NEW ISSUE BOOK-ENTRY-ONLY

Rating: S&P "AA" (AGM Insured)
S&P: "AA-" (Underlying)
(See "OTHER PERTINENT INFORMATION - Ratings", "BOND INSURANCE" and "BOND INSURANCE GENERAL RISK" herein)

OFFICIAL STATEMENT
Dated: June 28, 2022

In the opinion of Bond Counsel (named below), assuming continuing compliance by the County (defined below) after the date of initial delivery of the Certificates (defined below) to the Underwriters (defined below) with certain covenants contained in the Order (defined below) and subject to the matters set forth under "TAX MATTERS" herein, interest on the Certificates for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Certificates, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. See "TAX MATTERS".

The Issuer has **NOT** designated the Certificates as "Qualified Tax-Exempt Obligations" for financial institutions.

$10,410,000
FANNIN COUNTY, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2022

Dated Date: July 1, 2022 **Due: March 1, as shown on page ii**

The $10,410,000 Fannin County, Texas (the "County" or the "Issuer") Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2022 (the "Certificates") are being issued pursuant to the Constitution and the general laws of the State of Texas (the "State"), including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, Texas Local Government Code, Section 1473.002, as amended, Texas Local Government Code, Chapter 323, as amended and an order (the "Order") adopted by the Commissioners Court on June 28, 2022. (See "THE CERTIFICATES - Authority for Issuance" herein.)

The Certificates constitute direct obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the County, within the limits prescribed by law and are additionally payable from a lien on and limited pledge of the net revenues (the "Net Revenues") derived from the operation of the County's library system (the "System"); such pledge being limited to $1,000 and being junior and subordinate to the lien on and pledge of the Net Revenues securing the payment of obligations senior thereto, if any, hereafter issued by the County. (See "THE CERTIFICATES - Security for Payment" herein.)

Interest on the Certificates will accrue from July 1, 2022 (the "Dated Date") as shown above and will be payable on March 1, 2023, and on each September 1 and March 1 thereafter, until the earlier of stated maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Certificates will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Certificates will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. Purchasers of the Certificates ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar, to DTC, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Certificates will be for the purpose of paying contractual obligations of the County to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) acquiring, designing, purchasing, renovating, constructing, reconstructing, improving or equipping the Fannin County Justice Center, including County offices related thereto; (2) acquiring, designing, constructing, renovating, repairing, and improving County roads and bridges (including any utilities relocation) and drainage incidental thereto; (3) the purchase of materials, supplies, equipment, machinery, land, landscaping, and rights-of-way for authorized needs and purposes relating to the aforementioned improvements; and (4) paying professional services relating to the design, construction, project management, and financing of the aforementioned projects. (See "THE CERTIFICATES - Use of Certificate Proceeds" herein.)

The scheduled payment of principal of and interest on the Certificates when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Certificates by ASSURED GUARANTY MUNICIPAL CORP. ('AGM" or the "Insurer"). (See "BOND INSURANCE" herein.)

ASSURED GUARANTY MUNICIPAL

STATED MATURITY SCHEDULE
(On Page ii)

The Certificates are offered for delivery, when, as and if issued and received by the initial purchasers named below (the "Underwriters") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, Austin and San Antonio, Texas, Bond Counsel. (See Appendix C – Form of Legal Opinion of Bond Counsel and "OTHER PERTINENT INFORMATION – Legal Opinions and No-Litigation Certificate" herein). Certain matters will be passed upon for the Underwriters by their counsel, Cantu Harden LLP, San Antonio, Texas. It is expected that the Certificates will be available for delivery through DTC on or about July 27, 2022.

BAIRD **ESTRADA HINOJOSA**

$10,410,000
FANNIN COUNTY, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2022

STATED MATURITY SCHEDULE
(Due March 1)

Base CUSIP – 307135[(a)]

$4,655,000 SERIAL CERTIFICATES

Stated Maturity March 1	Principal Amount	Interest Rate (%)	Initial Yield (%)	CUSIP Suffix[(a)]
2023	$100,000	5.000	1.950	GH0
2024	230,000	5.000	2.210	GJ6
2025	245,000	5.000	2.450	GK3
2026	255,000	5.000	2.620	GL1
2027	270,000	5.000	2.710	GM9
2028	280,000	5.000	2.880	GN7
2029	295,000	5.000	3.040	GP2
2030	310,000	5.000	3.170	GQ0
2031	325,000	5.000	3.270	GR8
2032	345,000	5.000	3.380	GS6
2033	360,000	5.000	3.500[(b)]	GT4
2034	380,000	5.000	3.610[(b)]	GU1
2035	400,000	5.000	3.690[(b)]	GV9
2036	420,000	5.000	3.750[(b)]	GW7
2037	440,000	5.000	3.780[(b)]	GX5

$5,755,000 TERM CERTIFICATES

$2,540,000	4.500%	Term Certificates due March 1, 2042 and priced to yield 4.150%[(b)]	CUSIP Suffix[(a)] GY3
$3,215,000	5.000%	Term Certificates due March 1, 2047 and priced to yield 4.050%[(b)]	CUSIP Suffix[(a)] GZ0

(Interest to accrue from the Dated Date)

The Issuer reserves the right to redeem the Certificates maturing on and after March 1, 2033, on March 1, 2032, or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest as further described herein. Additionally, the Certificates maturing on March 1, 2042 and March 1, 2047 (the "Term Certificates are also subject to mandatory sinking fund redemption. (See "THE CERTIFICATES – Redemption Provisions" herein.)

[(a)]*CUSIP numbers are included solely for the convenience of the owners of the Certificates. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by FactSet Research Systems, Inc., on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the services provided by CGS. None of the County, the Financial Advisor, or the Underwriters is responsible for the selection or the correctness of the CUSIP numbers set forth herein.*

[(b)]*Yield calculated based on the assumption that the Certificates denoted and sold at a premium will be redeemed on March 1, 2032, the earliest date of redemption for the Certificates, at a price of par plus accrued interest to the date of redemption.*

FANNIN COUNTY, TEXAS
101 E. Sam Rayburn Drive, Suite 101
Bonham, Texas 75418
(903) 583-7455
(903) 583-7811 (Fax)

ELECTED OFFICIALS

Name	Title	Date First Elected	Term Expires
Randy Moore	County Judge	01/01/19	12/31/22
Edwina Lane	Commissioner, Precinct 1	01/01/21	12/31/24
A.J. Self	Commissioner, Precinct 2	01/01/19	12/31/22
Jerry Magness	Commissioner, Precinct 3	01/01/13	12/31/24
Dean Lackey	Commissioner, Precinct 4	01/01/19	12/31/22

ADMINISTRATION

Name	Position	Years With The County
Alicia Whipple	County Auditor	5
Tammy Biggar	County Clerk	11
David E. Woodson	County Treasurer	7
Nancy Young	District Clerk	22
Gail Young	Tax Assessor Collector	11

CONSULTANTS AND ADVISORS

Bond Counsel	Norton Rose Fulbright US LLP Austin and San Antonio, Texas
Certified Public Accountants	Rutledge Crain & Company, PC Arlington, Texas
Financial Advisor	SAMCO Capital Markets, Inc. San Antonio, Texas

For Additional Information Please Contact:

The Honorable Randy Moore
County Judge
Fannin County
101 E. Sam Rayburn Drive, Suite 101
Bonham, Texas 75418
(903) 583-7455 (Phone)
countyjudge@fanninco.net

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

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

USE OF INFORMATION IN THE OFFICIAL STATEMENT

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

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

Certain information set forth herein has been provided by sources other than the County that the County believes to be reliable, but the County makes no representation as to the accuracy of such information. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the County's undertaking to provide certain information on a continuing basis.

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 Issuer 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.

The Underwriters have provided the following statement for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and a part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The agreements of the County and others related to the Certificates 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 Certificates is to be construed as constituting an agreement with the Underwriters of the Certificates. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

Assured Guaranty Municipal Corp. ("AGM" or the "Insurer") makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "**BOND INSURANCE**" and Appendix E – Specimen Municipal Bond Insurance Policy".

None of the County, its Financial Advisor, or the Underwriters makes any representation or warranty with respect to the information contained in this Official Statement regarding either the Depository Trust Company or its book-entry-only system, as such information has been provided by DTC, or the Bond Insurer, if any, and its municipal bond insurance policy. THE CERTIFICATES ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE CERTIFICATES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

TABLE OF CONTENTS

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

SELECTED DATA FROM THE OFFICIAL STATEMENT

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

The Issuer	Fannin County, Texas (the "County" or "Issuer") is a political subdivision of the State of Texas and operates under the statutes and the Constitution of the State of Texas. The 2020 census for the County was 35,662. The 2021 estimated population is 36,172. (See "Appendix B - General Information Regarding Fannin County and the City of Bonham, Texas" herein.)
The Certificates	The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, Texas Government Code, Section 1473.002, as amended, Texas Local Government Code, Chapter 323, as amended, and an order (the "Order") adopted by the Commissioners Court on June 28, 2022. (See "THE CERTIFICATES - Authority for Issuance" herein.)
Paying Agent/Registrar	The initial Paying Agent/Registrar for the Certificates is BOKF, NA, Dallas, Texas.
Security	The Certificates constitute direct obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the County, within the limits prescribed by law and are additionally payable from a lien on and limited pledge of the net revenues (the "Net Revenues") derived from the operation of the County's library system (the "System"); such pledge being limited to $1,000 and being junior and subordinate to the lien on and pledge of the Net Revenues securing the payment of obligations senior thereto, if any, hereafter issued by the County. (See "THE CERTIFICATES - Security for Payment" herein.)
Redemption Provisions of the Certificates	The Issuer reserves the right, at its sole option, to redeem the Certificates stated to mature on and after March 1, 2033, on March 1, 2032, or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest to the date fixed for redemption. Additionally, the Certificates maturing on March 1, 2042 and March 1, 2047 (the "Term Certificates") are also subject to mandatory sinking fund redemption. (See "THE CERTIFICATES - Redemption Provisions" herein.)
Tax Matters	In the opinion of Bond Counsel, the interest on the Certificates will be excludable from gross income for federal tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described herein under "TAX MATTERS" and will not be included in computing the alternative minimum taxable income of the owners thereof. (See "TAX MATTERS" for a discussion of the Opinion of Bond Counsel and "APPENDIX C - Form of Legal Opinion of Bond Counsel" herein.)
NOT Qualified Tax-Exempt Obligations	The Issuer has NOT designated the Certificates as "Qualified Tax-Exempt Obligations" for financial institutions. (See "TAX MATTERS" and, "APPENDIX C – Form of Legal Opinion of Bond Counsel" herein.)
Use of Certificate Proceeds	Proceeds from the sale of the Certificates will be used for the purpose or purposes of paying contractual obligations of the County to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) acquiring, designing, purchasing, renovating, constructing, reconstructing, improving or equipping the Fannin County Justice Center, including County offices related thereto, (2) acquiring, designing, constructing, renovating, repairing, and improving County roads and bridges (including any utilities relocation) and drainage incidental thereto; (3) the purchase of materials, supplies, equipment, machinery, land, landscaping, and rights-of-way for authorized needs and purposes relating to the aforementioned improvements; and (4) paying professional services relating to the design, construction, project management, and financing of the aforementioned projects. (See "THE CERTIFICATES - Use of Certificate Proceeds" herein.)
Book-Entry-Only System	The Issuer intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York described herein. No physical delivery of the Certificates will be made to the beneficial owners of the Certificates. Such Book-Entry-Only System may affect the method and timing of payments on the Certificates and the manner in which the Certificates may be transferred. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)
Bond Insurance	The scheduled payment of principal of and interest on the Certificates when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Certificates by Assured Guaranty Municipal Corp. ("AGM" or the "Insurer".) (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.)

