083,445
2022	590,000	489,570	1,079,570
2023	625,000	459,195	1,084,195
2024	650,000	427,320	1,077,320
2025-2029	3,660,000	1,702,800	5,362,800
2030-2034	4,420,000	903,165	5,323,165
2035-2036	2,040,000	87,763	2,127,763
Total	$ 13,095,000	$ 5,131,728	$ 18,226,728

Tax Notes - Private Placement

Year Ending September 30,	Governmental Activities Principal	Governmental Activities Interest	Total Requirements
2020	$ 1,700,000	$ 242,426	$ 1,942,426
2021	1,745,000	206,671	1,951,671
2022	1,770,000	169,632	1,939,632
2023	1,810,000	131,844	1,941,844
2024	1,770,000	87,128	1,857,128
2025-2026	2,190,000	40,827	2,230,827
Total	$ 10,985,000	$ 878,528	$ 11,863,528

Short-term Tax and Revenue Anticipation Notes - Private Placement

Year Ending September 30,	Governmental Activities Principal	Governmental Activities Interest	Total Requirements
2020	$ 2,800,000	$ 21,031	$ 2,821,031
Total	$ 2,800,000	$ 21,031	$ 2,821,031

If the County defaults in the payment of principal, interest, or redemption price on the general obligation bond when due, the registered owners may seek a writ of mandamus to compel County officials to carry out their legal imposed duties with respect to the certificates.

B. Compensated Absences

The cost of the County's liability for compensated absences is calculated at the end of the fiscal year based on the employee's pay rate and the accumulated vacation hours earned but not taken. The liability has typically been liquidated primarily by the General Fund and Road and Bridge Fund.

C. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the period ended September 30, 2019, are as follows:

Description	Balance 09/30/18	Additions	Retirements	Balance 09/30/19	Due within One year
Governmental activities:					
General obligation bonds	$ 13,620,000	$ -	$(525,000)	$ 13,095,000	$ 545,000
Tax notes	4,370,000	7,980,000	(1,365,000)	10,985,000	1,700,000
Unamortized bond premium	471,910	93,529	(39,579)	525,860	-
Capital leases	1,205,503	300,677	(511,089)	995,091	405,590
Compensated absences	579,883	769,269	(743,365)	605,787	151,447
Governmental activities long-term liabilities	$ 20,247,296	$ 9,143,475	$(3,184,033)	$ 26,206,738	$ 2,802,037

During the year, OPEB and pension liability was funded from the general, economic development, restricted, grants, library and road and bridge funds.

D. Short-Term Obligation Activity

Description	Balance 09/30/18	Additions	Retirements	Balance 09/30/19	Due within One year
Governmental activities:					
Tax and Revenue Anticipation Notes 2019	$ -	$ 2,800,000	$ -	$ 2,800,000	$ 2,800,000

X. Health Insurance and Workers' Compensation

A. Health Care Reimbursement (HRA)

The County has elected to create a Health Care Reimbursement Account to reimburse employees the cost of their health care insurance deductible up to $500 per year. The County elected a new health care plan beginning October 1, 2009 and increased the deductible from $250 to $750 per year, per employee, so as to reduce the County's premium. The funds are paid from the general fund per the budget. For the year ended September 30, 2019, a total of $34,742 was paid in health care insurance deductible claims.

B. Health Insurance

During the year ended September 30, 2019 employees of the County were covered by a health, dental, and life insurance plan (the Plan). The County paid premiums of $897 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code, and was documented by contractual agreement.

C. Workers' Compensation

The County is a member of the Texas Association of Counties Workers' Compensation Self-Insurance Fund. The Fund is sponsored by the Texas Association of Counties and was originally established on March 28, 1974 by the entry into interlocal participation agreements by member political subdivisions of the State of Texas. The Fund was created to provide workers' compensation benefits for its members pursuant to the provisions of Chapter 504, V.T.C.A., Labor Code, Art. 715(c), Rev. Civ. Stat. Ann., and Chapter 791, V.T.C.A., Government Code. The contribution amount for the Fund Member is based upon gross payroll, classification rates for types of positions, and experience modifier. During the year ended September 30, 2019 the County contributed a total of $228,930 to the Fund.

XI. Defined Benefit Pension Plan

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 state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the state-wide agent multiple-employer public employee retirement system consisting of 760 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or at https://www.tcdrs.org.

Benefits Provided

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

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee’s accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the County’s Board within certain guidelines.