Ratings	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned an insured rating of "AA" ("stable outlook") to the Certificates with the understanding that, concurrently with the delivery of the Certificates, a municipal bond insurance policy will be issued by AGM. The County has received an underlying unenhanced rating of "AA-" (Stable Outlook) from S&P. (See "OTHER PERTINENT INFORMATION - Ratings" herein.)
Issuance of Additional Debt	The County does not anticipate the issuance of additional debt within the next twenty-four (24) months.
Payment Record	The County has never defaulted on the payment of its tax-supported indebtedness.
Delivery	When issued, anticipated on or about July 27, 2022.
Legality	Delivery of the Certificates is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to legality by Norton Rose Fulbright US LLP, Austin and San Antonio, Texas, Bond Counsel.

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OFFICIAL STATEMENT
relating to
$10,410,000
FANNIN COUNTY, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2022

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by Fannin County, Texas (the "County" or the "Issuer") of its $10,410,000 Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2022 (the "Certificates") identified on the cover page hereof.

The Issuer is a political subdivision of the State of Texas (the "State") and operates under the statutes and the Constitution of the State. The Certificates are being issued pursuant to the Constitution and general laws of the State, including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, Texas Government Code, Section 1473.002, as amended, Texas Local Government Code, Chapter 323, as amended, and an order (the "Order") adopted by the Commissioners Court on June 28, 2022. (See "THE CERTIFICATES - Authority for Issuance" herein.)

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Order. Included in this Official Statement are descriptions of the Certificates and certain information about the Issuer and its finances. ***ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT***. Copies of such documents may be obtained from the Issuer or the Financial Advisor noted on page iii hereof by email or upon payment of reasonable copying, handling, and delivery charges.

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

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

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 the State of Texas (the "State"). 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 the State in response to the Pandemic. 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 since issued a number of executive orders relating to COVID-19 preparedness and mitigation. Under executive orders in effect as of the date of this Official Statement, there are no COVID-19 related operating limits for any business or other establishment. The Governor retains the right to impose additional restrictions on activities.

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.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide and within the County. These negative impacts may reduce or otherwise negatively affect ad valorem tax revenues which are pledged as security for the Certificates. The County, however, cannot predict what effect the continued spread of COVID-19 will have on the finances or operations and maintenance of the County.

In May, 2021, the County received $3,449,089 of Coronavirus Relief Fund (CRF) funding provided under the Consolidated Appropriations Act of 2021 passed by the U.S. Congress on December 21, 2020 and in May, 2022 the County received an additional $3,449,089 of CRF funding provided by the American Rescue Plan Act of 2021. Per Treasury Guidelines, entities receiving less than $10,000,000 can use the money as deemed necessary by the Commissions' Court.

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 the 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, and the effect could be material.

THE CERTIFICATES

General Description of the Certificates

The Certificates are dated July 1, 2022 (the "Dated Date"). The Certificates are stated to mature on March 1 in the years and in the principal amounts set forth on page ii hereof. The Certificates shall bear interest from their Dated Date on the unpaid principal amounts, and the amount of interest to be paid with respect to each payment period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Certificates will be payable on March 1, 2023, and on each September 1 and March 1 (each, an "Interest Payment Date") thereafter until the earlier of stated maturity or prior redemption. Principal is payable at the designated offices of the "Paying Agent/Registrar" for the Certificates, initially BOKF, NA, Dallas, Texas. Interest on the Certificates shall be paid to the registered owners whose names appear on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (as hereinafter defined) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk of, the registered owner. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to be closed, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

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

Authority for Issuance

The Certificates are being issued pursuant to the Constitution and general laws of the State, including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, Texas Government Code, Section 1473.002, as amended, Texas Local Government Code, Chapter 323, as amended, and the Order adopted by the Commissioners Court on June 28, 2022.

Security for Payment

The Certificates constitute direct obligations of the County payable from the levy of an annual ad valorem tax, within the limitations prescribed by law, upon all taxable property within the County and from a lien on and pledge of certain of the net revenues (the "Net Revenues") derived from the operation of the County's library system (the "System"), such pledge being limited to $1,000 and being junior and subordinate to the lien on and pledge of the Net Revenues securing the payment of obligations senior thereto, if any, hereafter issued by the County.

Use of Certificate Proceeds

Proceeds from the sale of the Certificates will be for the purpose of paying contractual obligations of the County to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) acquiring, designing, purchasing, renovating, constructing, reconstructing, improving or equipping the Fannin County Justice Center, including County offices related thereto, (2) acquiring, designing, constructing, renovating, repairing, and improving County roads and bridges (including any utilities relocation) and drainage incidental thereto; (3) the purchase of materials, supplies, equipment, machinery, land, landscaping, and rights-of-way for authorized needs and purposes relating to the aforementioned improvements; and (4) paying professional services relating to the design, construction, project management, and financing of the aforementioned projects.

Sources and Uses

Sources	
Par Amount of the Certificates	$10,410,000.00
Accrued Interest on the Certificates	36,674.44
Reoffering Premium	787,989.35
Total Sources of Funds	**$11,234,663.79**
Uses	
Project Fund Deposit	$11,000,000.00
Underwriters' Discount	59,328.75
Certificate Fund Deposit (Accrued Interest)	36,674.44
Costs of Issuance (including bond insurance premium)	138,660.60
Total Uses	**$11,234,663.79**

Redemption Provisions of the Certificates

Optional Redemption. The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature, on or after March 1, 2033, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof on March 1, 2032, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. If less than all of the Certificates within a stated maturity are to be redeemed, the particular Certificates to be redeemed shall be selected by lot or by other customary random method by the Paying Agent/Registrar.

Mandatory Sinking Fund Redemption: The Certificates maturing March 1, 2042 and March 1, 2047 (the "Term Certificates") are also subject to mandatory redemption prior to their stated maturity in part and by lot, at the redemption prices equal to the principal amounts thereof, plus accrued interest thereon to the redemption dates, on March 1, in the years and principal amounts shown below:

Term Certificates to Mature on March 1, 2042		Term Certificates to Mature on March 1, 2047	
Year	**Principal Amount**	**Year**	**Principal Amount**
2038	$465,000	2043	$580,000
2039	485,000	2044	610,000
2040	505,000	2045	640,000
2041	530,000	2046	675,000
2042*	555,000	2047*	710,000

*Payable at Stated Maturity

Approximately forty-five (45) days prior to each mandatory redemption date for the Term Certificates, the Paying Agent/Registrar shall select by lot the numbers of the Term Certificates within the applicable Stated Maturity to be redeemed on the next following March 1 from money set aside for that purpose in the Certificate Fund. Any Term Certificates not selected for prior redemption shall be paid on the date of their stated maturity. The principal amount of a Term Certificate required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the Issuer, by the principal amount of any Term Certificates of such stated maturity which, at least fifty (50) days prior to the mandatory redemption date (1) shall have been defeased or acquired by the Issuer and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer, or (3) shall have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against a mandatory redemption requirement.

Notice of Redemption

At least 30 days prior to the date fixed for any redemption of any Certificates or portions thereof prior to stated maturity, the Issuer shall cause notice of such redemption to be sent by United States mail, first-class postage prepaid, to the registered owner of each Certificate or a portion thereof to be redeemed at its address as it appeared on the registration books of the Paying Agent/Registrar on the day such notice of redemption is mailed. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Certificates or portions thereof which are to be so redeemed. If such notice of redemption is given and if due provision for such payment is made, all as provided above, the Certificates or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

ANY NOTICE OF REDEMPTION SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER ONE OR MORE CERTIFICATEHOLDERS FAILED TO RECEIVE SUCH NOTICE, AND, PROVIDED THAT PROVISION FOR PAYMENT OF THE REDEMPTION PRICE IS MADE AND ANY OTHER CONDITIONS TO REDEMPTION ARE SATISFIED, INTEREST ON THE REDEEMED CERTIFICATES SHALL CEASE TO ACCRUE FROM AND AFTER SUCH REDEMPTION DATE NOTWITHSTANDING THAT A CERTIFICATE HAS NOT BEEN PRESENTED FOR PAYMENT.

Certificates of a denomination larger than $5,000 may be redeemed in part ($5,000 or any integral multiple thereof). Any Certificate to be partially redeemed must be surrendered in exchange for one or more new Certificates of the same stated maturity and interest rate for the unredeemed portion of the principal. In the event of redemption of less than all of the Certificates of a particular stated maturity, the Paying Agent/Registrar is required to select the Certificates of such stated maturity to be redeemed by such random method as it deems fair and appropriate and which may provide for the selection for redemption of portions (equal to any authorized denomination) of the Certificates of a denomination larger than $5,000.