Employees covered by benefit terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	210
Inactive employees entitled to but not yet receiving benefits	253
Active employees	365
	828

Contributions

The County has elected the annually determined contribution rate (Variable-Rate) 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 County is actuarially determined annually. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

	Contribution Rates 2018	Contribution Rates 2019
Member	7.00%	7.00%
Employers	11.21%	11.04%
Employer contributions	$ 1,955,187	$ 2,005,257
Member contributions	1,220,904	1,266,199

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Overall payroll growth	3.25% per year
Investment rate of return	8.00%, net of investment expenses, including inflation

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

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

Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Updated mortality assumptions were adopted in the actuarial valuation of December 31, 2018. All other actuarial assumptions that determined the total pension liability as of December 31, 2018, were based on the results of an actuarial experience study for the period January 1, 2013, through December 31, 2016.

The long-term expected rate of return on pension plan investments is 8.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2019 information for a 10-year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a 30-year time horizon; the most recent analysis was performed in 2017.

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

Asset Class	Benchmark	Target Allocation [1]	Geometric Real Rate of Return (Expected minus Inflation) [2]
US Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index [3]	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
International Equities - Developed	MSCI World Ex USA (net)	10.00%	5.40%
International Equities - Emerging	MSCI EM Standard (net)	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays Capital Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index [4]	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index [5]	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%

(1) *Target asset allocation adopted at the April 2019 TCDRS Board meeting.*

(2) *Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.70%, per Cliffwater's 2019 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.*

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.1%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statue. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2017	$ 52,029,214	$ 48,160,351	$ 3,868,863
Changes for the year:			
Service cost	2,331,677	-	2,331,677
Interest on total pension liability [1]	4,290,762	-	4,290,762
Effect of economic/demographic gains or losses	(32,123)	-	(32,123)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(370,728)	(370,728)	-
Benefit payments	(2,461,447)	(2,461,447)	-
Administrative expenses	-	(38,223)	38,223
Member contributions	-	1,220,904	(1,220,904)
Net investment income	-	(893,377)	893,377
Employer contributions	-	1,955,187	(1,955,187)
Other [2]	-	15,084	(15,084)
Balance at 12/31/2018	$ 55,787,355	$ 47,587,751	$ 8,199,604

[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.*

Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate of 8.1%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.1%) or 1-percentage-point higher (9.1%) than the current rate:

	1% Decrease 7.1%	Current Discount Rate 8.1%	1% Increase 9.1%
Total pension liability	$ 62,717,168	$ 55,787,356	$ 49,932,913
Fiduciary net position	47,587,752	47,587,752	47,587,752
Net pension liability/(asset)	$ 15,129,416	$ 8,199,604	$ 2,345,161

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2019, the County recognized pension expense of $2,771,566. At year-end, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 108,636	$ 46,084
Changes in actuarial assumptions	171,285	-
Difference between projected and actual investment earnings	3,007,945	-
Contributions subsequent to the measurement date	1,459,268	-
Total	$ 4,747,134	$ 46,084

$1,459,268 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

For The Year Ended September 30	
2020	$ 1,251,652
2021	612,638
2022	416,071
2023	961,421

XII. Other Post-Employment Benefits

A. Plan Description

The County participates in the retiree Group Term Life (GTL) program for the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system. The fund for this benefit is a separate trust administered by the board of TCDRS. The fund receives monthly participating employers' premiums and pays benefits when due. The obligations of the program are payable only from this fund, and are not an obligation of, or a claim against, the TCDRS Pension Trust Fund. The fund's assets are pooled with those of the Pension Trust Fund under provisions of the TCDRS Act and annually receive an allocation of income based on the fund value. This optional program provides group term life insurance coverage to currently employed members, and if elected by employers, to retirees.

B. Benefits Provided

Current employees of participating employers are insured for an amount equivalent to the employee's current annual compensation. Employers may also choose to cover retirees. Retirees are insured for $5,000. Life insurance proceeds are payable as a lump sum. The coverage provided to retirees is a postemployment benefit other than pension benefits.

C. Membership

County membership in the GTL plan at December 31, 2018 consisted of the following:

Inactive employees currently receiving benefits	178
Inactive employees entitled to but not yet receiving benefits	63
Active members	365
Total	606

D. Contributions

The County contributes to the GTL program at a contractually required rate. An annual actuarial valuation is performed, and the contractual rate is equal to the cost of providing one-year term life insurance. The premium rate is expressed as a percentage of the covered payroll of members employed by the participating employer. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect.

The GTL program is voluntary, and employers can cease participation at any time. Therefore, the funding policy of the program is to ensure that adequate resources are available to meet all insurance benefit payments for the upcoming year. It is not the intent of the funding policy to pre-fund retiree term life insurance during employees' entire careers. The County's contribution, which equaled the required contribution, were as follows for the year ended September 30:

	2019
Employer rate	0.31%
Employer contributions	$ 56,562

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2018
Actuarial cost method	Entry age normal
Amortization method	Straight-line
Remaining amortization period	Expected working life
Asset valuation method	Does not apply
Discount rate*	4.10%
Long-term expected investment rate of return*	4.10%
Salary increases*	Does not apply
Payroll growth rate	Does not apply

**20 Year Bond GO Index published by bondbuyer.com as of December 27, 2018*

The plan does not have an automatic cost-of-living adjustment. Therefore, no assumption for future cost-of-living adjustments in included in the GASB calculation or in the funding valuation. Each year, the plan may elect an ad hoc COLA for its retirees.

Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014

The actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2018 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016.

There were no changes in actuarial assumptions and methods reflected in the December 31, 2018 actuarial valuation.

E. Discount Rate

The GTL program is treated as an unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 4.10% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2018.

F. OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2019, the County reported a total OPEB liability of $717,185 measured at December 31, 2018. For the year ended September 30, 2019, the County recognized OPEB expense of $49,631.

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Changes in the total OPEB liability for the measurement year ended December 31, 2018 are as follows:

	Total OPEB Liability
Balance at 12/31/2017	$ 763,505
Changes for the year:	
Service cost	33,851
Interest on the total liability	27,072
Difference between expected and actual experience	(4,709)
Changes in assumptions and other inputs	(81,604)
Benefit payments	(20,930)
Net changes	(46,320)
Balance at 12/31/2018	$ 717,185

G. Discount Rate Sensitivity Analysis

The following presents the total OPEB liability of the County, calculated using the discount rate of 4.10%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.10%) or 1 percentage point higher (5.10%) than the current rate.

	1% Decrease in Discount Rate (3.10%)	Discount Rate (4.10%)	1% Increase in Discount Rate (5.10%)
County's total OPEB liability	$ 846,340	$ 717,185	$ 615,694

At September 30, 2019, the County reported its deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,172	$ 3,767
Changes in actuarial assumptions	22,711	65,283
Contributions subsequent to the measurement date	17,183	-
	$ 41,066	$ 69,050

$17,183 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended September 30, 2020. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

For the Year Ended September 30	
2020	$(11,292)
2021	(11,292)
2022	(11,292)
2023	(11,291)

XIII. Contingencies

The County has contingent liabilities with respect to pending claims and litigation that, in the opinion of the County, are not material and the possibility of an unfavorable outcome is remote. The ultimate effect, if any, that such ligation may have on the future financial position of the County, is not presently determinable.

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. A contingent liability was not established because potential reimbursements are considered immaterial.

XIV. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The program is administered by Nationwide Retirement Solutions, Inc. The National Association of Counties (NACO) Deferred Compensation Program, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The County has established a custodial legal trust arrangement with the investment company that administers the program. Under these trust arrangements, all amounts of compensation deferred under the program, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the employees. Accordingly, the amounts invested with this investment company are not included in the County's basic financial statements.

XV. Fund Balance

Generally accepted accounting principles require fund balance amounts to be reported within one of the categories listed below:

1. Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).
2. Restricted fund balance category includes amounts that can be spent for only the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action, such as a resolution, of the Commissioners' Court (the County's highest level of decision-making authority).
4. Assigned fund balance classification includes amounts intended to be used by the County for specific purposes but does not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications. The County's general fund is the only fund that reports a positive unassigned fund balance amount. In other

governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

As of September 30, 2019, governmental fund balance is composed of the following:

Fund Balances	General Fund	Road and Bridge Fund	County Jail Fund	Restricted Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds
Nonspendable							
Inventories	$ 161	$ -	$ -	$ -	$ -	$ -	$ -
Prepaid items	7,368	-	-	-	-	-	20,773
Total non-spendable	7,529	-	-	-	-	-	20,773
Restricted for:							
Records management	-	-	-	980,948	-	-	-
Court programs	-	-	-	417,460	-	-	759,269
Technology programs	-	-	-	135,981	-	-	105,567
Property purchasing & improvements	-	-	-	331,423	-	-	-
Road & bridge maintenance & construction	-	778,260	-	-	-	-	-
Federal and state grants	-	-	-	-	-	-	219,446
Retirement of long term debt	-	-	-	-	1,249,144	-	-
Capital asset acquisition	-	-	-	-	-	3,887,173	-
Total restricted	-	778,260	-	1,865,812	1,249,144	3,887,173	1,084,282
Committed to:							
Property purchasing & improvements	-	-	-	-	-	-	-
Court programs	-	-	-	-	-	-	-
Western county tower system maintenance	-	-	-	-	-	-	240,916
Economic development	-	-	-	-	-	-	660,490
Special operations unit	-	-	-	-	-	-	51,189
Library system	-	-	-	-	-	-	60,097
Total committed	-	-	-	-	-	-	1,012,692
Unassigned	2,325,304	-	-	-	-	-	-
Total fund balances	$ 2,332,833	$ 778,260	$ -	$ 1,865,812	$ 1,249,144	$ 3,887,173	$ 2,117,747

A. <u>Order of Fund Balance Spending Policy</u>

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: 1) Restricted; 2) Committed; 3) Assigned; and 4) Unassigned.