The Paying Agent/Registrar and the Issuer, so long as a Book-Entry-Only System is used for the Certificates, will send any notice of redemption, notice of proposed amendment to the Order or other notices with respect to the Certificates 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, will not affect the validity of the redemption of the Certificates called for redemption or any other action premised on any such notice. Redemption of portions of the Certificates by the Issuer will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Certificates 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 Certificates from the Beneficial Owners. Any such selection of Certificates to be redeemed will not be governed by the Order and will not be conducted by the Issuer or the Paying Agent/Registrar. Neither the Issuer or 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 Certificates or the providing of notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Certificates for redemption. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Payment Record

The County has never defaulted on the payment of its tax-supported indebtedness.

Legality

The Certificates are offered when, as and if issued, subject to the approval by the Attorney General of the State of Texas and the rendering of opinions as to certain legal matters by Norton Rose Fulbright US LLP, Austin and San Antonio, Texas (“Bond Counsel”). The legal opinion of Bond Counsel will accompany the Certificates to be deposited with DTC or will be printed on the Certificates should the Book-Entry-Only System be discontinued. A form of the legal opinion of Bond Counsel appears in APPENDIX C attached hereto.

Defeasance

The Order provides for the defeasance of the Certificates when payment of the principal amount of the Certificates plus interest accrued on the Certificates to their due date (whether such due date be by reason of stated maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, or other authorized escrow agent, in trust (1) money in an amount sufficient to make such payment, and/or (2) Government Securities (defined below), to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Certificates. 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 County has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the County moneys in excess of the amount required for such defeasance. The Order provides that “Government Securities” means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Certificates. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof, 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, and (d) any additional securities and obligations hereafter authorized by State law as eligible for use to accomplish the discharge of obligations such as the Certificates. There is no assurance that the ratings for U.S. Treasury securities acquired to defease any Certificates, or those for any other Government Securities, will be maintained at any particular rating category. Further, there is no assurance that current State law will not be amended in a manner that expands or contracts the list of permissible defeasance securities (such list consisting of these securities identified in clauses (a) through (c) above), or any rating requirement thereon, that may be purchased with defeasance proceeds relating to the Certificates ("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 Certificates, registered owners of Certificates are deemed to have consented to the use of Defeasance Proceeds to purchase such other defeasance securities, notwithstanding the fact that such defeasance securities may not be of the same investment quality as those currently identified under State law as permissible defeasance securities.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Certificates have been made as described above, all rights of the County to initiate proceedings to call the Certificates for redemption or take any other action amending the terms of the Certificates are extinguished; provided, however, the County has the option, to be exercised at the time of the defeasance of the Certificates, to call for redemption at an earlier date those Certificates 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 Certificates for redemption, (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Amendments

The Issuer 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 Issuer may, with the written consent of the holders of a majority in aggregate principal amount of the Certificates then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Order; except that, without the consent of the registered owners of all of the Certificates affected, 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 Certificate is due and payable, reduce the principal amount thereof, or the rate of interest thereon, change the place or places at or the coin or currency in which any Certificate or interest thereon is payable, change the redemption price or amount, or in any other way modify the terms of payment of the principal of or interest on the Certificates, (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of Certificates required for consent to any amendment, addition, or waiver.

Default and Remedies

The Order does not specify events of default with respect to the Certificates. If the County defaults in the payment of principal, interest, or redemption price on the Certificates when due, or if it fails to make payments into any fund or funds created in the Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Order, the registered owners may seek a writ of mandamus to compel County officials to carry out their legally imposed duties with respect to the Certificates if there is no other available remedy at law to compel performance of the Certificates or Order and the County's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Order does not provide for the appointment of a trustee to represent the interest of the Certificateholders upon any failure of the County to perform in accordance with the terms of the Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia* 197 S.W.3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas Legislature has effectively waived the County's sovereign immunity from a suit for money damages, Certificateholders may not be able to bring such a suit against the County for breach of the Certificates or Order covenants. Even if a judgment against the County could be obtained, it could not be enforced by direct levy and execution against the County's property. Further, the registered owners cannot themselves foreclose on property within the County or sell property within the County to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. Furthermore, the County is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9 and the pledge of a specific source of revenues, such as Net Revenues, is subject to judicial discretion. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or certificateholders of an entity which has sought protection under Chapter 9. Therefore, should the County avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court), and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Order and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity that permit the exercise of judicial discretion.

Initially, the only registered owner of the Certificates will be Cede & Co., as nominee of DTC. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the duties of DTC with regard to ownership of the Certificates.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

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

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

Record Date

The record date ("Record Date") for determining the party to whom interest is payable on a Certificate on any Interest Payment Date means the fifteenth day of the month next preceding such Interest Payment Date.

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

Future Registration

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

Limitation on Transferability

Neither the County nor the Paying Agent/Registrar shall be required to make any such transfer, conversion or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Certificate or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date; provided, however, that such limitation shall not apply to uncalled portions of a Certificate redeemed in part.

Replacement Certificates

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

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Certificates, Assured Guaranty Municipal Corp. ("AGM" or the “Insurer”) will issue its Municipal Bond Insurance Policy for the Certificates (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Certificates when due as set forth in the form of the Policy included as Appendix E to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut, or Florida insurance law.

ASSURED GUARANTY MUNICIPAL CORP.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of certificates insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On March 18, 2022, Moody’s announced it had upgraded AGM’s insurance financial strength rating to “A1” (stable outlook) from “A2” (stable outlook). AGM can give no assurance as to any further ratings action that Moody’s may take.

On October 20, 2021, KBRA announced it had affirmed AGM’s insurance financial strength rating of “AA+” (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 8, 2021, S&P announced it had affirmed AGM’s financial strength rating of “AA” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

Capitalization of AGM

At March 31, 2022:

The policyholders’ surplus of AGM was approximately $2,909 million.

The contingency reserve of AGM was approximately $893 million.

The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,116 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (filed by AGL with the SEC on February 25, 2022); and
(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022 (filed by AGL with the SEC on May 6, 2022).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Certificates shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "**BOND INSURANCE – Assured Guaranty Municipal Corp.**" or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "**BOND INSURANCE**".

BOND INSURANCE GENERAL RISKS

General

The County has obtained a commitment from the Insurer to provide the Policy relating to the Certificates. The following are risk factors relating to the bond insurance.

In the event of default of the scheduled payment of principal of or interest on the Certificates when all or a portion thereof becomes due, any owner of the Certificates shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Certificates by the County which is recovered by the County from the Beneficial Owners as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by the Insurer at such time and in such amounts as would have been due absent such prepayment by the County (unless the Insurer chooses to pay such amounts at an earlier date). Payment of principal of and interest on the Certificates is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist (see "THE CERTIFICATES - Default and Remedies"). The Insurer may reserve the right to direct the pursuit of available remedies, and, in addition, may reserve the right to consent to any remedies available to and requested by the Beneficial Owners.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Certificates are payable from the ad valorem tax levied, within the limitations prescribed by law, on all taxable property located within the County as further described under "THE CERTIFICATES – Security for Payment". In the event the Insurer becomes obligated to make payments with respect to the Certificates, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Certificates.

If a Policy is acquired, the enhanced long-term rating on the Certificates will be dependent on the financial strength of the Insurer and its claims paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance can be given that the long-term ratings of the Insurer and of the rating on the Certificates, whether or not subject to the Policy, will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) for the Certificates. (See the disclosure described in "OTHER PERTINENT INFORMATION – Ratings" herein.)

The obligations of the Insurer under the Policy are general obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law. None of the County, the Underwriters, or the County's Financial Advisor have made an independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given.

Claims-Paying Ability and Financial Strength of Municipal Bond Insurers

Moody's Investor Services, Inc., S&P Global Ratings and Fitch Ratings, Inc. (the "Rating Agencies") have, in recent years, downgraded and/or placed on negative watch the claims-paying and financial strength of many providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers are possible. In addition, recent events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of such bond insurers, including any bond insurer of the Certificates. Thus, when making an investment decision, potential investors should carefully consider the ability of the County to pay principal and interest on the Certificates and the claims-paying ability of any such bond insurer, particularly over the life of the investment.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual Underwriters of each Certificate ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction.

Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive physical certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in Beneficial Ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The 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 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Redemption proceeds, principal, and interest payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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. Payment of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is 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 Certificates at any time by giving reasonable notice to Issuer or Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to the holder of such Certificates and will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "REGISTRATION, TRANSFER AND EXCHANGE" hereinabove.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County, the Financial Advisor, and the Underwriters believe to be reliable, but none of the County, the Financial Advisor, or the Underwriters take responsibility for the accuracy thereof.

So long as Cede & Co. is the registered owner of the Certificates, the Issuer will have no obligation or responsibility to the DTC. Participants or Indirect Participants, or the persons for which they act as nominees, with respect to payment to or providing of notice to such Participants, or the persons for which they act as nominees.

Use of Certain Terms in Other Sections of this Official Statement

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

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 certificates representing the Certificates will be issued to the holders and the Certificates will be subject to transfer, exchange and registration provisions as set forth in the Order and summarized under "REGISTRATION, TRANSFER AND EXCHANGE" herein.

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE ISSUER

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

Legal Investments

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.

Investment Policies

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

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

As of May 4, 2022, the Issuer's investable funds were invested as shown below:

Fund and Investment Type	Governmental Operating Fund	Percentage of Total Portfolio
Money Market Funds	$ 228,791.80	5.85%
TexPool/TexStar	3,679,307.44	94.02%
ICS (Instant Cash Sweep)	5,291.33	0.14%
		100.00%
Total Investments	**$3,913,390.57**	

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.

The Texas State Comptroller of Public Accounts exercises oversight responsibility over the Texas Local Government Investment Pool ("TexPool"). Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed both of participants in TexPool and of the other persons who do not have a business relationship with TexPool. The advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAA by S&P. TexPool operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. As such, TexPool uses amortized cost to report net assets and share prices since that amount approximates fair value.

EMPLOYMENT BENEFITS

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit 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 statewide agent multi-employer public employee retirement system consisting of 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- 20343.

For more information see the 2021 Annual Financial Report, Note IV. C. on page 36.

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

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the County is the responsibility of the Fannin 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 THE 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 was set at $50 million for the 2020 tax year and $50.6 million for the 2021 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 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.

Public Hearing and Maintenance and Operations Tax Rate Limitations

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

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

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

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

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

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

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

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

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

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the County's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the County's tax-supported debt obligations, including the Certificates. See "AD VALOREM PROPERTY TAXATION – Debt Tax Rate Limitations" for a description of the debt service tax rate limitations applicable to the Certificates.

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.

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.

COUNTY APPLICATION OF THE PROPERTY TAX CODE

The County does not grant a local exemption of $25,000 to the market value of the residence homestead of persons 65 years of age or older and $3,000 for the disabled.

The County does not grant 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 permit split payment of taxes or discounts.

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

The County does not grant the freeport exemption under Article VIII, Section 1-j.

The County does participate in the Tax Increment Reinvestment Zones.

The County has entered into a tax abatement agreement with Whitewright Solar, LLC on April 26, 2016. The abatement is for a 10-year period.

TAX MATTERS

Tax Exemption

The delivery of the Certificates is subject to the opinion of Norton Rose Fulbright US LLP, Austin and San Antonio, Texas, Bond Counsel, to the effect that interest on the Certificates for federal income tax purposes (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), of the owners thereof pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. The statute, regulations, rulings, and court decisions on which such opinion is based are subject to change. A form of Bond Counsel's opinion appears in Appendix C hereto.

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

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

Tax Changes

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

Ancillary Tax Consequences

Prospective purchasers of the Certificates should be aware that the ownership of tax-exempt obligations such as the Certificates may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust (FASIT), individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Tax Accounting Treatment of Discount Certificates

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

However, such accrued interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, S corporations with subchapter C earnings and profits, owners of an interest in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

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

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

Tax Accounting Treatment of Premium Certificates

The initial public offering price to be paid for certain Certificates may be greater than the stated redemption price on such Certificates at maturity (the "Premium Certificates"). An amount equal to the difference between the initial public offering price of a Premium Certificate (assuming that a substantial amount of the Premium Certificates of that maturity are sold to the public at such price) and its stated redemption price at maturity constitutes premium to the initial purchasers of such Premium Certificates. The basis for federal income tax purposes of a Premium Certificate in the hands of such initial purchasers must be reduced each year by the amortizable Certificate premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable Certificate premium with respect to the Premium Certificates. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Certificate. The amount of premium which is amortizable each year by an initial purchasers is determined by using such purchaser's yield to maturity.

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

CONTINUING DISCLOSURE OF INFORMATION

In the Order, the County has made the following agreement for the benefit of the holders and Beneficial Owners of the Certificates. The County is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the County will be obligated to annually provide certain updated financial information and operating data that is included in this Official Statement, that is customarily prepared by the County and that is publicly available, as well as timely notice of specified events to the Municipal Securities Rulemaking Board (the "MSRB"). The information provided to the MSRB will be available to the public free of charge via the EMMA system through an internet website accessible at www.emma.msrb.org.

Annual Reports

The Issuer will provide certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the Issuer of the general type included in this official statement in Appendix A (tables 1-11 and 15-16) and in Appendix D. The Issuer will update and provide this information within six months after the end of each fiscal year ending in and after 2022.

The Issuer may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements for the Issuer, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not provided by that time, the Issuer will provide unaudited financial statements for the applicable fiscal year to the MSRB with the financial information and operating data and will file the annual audit report when and if the same becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Issuer's annual financial statements or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation.

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

All financial information, operating data, financial statements and notices required to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB. Financial information and operating data to be provided as set forth above may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

Notice of Certain Events

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

For these purposes, (a) any event described in clause (12) of 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) to have the meanings as when they are used in the Rule, as ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

Availability of Information from MSRB

The Issuer has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

Limitations and Amendments

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

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

Compliance with Prior Agreements

Except as otherwise described below, during the past five years, the County has complied in all material respects with its previous continuing disclosure agreements made in accordance with the Rule.

The County and the Fannin County Public Facility Corporation (the "Corporation") committed to file on an annual basis certain updated quantitative financial information and operating data of the Corporation of the general type included in the Corporation's final official statement (the "Undertaking"), dated July 21, 2014 (the "Corporation's 2014 Official Statement") pertaining to Corporation's issuance of its Senior Lien Revenue Refunding Bonds, Taxable Series 2014 (Detention Facility Project), dated August 1, 2014 (the "Corporation's 2014 Bonds") (for a further description of the Corporation and the debt service requirements of the Corporation's 2014 Bonds, see "APPENDIX A – Table 17" herein). Such information must be filed within six months of the Corporation's fiscal year end and includes the Corporation's audited financial statements (the "Corporation's Audit") and Tables 1 through 6 included in Appendix B to the Corporation's 2014 Official Statement (the "Tables").

The County committed to the Undertaking in Section 14.3 of the Amended and Restated Sublease Agreement between the County and the Corporation, dated August 1, 2014 (the "Sublease") and the County and the Corporation committed to the Undertaking in Section 14.01.(b) of the Trust Indenture between the Corporation and U.S. Bank National Association (the "Trustee"), dated August 1, 2014 (the "Indenture"). Further, the County entered into a Continuing Disclosure Undertaking agreement with U.S. Bank National Association (the "Dissemination Agent") dated August 1, 2014 (the "Disclosure Agreement"), pursuant to which the Dissemination Agent agreed to perform the duties and undertaking of the County as set forth in the Sublease, the Indenture, and the Disclosure Agreement, including the Undertaking.

The Corporation's Audit has been timely filed with EMMA for each of the fiscal years ended 2014 through 2019, in accordance with the Disclosure Agreement and the Undertaking. The source of the information in these Tables was provided by the operator of the detention facility which, at the time of the posting of the Corporation's 2014 Official Statement, was Community Education Centers, Inc. The operations of the detention facility has since changed to GEO Group, Inc., and, as of September 1, 2018, to LaSalle Corrections, LLC (the "Operator") (see "APPENDIX A – Table 17" herein). However, due to an administrative oversight, the County failed to provide the Tables to the Dissemination Agent for filing with EMMA, in accordance with the Disclosure Agreement and the Undertaking. The appropriate Tables and notice of failure to timely file have been filed with EMMA on February 2, 2020.

Additionally, on September 13, 2016, S&P Global Ratings ("S&P") lowered its long-term rating on the Corporation's 2014 Bonds to "BB" from "BBB" and kept the rating on credit watch, where it was placed with negative implications on June 3, 2016. On April 2, 2019, S&P Global Ratings withdrew its rating on the Corporation's 2014 Bonds, along with several other entities with revenue bonds secured primarily by federal contract revenues. Due to an administrative oversight, the County failed to provide notice of these ratings changes to the Dissemination for filing with EMMA, in accordance with the Disclosure Agreement and the Undertaking. Notice of these rating actions and failure to timely file have been filed with EMMA on February 7, 2020.

The Corporation, the County, and the Dissemination Agent have implemented appropriate measures to ensure future compliance with the Undertaking.

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.

Registration and Qualification of Certificates for Sale

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

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

Litigation

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

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

Future Debt Issuance

The County does not anticipate the issuance of additional debt over the next twenty-four (24) months.

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Certificates are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are real and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State, the PFIA requires that the Certificates be assigned a rating of not less than "or its equivalent as to investment quality by a national rating agency. See "OTHER PERTINENT INFORMATION–- Rating" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivision, and are legal security for those deposits to the extent of their fair market value. No review by the County has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

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

Additionally, with respect to the Certificates, Section 271.051 of the Texas Local Government Code expressly provides that certificates of obligation approved by the Attorney General of Texas are legal authorized investments for banks, savings banks, trust companies, and savings and loan associations, insurance companies, fiduciaries, trustees, and guardians, and sinking funds of municipalities, counties, school districts, or other political corporations or subdivisions of the State. The Certificates are eligible to secure deposits of any public funds of the State, municipalities, school and other political subdivisions of the State, and are legal security for those deposits to the extent of the market value.

Legal Opinions and No-Litigation Certificate

The Issuer will furnish the Underwriters with a complete transcript of proceedings incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Certificates are valid and legally binding obligations of the Issuer, and based upon examination of such transcript of proceedings, the approval of certain legal matters by Bond Counsel, to the effect that the Certificates are valid and legally binding obligations of the Issuer and, subject to the qualifications set forth herein under "TAX MATTERS," the interest on the Certificates is excludable from the gross income of the owners thereof for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions existing on the date thereof. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Certificates, or which would affect the provision made for their payment or security, or in any manner questioning the validity of the Certificates will also be furnished. In its capacity as Bond Counsel, Norton Rose Fulbright US LLP, Austin and San Antonio, Texas has reviewed the information under the captions "THE CERTIFICATES" (except for the information contained in the subcaptions "Sources and Uses", "Payment Record" and "Default and Remedies", as to which no opinion is expressed), "TAX MATTERS", "CONTINUING DISCLOSURE OF INFORMATION" (except under the subheading "Compliance with Prior Agreements", as to which no opinion is expressed), "OTHER PERTINENT INFORMATION–Registration and Qualification of Certificates For Sale", "OTHER PERTINENT INFORMATION–Legal Investments and Eligibility to Secure Public Funds in Texas", and "OTHER PERTINENT INFORMATION–Legal Opinions and No-Litigation Certificate" in the Official Statement and such firm is of the opinion that the information relating to the Certificates and the Order contained under such captions is a fair and accurate summary of the information purported to be shown and that the information and descriptions contained under such captions relating to the provisions of applicable state and federal laws are correct as to matters of law. 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 describing the Certificates in the Official Statement to verify that such description conforms to the provisions of the Order. Such firm has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the Issuer for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to the accuracy or completeness of any of the information contained herein. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates are contingent on the sale and delivery of the Certificates. The legal opinion of Bond Counsel will accompany the Certificates deposited with DTC or will be printed on the definitive Certificates in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by their counsel, Cantu Harden LLP, San Antonio, Texas. The legal fees of Underwriters' counsel are contingent on the delivery of the Certificates.

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

Ratings

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned a rating of "AA" (Stable Outlook) to the Certificates with the understanding that concurrently with the delivery of the Certificates a municipal certificate insurance policy will be issued by AGM. See "BOND INSURANCE" herein. The County received an underlying unenhanced rating of "AA-" from S&P. An explanation of the significance of such rating may be obtained from S&P. The rating of the Certificates by S&P reflects only the view of S&P at the time the rating is given, and the Issuer makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of 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 Certificates.