B. <u>Minimum Fund Balance Policy</u>

The County's financial goal is to have a sufficient balance in the operating fund with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The County shall strive to maintain a yearly fund balance in the general operating fund in which the total unassigned fund balance is not less than 25% of the total operating expenditures.

XVI. <u>New Accounting Principles</u>

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

Statement No. 84 ("GASB 84"), *Fiduciary Activities* is effective for reporting periods beginning after December 15, 2018. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

Statement No. 87 ("GASB 87"), *Leases* is effective for reporting periods beginning after December 15, 2019. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

Statement No. 89 ("GASB 89"), *Accounting for Interest Cost Incurred before the End of a Construction Period* is effective for reporting periods beginning after December 15, 2019. The objectives of this statement are to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

Statement No. 90 ("GASB 90"), *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61* is effective for reporting periods beginning after December 15, 2018. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

Statement No. 91 ("GASB 91"), *Conduit Debt Obligations* is effective for reporting periods beginning after December 15, 2020. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

Statement No. 92 ("GASB 92"), *Omnibus 2020* is generally effective for reporting periods beginning after June 15, 2020. The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The County has not yet determined the impact of implementation of the new standards.

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APPENDIX D

Form of Opinion of Bond Counsel

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DRAFT

IN REGARD to the authorization and issuance of the "Burnet County, Texas General Obligation Refunding Bonds, Taxable Series 2020" (the *Bonds*), dated November 15, 2020 in the aggregate original principal amount of $__________, we have reviewed the legality and validity of the issuance thereof by the Commissioners Court of Burnet County, Texas (the *Issuer*). The Bonds are issuable in fully registered form only, in denominations of $5,000 or any integral multiple thereof (within a Stated Maturity), and have Stated Maturities of March 1 in each of the years 2022 through 2036, unless redeemed prior to Stated Maturity in accordance with the terms stated on the face of the Bonds. Interest on the Bonds accrues from the dates, at the rates, in the manner, and is payable on the dates, all as provided in the order (the *Order*) authorizing the issuance of the Bonds. Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Order.

WE HAVE SERVED AS BOND COUNSEL for the Issuer solely to pass upon the legality and validity of the issuance of the Bonds under the laws of the State of Texas, the defeasance and discharge of the Issuer's obligations being refunded by the Bonds, and for no other purpose. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. We express no opinion and make no comment with respect to the sufficiency of the security for or the marketability of the Bonds. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

WE HAVE EXAMINED the applicable and pertinent laws of the State of Texas and the United States of America. In rendering the opinions herein we rely upon (1) original or certified copies of the proceedings of the Commissioners Court of the Issuer in connection with the issuance of the Bonds, including the Order, the Escrow and Trust Agreement (the *Escrow Agreement*) between the Issuer and ____________________, ________________, Texas (the *Escrow Agent*), and a special report (the *Report*) of Ritz & Associates PA, Bloomington, Minnesota (the *Verification Agent*), concerning the sufficiency of the cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement; (2) customary certifications and opinions of officials of the Issuer; (3) certificates executed by officers of the Issuer relating to the expected use and investment of proceeds of the Bonds and certain other funds of the Issuer, and to certain other facts solely within the knowledge and control of the Issuer; and (4) such other documentation, including an examination of the Bond executed and delivered initially by the Issuer, and such matters of law as we deem relevant to the matters discussed below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements and information contained in such certificates. We express no opinion concerning any effect on the following opinions which may result from changes in law effected after the date hereof.

BASED ON OUR EXAMINATION, IT IS OUR OPINION that the Escrow Agreement has been duly authorized, executed, and delivered by the Issuer and, assuming due authorization, execution, and delivery thereof by the Escrow Agent, is a valid and binding obligation, enforceable in accordance with its terms (except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity), and that the outstanding obligations refunded, discharged, paid, and retired with certain proceeds of the Bonds have been defeased and are regarded as being outstanding only for the purpose of receiving payment from the funds held in trust with the Escrow Agent, pursuant to the Escrow Agreement and the orders authorizing their issuance, and in accordance with the provisions of Chapter 1207, as amended, Texas Government Code. In rendering this opinion, we have relied upon the Report of the Verification Agent concerning the sufficiency of the cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement for the purposes of paying the outstanding obligations refunded and to be retired with the proceeds of the Bonds and the interest thereon.

BASED ON OUR EXAMINATION, IT IS FURTHER OUR OPINION that the Bonds have been duly authorized and issued in conformity with the laws of the State of Texas now in force and that the Bonds are valid and legally binding obligations of the Issuer enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. The Bonds are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the Issuer .

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

Norton Rose Fulbright US LLP

Financial Advisory Services
Provided By:

SAMCO Capital