Financial Advisor

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

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 Underwriters have agreed, subject to certain conditions, to purchase the Certificates from the County at a price of $11,138,660.60 (representing the par amount of the Certificates of $10,410,000.00, plus a reoffering premium of $787,989.35, and less an Underwriters' discount of $59,328.75), plus accrued interest on the Certificates.

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

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the County and its affiliates in connection with such activities. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the County (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the County. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Forward-Looking Statements Disclaimer

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

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

Concluding Statement

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

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.

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, the Rule.

The Order authorizing the issuance of the Certificates 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 Certificates by the Underwriters.

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

FANNIN COUNTY, TEXAS

ATTEST:

/s/ Randy Moore
County Judge
Fannin County, Texas

/s/ Tammy Biggar
County Clerk
Fannin County, Texas

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APPENDIX A

FINANCIAL INFORMATION OF THE ISSUER

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

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FINANCIAL INFORMATION OF THE ISSUER

ASSESSED VALUATION **TABLE 1**

2021 Actual Market Value of Taxable Property (100% of Actual)		$	5,992,858,664
Less Exemptions:			
Over-65 and/or Disabled	$ 32,606,176		
Veterans Exemptions	47,970,970		
Pollution Exemption	7,795,370		
Abatements	66,829,760		
Freeport	7,338,563		
Productivity Value Loss	1,872,126,805		
10% Homestead Cap Loss	60,444,362		
Totally Exempt Property	1,051,737,448		3,146,849,454
2021 Certified Net Taxable Assessed Valuation		$	2,846,009,210
Less Adjustments:			
Freeze Taxable			500,117,837
Transfer Adjustment			-
2021 Freeze Adjusted Net Taxable Assessed Valuation		$	2,345,891,373

Source: Fannin Central Appraisal District

GENERAL OBLIGATION BONDED DEBT **TABLE 2**

General Obligation Debt Principal Outstanding: (As of June 15, 2022)		
General Obligation Bonds, Series 2017	$	5,400,000
General Obligation Bonds, Series 2018	$	5,845,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020		9,595,000
Total General Obligation Debt Principal Outstanding:	$	20,840,000
Current Issue General Obligation Debt Principal		
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2022 (the "Certificates")	$	10,410,000
Total General Obligation Debt Principal Outstanding Following Issuance of the Certificates:	$	31,250,000
General Obligation Interest and Sinking Fund Balance as September 30, 2021.	$	237,448
Ratio of General Obligation Debt Principal to 2021 Adjusted Net Taxable Assessed Valuation		1.33%
2021 Freeze Adjusted Net Taxable Assessed Valuation[a]	$	2,345,891,373
Population: 2000 - 31,242; 2010 -33,915; 2020 - 35,662 Current Estimate - 36,172		36,172
Per Capita 2021 Freeze Adjusted Net Taxable Assessed Valuation -		$64,854
Per Capita General Obligation Debt Principal -		$864

[a] *See "AD VALOREM PROPERTY TAXATION" and "COUNTY APPLICATION OF THE PROPERTY TAX CODE" in the body of the Official Statement for a description of the Issuer's taxation procedures.*

Sources: Texas Municipal Reports, U.S. Census, and information received from the Issuer.

OTHER OBLIGATIONS **TABLE 3**

Capital Leases Currently Outstanding:

Purpose	Original Amount	Date Made	Date Due	Interest Rate	Periodic Payment	Balance
Voting Equipment	$ 357,169	3/10/2021	3/10/2025	2.99%	$96,088	$357,169
Capital leases payable						$357,169

Non-Capital Leases Payable:

- None -

Source: The County's Annual Financial Report for Fiscal Year Ended September 30, 2021.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS **TABLE 4**

Fiscal Year 30-Sep	Currently Outstanding Debt Service	The Certificates Principal	The Certificates Interest	The Certificates Total	Combined Debt Service
2022	$ 1,264,188	-	-	-	$ 1,264,188
2023	1,306,388	$ 100,000	$ 589,933	$ 689,933	1,996,321
2024	1,306,988	230,000	497,050	727,050	2,034,038
2025	1,296,863	245,000	485,175	730,175	2,027,038
2026	1,301,013	255,000	472,675	727,675	2,028,688
2027	1,303,988	270,000	459,550	729,550	2,033,538
2028	1,302,238	280,000	445,800	725,800	2,028,038
2029	1,305,688	295,000	431,425	726,425	2,032,113
2030	1,305,138	310,000	416,300	726,300	2,031,438
2031	1,300,688	325,000	400,425	725,425	2,026,113
2032	1,300,663	345,000	383,675	728,675	2,029,338
2033	1,304,813	360,000	366,050	726,050	2,030,863
2034	1,297,844	380,000	347,550	727,550	2,025,394
2035	1,301,069	400,000	328,050	728,050	2,029,119
2036	1,303,050	420,000	307,550	727,550	2,030,600
2037	1,298,825	440,000	286,050	726,050	2,024,875
2038	1,303,381	465,000	264,588	729,588	2,032,969
2039	1,301,663	485,000	243,213	728,213	2,029,875
2040	1,298,738	505,000	220,938	725,938	2,024,675
2041	1,302,888	530,000	197,650	727,650	2,030,538
2042	1,295,863	555,000	173,238	728,238	2,024,100
2043	934,169	580,000	146,250	726,250	1,660,419
2044	932,894	610,000	116,500	726,500	1,659,394
2045	525,850	640,000	85,250	725,250	1,251,100
2046	-	675,000	52,375	727,375	727,375
2047	-	710,000	17,750	727,750	727,750
	$ 29,694,881	$ 10,410,000	7,735,008	$ 18,145,008	$ 47,839,890

TAX ADEQUACY **TABLE 5**

2021 Freeze Adjusted Net Taxable Assessed Valuation	$ 2,345,891,373
Maximum Annual Debt Service Requirements (Fiscal Year Ending September 30, 2024)	$ 2,034,038
Indicated Maximum Interest and Sinking Fund Tax Rate at 98% Collections	$ 0.08848

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

TAX RATE DISTRIBUTION **TABLE 6**

Fund	2021	2020	2019	2018	2017
Maintenance & Operations Fund	$0.3810	$0.4253	$0.4181	$0.4369	$0.4352
Interest & Sinking Fund	0.0458	0.0567	0.0411	0.0223	0.0240
General Fund Totals	$0.4268	$0.4820	$0.4592	$0.4592	$0.4592
Road & Bridge	0.1073	0.1070	0.1298	0.1298	0.1298
County's Total Tax Rate	$0.5341	$0.5890	$0.5890	$0.5890	$0.5890

Source: Fannin Central Appraisal District and information from the Issuer.

PROPERTY TAX RATES AND COLLECTIONS **TABLE 7**

Tax Year	Certified Net Taxable Assessed Valuation [(a)]	Tax Rate	Total Tax Levy	% Collections Current	% Collections Total	Fiscal Year Ending	
2012	1,207,429,111	0.60510	8,582,030	96.92%	100.36%	9/30/2013	
2013	1,493,500,295	0.59500	8,735,210	96.48%	100.07%	9/30/2014	
2014	1,533,637,944	0.59500	8,828,631	98.45%	101.61%	9/30/2015	
2015	1,601,524,098	0.59500	9,212,783	98.57%	102.04%	9/30/2016	
2016	1,723,824,318	0.59000	9,788,275	98.68%	101.67%	9/30/2017	
2017	1,836,868,819	0.58900	10,364,380	98.68%	101.26%	9/30/2018	
2018	2,009,907,376	0.58900	11,295,848	98.14%	100.90%	9/30/2019	
2019	2,267,678,536	0.58900	13,356,627	96.68%	98.44%	9/30/2020	
2020	2,483,734,539	0.58900	14,629,196	97.33%	99.85%	9/31/2021	
2021	2,846,009,210	0.53410	15,200,535	89.37%	91.46%	9/30/2022	*

[(a)] *Figures represent Net Taxable Assessed Valuation less Freeze adjustment.*
Sources: Texas Municipal Reports, the Fannin Central Appraisal District and the Issuer.
* As of March 21, 2022.

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE **TABLE 8**

Fiscal Year Ending 9/30	Principal Repayment Schedule: Principal Outstanding	The Certificates	Total	Obligations Unpaid at End of Year	Percent of Principal Retired (%)
2022	$ 615,000	$ -	$ 615,000	$ 31,250,000	1.93%
2023	680,000	100,000	780,000	30,470,000	4.38%
2024	705,000	230,000	935,000	29,535,000	7.31%
2025	720,000	245,000	965,000	28,570,000	10.34%
2026	750,000	255,000	1,005,000	27,565,000	13.49%
2027	780,000	270,000	1,050,000	26,515,000	16.79%
2028	805,000	280,000	1,085,000	25,430,000	20.19%
2029	835,000	295,000	1,130,000	24,300,000	23.74%
2030	860,000	310,000	1,170,000	23,130,000	27.41%
2031	880,000	325,000	1,205,000	21,925,000	31.19%
2032	905,000	345,000	1,250,000	20,675,000	35.12%
2033	935,000	360,000	1,295,000	19,380,000	39.18%
2034	955,000	380,000	1,335,000	18,045,000	43.37%
2035	985,000	400,000	1,385,000	16,660,000	47.72%
2036	1,015,000	420,000	1,435,000	15,225,000	52.22%
2037	1,040,000	440,000	1,480,000	13,745,000	56.86%
2038	1,075,000	465,000	1,540,000	12,205,000	61.70%
2039	1,105,000	485,000	1,590,000	10,615,000	66.69%
2040	1,135,000	505,000	1,640,000	8,975,000	71.83%
2041	1,175,000	530,000	1,705,000	7,270,000	77.18%
2042	1,205,000	555,000	1,760,000	5,510,000	82.71%
2043	875,000	580,000	1,455,000	4,055,000	87.27%
2044	900,000	610,000	1,510,000	2,545,000	92.01%
2045	520,000	640,000	1,160,000	1,385,000	95.65%
2046	-	675,000	675,000	710,000	97.77%
2047	-	710,000	710,000	-	100.00%
	$ 21,455,000	$ 10,410,000	$ 31,865,000		

OPTIONAL ADDITIONAL SALES AND USE TAX — TABLE 9

The County has adopted the provisions of Chapter 323, as amended, Texas Tax Code. In addition, some issuers are subject to a property tax relief and/or an economic and industrial development tax. The County approved a 1/2 cent sales tax for property relief to be effective January 1, 1988. Net collections on calendar year basis are as follows:

Tax Year	½% Sales Tax Collections	Percent of Ad Valorem Tax Levy	Equivalent Ad Valorem Tax Rate
2012	793,155	9.24%	0.05592
2013	795,119	9.10%	0.05416
2014	855,079	9.69%	0.05763
2015	901,942	9.79%	0.05825
2016	947,692	9.68%	0.05712
2017	1,004,143	9.69%	0.05706
2018	1,155,347	10.23%	0.06024
2019	1,295,998	9.70%	0.05715
2020	1,455,872	9.95%	0.05862
2021	1,741,727	11.46%	0.06120

Source: Texas Comptroller of Public Accounts and the Issuer.

PRINCIPAL TAXPAYERS 2021 — TABLE 10

Name	Type of Property	2021 Net Taxable Assessed Valuation	% of Total 2021 Net Taxable Assessed Valuation
ONCOR Electric Delivery Company	Electric - Utility	$ 52,588,210	1.85%
GSE One LLC	Pipeline	44,049,810	1.55%
Atmos Energy/MID-TEX Pipeline	Pipeline	40,610,700	1.43%
Energy Transfer Fuel LP	Oil & Gas	21,099,460	0.74%
Voluntary Purchasing Group	Agricultural Supply	18,793,612	0.66%
National Fleet Services, LLC	Auto Leasing	12,355,450	0.43%
Transcanada Keystone PL LP	Pipeline	11,022,190	0.39%
RFJ Auto Properties LLC	Auto Dealership	10,396,270	0.37%
Wal-Mart Stores	Retail	9,253,230	0.33%
Gulf South Pipeline Co	Pipeline	9,034,570	0.32%
	Total	$ 229,203,502	8.05%

Source: Fannin Central Appraisal District and the Issuer.

Category	2021	% of Total	2020	% of Total	2019	% of Total
Real, Residential, Single Family	$ 1,271,149,322	21.21%	$ 1,113,713,789	22.21%	$ 1,000,045,038	21.41%
Real, Residential, Multi-Family	34,567,048	0.58%	31,682,308	0.63%	30,759,805	0.66%
Real, Vacant Lots/Tract	36,254,242	0.60%	30,439,903	0.61%	26,515,954	0.57%
Qualified/Improvements Open-Space Land	1,954,769,621	32.62%	1,686,861,936	33.64%	1,609,897,131	34.47%
Rural Land, Non Qualified Open-Space	865,700,683	14.45%	776,496,728	15.48%	708,487,935	15.17%
Real, Commercial	228,717,476	3.82%	181,617,186	3.62%	169,800,685	3.64%
Real, Industrial	144,224,203	2.41%	39,235,700	0.78%	31,734,380	0.68%
Real & Tangible Personal, Utilities	185,039,561	3.09%	176,219,630	3.51%	169,340,090	3.63%
Tangible Personal, Commercial	95,864,970	1.60%	97,255,610	1.94%	84,538,610	1.81%
Tangible Personal, Industrial	95,684,360	1.60%	81,738,200	1.63%	93,162,380	1.99%
Tangible Personal, Mobile Homes	19,453,045	0.32%	13,722,367	0.27%	11,292,417	0.24%
Real Residential, Inventory	2,528,470	0.04%	2,572,150	0.05%	442,670	0.01%
Special Inventory	7,250,180	0.12%	8,122,680	0.16%	8,711,090	0.19%
Totally Exempt Property	1,051,655,483	17.55%	775,380,382	15.46%	725,818,998	15.54%
Total Appraised Value	$ 5,992,858,664	100.00%	$ 5,015,058,569	100.00%	$ 4,670,547,183	100.00%
Less Exemptions:						
Over-65/Disabled	$ 32,606,176		$ 32,647,005		$ 32,215,885	
Veterans Exemptions	47,970,970		40,580,805		32,735,095	
Pollution Control	7,795,370		7,890,630		7,795,370	
Abatements	66,829,760		7,839,190		10,709,010	
Freeport	7,338,563		8,562,947		7,216,664	
Productivity Value Loss	1,872,126,805		1,609,807,923		1,532,846,558	
10% Homestead Cap Loss	60,444,362		48,615,148		54,126,451	
Totally Exempt Property/Other	1,051,737,448		775,380,382		725,867,503	
Total Exemptions	$ 3,146,849,454		$ 2,531,324,030		$ 2,403,512,536	
Net Taxable Assessed Valuation	$ 2,846,009,210		$ 2,483,734,539		$ 2,267,034,647	
Freeze Taxable	$ 500,117,837		$ 457,504,887		$ 401,252,634	
Transfer Adjustment	$ -		$ 594,273		$ 571,251	
Net Taxable Assessed Valuation after Freeze and Adjustment	$ 2,345,891,373		$ 2,025,635,379		$ 1,865,210,762	

Source: Fannin Central Appraisal District - Grand Totals As of Certification

Note: Taxable Assessed Valuations are subject to change during the year due to various supplements and protests. Valuations shown in other tables of the Official Statement may not match these certified valuations.

OVERLAPPING DEBT DATA AND INFORMATION **TABLE 12**

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 their respective 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:

Taxing Body	Gross Debt Principal	As of	% Overlapping	Amount Overlapping
Bailey, City of	$ 60,000	5./31/2022	100.00%	$ 60,000
Blue Ridge ISD	33,925,000	5./31/2022	3.14%	1,065,245
Bonham ISD	31,950,000	5./31/2022	100.00%	31,950,000
Bonham, City of	23,775,000	5./31/2022	100.00%	23,775,000
Dodd City ISD	3,715,000	5./31/2022	100.00%	3,715,000
Dodd City, City of	-	5./31/2022	100.00%	-
Ector ISD	1,120,000	5./31/2022	100.00%	1,120,000
Fannindel ISD	830,000	5./31/2022	58.48%	485,384
Honey Grove ISD	7,185,000	5./31/2022	97.05%	6,973,043
Honey Grove, City of	-	5./31/2022	100.00%	-
Ladonia, City of	-	5./31/2022	100.00%	-
Leonard ISD	-	5./31/2022	85.58%	-
Leonard, City of	-	5./31/2022	100.00%	-
North Lamar ISD	44,005,000	5./31/2022	0.13%	57,207
Sam Rayburn ISD	3,223,059	5./31/2022	100.00%	3,223,059
Savoy ISD	470,000	5./31/2022	100.00%	470,000
Savoy, City of	-	5./31/2022	100.00%	-
Trenton ISD	5,790,000	5./31/2022	90.52%	5,241,108
Trenton, City of	1,195,000	5./31/2022	94.42%	1,128,319
Whitewright ISD	5,645,000	5./31/2022	14.25%	804,413
Wolfe City ISD	6,045,000	5./31/2022	6.21%	375,395
Total Gross Overlapping Debt Principal	$ 168,933,059	5./31/2022		$ 80,443,171
Fannin County	$ 31,250,000 (a)*		100.00%	31,250,000 (a)
Total Direct and Overlapping Debt Principal				$ 111,693,171 (a)

Ratio of Direct and Overlapping Debt to 2021 Adjusted Net Taxable Assessed Valuation	3.92% (a)
Ratio of Direct and Overlapping Debt to 2021 Actual Market Value	1.86% (a)
Per Capita Direct and Overlapping Debt	$3,087.84 (a)

[a] *Includes the Certificates. (See "Table 2 - General Obligation Bonded Debt" herein.)*

Source: Municipal Advisory Council of Texas

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS OF DIRECT AND OVERLAPPING GOVERNMENTAL ENTITIES **TABLE 13**

Taxing Body	Date Authorized	Purpose	Amount Authorized	Issued To Date	Unissued
Whitewright ISD	5/7/2022	School Bldg	$ 15,000,000	-	$ 15,000,000

Source: Municipal Advisory Council of Texas.

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ENTITIES — TABLE 14

Governmental Entity	2021 Net Taxable Assessed Valuation	% of Actual	2021 Tax Rate
Bailey, City of	$ 7,252,762	100.00%	0.38700
Blue Ridge ISD	348,889,810	100.00%	1.46000
Bonham ISD	959,727,507	100.00%	1.21400
Bonham, City of	504,985,717	100.00%	0.65500
Dodd City ISD	91,572,051	100.00%	1.12200
Dodd City, City of	19,317,402	100.00%	0.30600
Ector ISD	68,936,106	100.00%	1.05400
Ector, City of	27,697,734	100.00%	0.56000
Fannindel ISD	77,610,886	100.00%	1.12200
Honey Grove ISD	285,670,332	100.00%	1.10200
Honey Grove, City of	84,743,156	100.00%	0.74000
Ladonia, City of	20,192,097	100.00%	0.39300
Leonard ISD	277,156,787	100.00%	0.96000
Leonard, City of	112,708,739	100.00%	0.60100
North Lamar ISD	1,429,831,062	100.00%	1.14600
Sam Rayburn ISD	153,110,559	100.00%	1.11400
Savoy ISD	152,649,793	100.00%	1.07000
Savoy, Town of	34,200,636	100.00%	0.70100
Trenton ISD	333,779,085	100.00%	1.14000
Trenton, City of	54,668,494	100.00%	0.69200
Whitewright ISD	395,521,338	100.00%	1.11200
Windom, Town of	11,757,347	100.00%	0.15700
Wolfe City ISD	171,773,537	100.00%	1.14500

Source: Fannin Central Appraisal District and latest available Texas Municipal Reports published by the Municipal Advisory Council of Texas

FUND BALANCES — TABLE 15

		As of 9/30/2021
General Fund		$ 4,374,206
Special Revenue Funds		5,885,924
Debt Service Fund		471,072
Capital Projects Fund		4,250,493
	Total	$ 14,981,695

Source: The County's Annual Financial Report for Fiscal Year Ended September 30, 2021.

STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE — TABLE 16

	Fiscal Year Ended September 30				
	2021	**2020**	**2019**	**2018**	**2017**
REVENUES:					
Ad valorem taxes	$ 9,893,067	$ 9,034,214	$ 8,480,531	$ 7,768,062	$ 7,747,364
Other Taxes	1,725,831	1,391,936	1,340,718	1,180,387	1,091,626
Licenses and permits	147,956	118,774	103,201	121,944	104,628
Intergovernmental	58,842	107,609	26,459	65,541	33,365
Fees of office	1,015,217	811,204	733,587	976,386	880,150
Fees of tax collector	421,200	360,047	433,570	415,020	412,756
Fines	1,831	13,823	12,463	11,416	19,001
Interest	7,146	49,586	91,969	79,016	27,129
Miscellaneous	1,053,390	246,609	265,176	276,520	321,653
Total Revenues	$ 14,324,480	$ 12,133,802	$ 11,487,674	$ 10,894,292	$ 10,637,672
EXPENDITURES:					
General administration	$ 760,435	$ 719,208	$ 719,392	$ 688,978	$ 699,662
Judicial	2,541,354	2,383,840	2,331,729	2,304,455	2,249,035
Legal	939,214	918,424	911,121	835,542	851,866
Financial administration	885,209	897,121	956,211	887,618	888,854
Public facilities	488,982	445,727	362,406	420,650	404,685
Public safety	5,805,785	5,995,690	5,240,501	4,666,833	4,596,905
Health and welfare	688,779	602,850	573,609	570,672	509,926
Nondepartmental	1,264,137	1,132,130	1,005,608	942,901	902,910
Debt Service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	$ 13,373,895	$ 13,094,990	$ 12,100,577	$ 11,317,649	$ 11,103,843
Other Financing Sources (uses):					
Transfers In	5,482	1,032	-	-	-
Transfers Out	(7,509)	(429)	-	-	-
Sale of capital assets	22,428	$ 20,606	$ -	$ 23,382	$ 116
Total other financing sources (uses)	20,401	21,209	-	23,382	116
Net Change in Fund Balance	970,986	(939,979)	(612,903)	(399,975)	(466,055)
Fund Balances, October 1	3,403,220	4,343,199	4,956,102 [a]	5,355,936	5,821,991
Increase (decrease) in fund balance	-	-	-	-	-
Fund Balances, September 30	$ 4,374,206	$ 3,403,220	$ 4,343,199	$ 4,955,961 [1]	$ 5,355,936

[a] The $141.00 discrepancy in the 2019 Fund Balance was a posting error, should have been posted to miscellaneous.

Source: The Issuer's Annual Financial Reports.

In 2008, the County approved and authorized the creation of the Fannin County Public Facility Corporation (the "Corporation"), a public nonprofit corporation organized pursuant to Chapter 303, Texas Local Government Code, as amended, and issued bonds designated as "Fannin County Public Facilities Corporation Project Revenue Bonds, Series 2008" (the "2008 Bonds"), the proceeds of which were used to fund the development, design, construction, furnishing, and equipping of a multi-classification secure detention center (the "Project").

On December 15, 2011, the Corporation received notice from the Internal Revenue Service (the "IRS") that the IRS would be conducting an examination of the 2008 Bonds. The IRS stated in a closing agreement (the "Closing Agreement") between the Corporation and the IRS that, based on the IRS' findings from the examination, the IRS had a basis to conclude that interest on the 2008 Bonds was includable in the bondholders' gross income because the 2008 Bonds were private activity bonds as set forth in section 141 of the Internal Revenue Code.

In the Closing Agreement, the Corporation agreed to issue taxable refunding bonds to defease all outstanding 2008 Bonds and wire to the IRS a settlement amount of $1,752,447. On July 21, 2014, in accordance with the provisions agreed to in the Closing Agreement, the Corporation authorized the issuance of its "Fannin County Public Facility Corporation Senior Lien Revenue Refunding Bonds, Taxable Series 2014 (Detention Facility Project)" (the "2014 Bonds"), refunding all outstanding 2008 Bonds and providing funds to finance the IRS settlement payment.

The Corporation originally leased the Project to the County pursuant to a Sublease Agreement, dated June 1, 2008, as amended and restated as of August 1, 2014 (the "Sublease"). The Sublease requires the County to make rental payments thereunder in amounts and at times sufficient to pay the principal of, premium, if any, and interest on the 2014 Bonds when due. The County makes rental payments directly to U.S. Bank National Association, Dallas, Texas (the "Trustee") for deposit to a project fund established in the Sublease to be transferred by the Trustee into the 2014 Bonds' interest and sinking fund and are thereafter used to pay the principal of, premium, if any, and interest on the 2014 Bonds. The 2014 Bonds are payable from and secured by a lien on and pledge of (i) all of the right, title and interest of the Corporation in all leases, including, without limitation, the Sublease (except for the Corporation's rights to indemnification and reimbursement of expenses), and all rental payments due thereunder and (ii) a first lien on and pledge of the money and investments in certain amounts deposited in the funds and accounts established pursuant to a Trust Indenture (the "Indenture"), dated as of August 1, 2014, between the Trustee and the Corporation. The County's obligation to make rental payments under the Sublease is payable solely from revenues derived from the operation of the Project and from revenues to be received by the County for deposit into the Project fund from the County's 96-bed satellite jail facility (the "Project Revenues"). The County has not appropriated and does not intend to appropriate any ad valorem tax revenues or other funds for the payment of rental payments or other payments due under the Sublease. The 2014 Bonds are further secured by a deed of trust on the Corporation's interest in the Project given by the Corporation for the benefit of the Trustee.

The Corporation originally entered into a Ground Lease Agreement, dated June 1, 2008, as amended and restated as of August 1, 2014 (the "Ground Lease"), whereby the County leases property to the Corporation for a term ending on the earlier of June 1, 2017, or the date no 2014 Bonds or additional bonds are outstanding. The Corporation has the right under the Ground Lease to lease the Project to the County pursuant to the Sublease. The Corporation and the County agreed the Corporation may operate the Project and may add to or remove from the Project all as contemplated by the deed of trust, the Sublease, and the Indenture.

The 2014 Bonds do not constitute an indebtedness or general obligation of the Corporation or the County, but are special obligations of the Corporation payable solely from the sources provided in the trust indenture governing the 2014 Bonds' issuance. <u>The 2014 Bonds are therefore not secured by the same source of payment as the Certificates that are the subject of this Official Statement, and a holder of the 2014 Bonds shall not have the right to claim otherwise.</u>

On September 30, 2016, S&P Global Ratings lowered its long-term rating on the Corporation's outstanding revenue debt to "BB" from "BBB" and kept the rating on credit watch, where it was placed with negative implications on June 3, 2016. In April 2019, S&P Global Ratings withdrew its rating on the Corporation's debt, along with several other entities with revenue bonds secured by federal contract revenues, citing its inability to communicate with the federal agency that appropriates the funding, or the operator who manages a specific facility.

Effective as of September 1, 2018, the GEO Group, Inc. terminated its Operation & Management Agreement and the County transitioned operations to LaSalle Corrections, LLC under the terms of a Facility Operation & Management Agreement effective as of September 1, 2018.

The following is a debt service table related only to the Corporation's outstanding debt obligations:

Fiscal Year	2014 Bond Debt Service		
30-Sep	Principal	Interest	Total
2022	$ 900,000	$ 1,836,903	$ 2,736,903
2023	955,000	1,782,828	2,737,828
2024	1,010,000	1,722,868	2,732,868
2025	1,075,000	1,657,426	2,732,426
2026	1,140,000	1,583,965	2,723,965
2027	1,220,000	1,502,545	2,722,545
2028	1,305,000	1,415,433	2,720,433
2029	1,395,000	1,322,283	2,717,283
2030	1,490,000	1,222,750	2,712,750
2031	1,595,000	1,115,520	2,710,520
2032	1,705,000	1,000,020	2,705,020
2033	1,825,000	876,470	2,701,470
2034	1,950,000	743,370	2,693,370
2035	2,090,000	599,950	2,689,950
2036	2,240,000	446,235	2,686,235
2037	5,165,000	183,358	5,348,358
	$ 27,060,000	$ 19,011,921	$ 46,071,921

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APPENDIX B

GENERAL INFORMATION REGARDING FANNIN COUNTY, TEXAS
AND THE CITY OF BONHAM, TEXAS

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GENERAL INFORMATION REGARDING FANNIN COUNTY AND THE CITY OF BONHAM, TEXAS

Fannin County is located Northeast of the DFW metroplex and borders Oklahoma. The county seat is the City of Bonham, Texas.

Map of Texas Counties showing location of Fannin County

Population Trends

Year	Fannin County
2021 Estimate	36,172
2020 Census	35,662
2010 Census	33,915
2000 Census	31,242
1990 Census	24,817
1980 Census	24,285
1970 Census	22,705

Sources: U.S. Census Bureau and the Issuer and Texas Demographic Center.

Leading Employers – Fannin County

Employer	Type of Business
Sam Rayburn Memorial Veterans Center	Veterans Hospital
Texas Department of Criminal Justice	Prisons
McCraw Oil/Kwik Chek	Fuel and propane/convenience stores
Bonham ISD	Schools
WalMart	Discount Store
Clayton Homes	Manufacturing Housing
Texoma Medical Center	Hospital
Fannin County and City of Bonham	Local Government
Voluntary Purchasing Group	Fertilizer Plant

Source: The Issuer.

Labor Force Statistics

	Fannin County	
	2021	2020
Civilian Labor Force	17,165	16,589
Total Employed	16,478	15,806
Total Unemployed	687	783
% Unemployed	4.0%	4.7%
% Unemployed (Texas)	5.7%	7.7%
% Unemployed (United States)	5.3%	8.1%

Source: Texas Workforce Commission, Labor Market Information Department, not seasonally adjusted

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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July 27, 2022

NORTON ROSE FULBRIGHT

Norton Rose Fulbright US LLP
Frost Tower
111 W. Houston Street, Suite 1800
San Antonio, Texas 78205
United States

Tel +1 210 224 5575
Fax +1 210 270 7205
nortonrosefulbright.com

FINAL

IN REGARD to the authorization and issuance of the "Fannin County, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2022" (the *Certificates*), dated July 1, 2022 in the aggregate principal amount of $10,410,000, we have reviewed the legality and validity of the issuance thereof by the Commissioners Court of Fannin County, Texas (the *Issuer*). The Certificates 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 2023 through 2037, March 1, 2042 and March 1, 2047, unless optionally or mandatorily redeemed prior to Stated Maturity in accordance with the terms stated on the face of the Certificates. Interest on the Certificates 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 Certificates. 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 Certificates under the laws of the State of Texas and with respect to the exclusion of the interest on the Certificates from the gross income of the owners thereof for federal income tax purposes 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 or the Issuer's library system (the *Library System*) and have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Certificates. We express no opinion and make no comment with respect to the sufficiency of the security for or the marketability of the Certificates. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

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 Certificates, including the Order; (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 Certificates 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 Certificate 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.

Legal Opinion of Norton Rose Fulbright US LLP, San Antonio, Texas, in connection with the authorization and issuance of "FANNIN COUNTY, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2022"

BASED ON OUR EXAMINATION, IT IS OUR OPINION that the Certificates have been duly authorized and issued in conformity with the laws of the State of Texas now in force and that the Certificates 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 Certificates are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the Issuer and are further payable from and secured by a lien on and pledge of the Pledged Revenues, being a limited amount of the Net Revenues derived from the operation of the Library System, such lien on and pledge of the limited amount of Net Revenues, being subordinate and inferior to the lien on and pledge of such Net Revenues securing the payment of any Prior Lien Bonds or Junior Lien Bonds hereafter issued by the Issuer. In the Order, the Issuer retains the right to issue Prior Lien Bonds, Junior Lien Bonds, and Parity Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise.

BASED ON OUR EXAMINATION, IT IS FURTHER OUR OPINION that, assuming continuing compliance after the date hereof by the Issuer with the provisions of the Order and in reliance upon the representations and certifications of the Issuer made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Certificates, under existing statutes, regulations, published rulings, and court decisions (1) interest on the Certificates will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the *Code*), of the owners thereof for federal income tax purposes, pursuant to section 103 of the Code, and (2) interest on the Certificates will not be included in computing the alternative minimum taxable income of the owners thereof.

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

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

Norton Rose Fulbright US LLP

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APPENDIX D

EXCERPTS FROM FANNIN COUNTY'S AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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

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FANNIN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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FANNIN COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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FANNIN COUNTY, TEXAS
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Financial Section

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RUTLEDGE CRAIN & COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS
3214 W Park Row, Suite E
Pantego, Texas 76013

INDEPENDENT AUDITORS' REPORT

Honorable County Judge and County Commissioners
Comprising the Commissioners Court of Fannin County, Texas
Bonham, 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 information of Fannin County, Texas (the "County"), as of and for the year ended September 30, 2021, 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.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government Hal activities, each major fund, and the aggregate remaining fund information of Fannin County, Texas as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Metro (817) 265-9989

Members:
American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants

Change in Accounting Principle

As discussed in Note IV H to the financial statements, the County adopted Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities as of and for the year ended September 30, 2021. The requirements of this Statement have been reported as a restatement of beginning fiduciary net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as noted in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2022 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Rutledge Crain & Company, PC

March 25, 2022

Management's Discussion and Analysis

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As management of Fannin 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, 2021. We encourage readers to consider the information presented herein with the County's financial statements, which follow this section.

Financial Highlights

The assets of the County exceeded its liabilities at the close of the fiscal year ended September 30, 2021 by $39,840,794 (net position). Of this amount, $3,892,965 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The County's total net position increased by $5,436,332. The majority of this increase is attributable to the increase in capital assets.

The County's governmental funds reported combined ending fund balances of $15,287,989, a decrease of $5,587,792 in comparison to the previous year mainly due to the expense being paid on the courthouse restoration.

The unreserved portion of the General Fund fund balance at the end of the year was $4,374,206 or 33% of total General Fund expenditures for fiscal year 2021.

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 comprise four components: 1) government-wide financial statements, 2) fund financial statements, 3) fiduciary financial statements, and 4) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of Fannin County's finances. This is done in a manner similar to a private-sector business. Two statements, the Statement of Net Position and the Statement of Activities, are utilized to provide this financial overview.

The Statement of Net Position presents information on all of the County's assets, deferred outflow of resources, liabilities, and deferred inflow of resources with the difference between them 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.

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

In addition, the statement of activities highlights government activities supported by taxes and intergovernmental revenues, along with program revenues classified to the orresponding government activity.

Fund financial statements. The County, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

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

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

The County maintains 61 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, American Recovery Program Grant Fund, and the 2020 CO Bonds Construction FY2020 which are considered to be a major funds. Data from the other 58 funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds. Fiduciary funds account for assets held by the County in a trustee capacity or as a custodian on behalf of others. Private Purpose Trust funds account for assets held by the government under the terms of a formal trust agreement.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents other supplementary information following the notes to the financial statements. The other supplementary information includes combining and individual statements and schedules.

Government-wide Financial Analysis

At the end of fiscal year 2021, the County's net position (assets exceeding liabilities) totaled $39,840,794. This analysis focuses on the net position (Table 1) and changes in net position (Table 2). This is an increase of $5,436,332, mainly due to an increase in assets.

Net Position. $35,426,999 reflects the County's investment in capital assets (land, buildings, infrastructure, machinery and equipment, construction in progress); less accumulated depreciation and any related debt used to acquire those assets that is still outstanding. The County uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net position, $3,892,965 may be used to meet the government's ongoing obligations to citizens and creditors.

Table 1
Condensed Statement of Net Position

		9/30/2021		9/30/2020
ASSETS				
Current and other assets	$	26,822,370	$	30,407,982
Capital assets		45,733,128		33,451,334
Total assets		72,555,498		63,859,316
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges		2,732,527		2,033,758
LIABILITIES				
Long-term liabilities		23,562,008		23,559,019
Other liabilities		5,896,400		5,584,969
Total liabilities		29,458,408		29,143,988
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue		3,449,089		155,188
Deferred pension inflows		2,539,734		2,189,436
		5,988,823		2,344,624
NET POSITION				
Net Investment in capital assets		35,426,999		23,371,699
Restricted For Debt Service		520,830		269,716
Restricted For Capital Projects		-		1,760,324
Unrestricted		3,892,965		9,002,723
	$	39,840,794	$	34,404,462

Changes in Net Position. The net position of the County increased by $5,436,332 for the fiscal year ended September 30, 2021. This increase is mainly due to the increase in long term liabilities.

Table 2
Changes in Net Position

	9/30/2021	9/30/2020
Program Revenues:		
Charges for services	$ 3,354,320	$ 2,952,444
Operating grants and contributions	1,000,626	2,323,114
Capital grant and contributions	2,290,035	8,515,709
General Revenues		
Taxes	15,979,508	14,227,680
Unrestricted Investment Earnings	21,820	151,123
Miscellaneous	2,807,779	132,915
Gain (loss) on sale of capital assets	83,243	104,146
Total Revenues	25,537,331	28,407,131
Expenses:		
General Administration	911,126	892,975
Judicial	2,507,928	2,428,927
Legal	928,457	950,165
Financial Administration	855,296	915,701
Public Facilities	552,262	493,452
Public Safety	6,080,242	6,350,788
Public Transportation	4,931,763	4,995,510
Health and Welfare	958,151	646,181
Non Departmental	1,281,990	1,393,892
Capital Outlay	479,576	-
Debt Service	614,208	680,290
Total Expenses	20,100,999	19,747,881
Increase/Decrease in net position	5,436,332	8,659,250
Net positition-October 1	34,404,462	25,743,212
Net positition-September 30	$ 39,840,794	$ 34,402,462

Financial Analysis of the Government's Funds

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

As of the end of the current fiscal year, the County's governmental funds reported combined fund balances of $15,287,989.

The General Fund is the main operating fund of the County. At the end of the current fiscal year, unreserved fund balance was $4,374,206. This is a decrease over last year with the primary reason due to the decrease of cash.

General Fund Budgetary Highlights. Each year the County performs periodic reviews of the budget. State law prohibits increasing total budgeted expenditures except during an emergency, however an amount budgeted for one line item can be transferred to another budgeted item without authorizing an emergency expenditure.

Overall total actual income was over amended budget by $736,159.

The overall County Sheriff budget was under budget by $232,737. This was due to being short staffed in both patrol and dispatch the entire year.

Indigent Healthcare budget was over budget by $150,319. This was due to an increase in the number of individuals being serviced by the Indigent Healthcare program.

336th District Court was over budget by $200,863. This was due to more indigent criminal cases.

Tax Assessor-Collector was under budget by $18,889. This was due in part to closing the Leonard office and reduction of part time employee.

County Judge was under budget by $2,666.

County Court at Law budget was under budget by $7,782.

Jail Operations was under budget by $447,891. This was due to a team effort by the departments working diligently to keep cases processed.

Overall, expenditures were under the amended budget by $568,718.

Capital Assets and Debt Administration

Capital Assets. The County's investment in capital assets as of September 30, 2021, amounts to $45,733,128 (net of accumulated depreciation). The investment in capital assets includes land, buildings, machinery and equipment, and infrastructure.

Table 3
Capital Assets at Year End
Net of Accumulated Depreciation

	9/30/2021		9/30/2020	
Land	$	341,562	$	341,561
Construction in progress		21,906,324		11,058,754
Buildings		894,112		1,005,450
Machinery and equipment		2,568,840		2,087,589
Infrastructure		20,022,290		18,957,980
	$	45,733,128	$	33,451,334

Additional information on the County's capital assets can be found in the notes to the financial statements.

Debt Administration. At the end of the current fiscal year, Fannin County had total debt outstanding of $23,562,008. The net pension liability increased by $101,253. Compensated absences decreased by $49,213, and capitalized leases obligations increased by $305,030.

Table 4
Outstanding Debt at Year End

Type of Debt		9/30/2021		9/30/2020
General Obligation Bonds	$	11,595,000	$	11,930,000
Certifiate of Obligation		9,860,000		9,860,000
Unamortized premium		627,249		655,687
Unamortized discount		(208,830)		(218,188)
Net Bonds Payable		21,873,419		22,227,499
Capital Lease Obligation		357,169		52,139
Net Pension Liability		1,163,753		1,062,500
Compensated Absences		167,667		216,880
Total	$	23,562,008	$	23,559,018

Additional information on the County's long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Fannin County economy showed stability this year even with the continuation of the Covid-19 pandemic. The county is projecting a significant increase in growth for the next year. This forecast is due to the present economic conditions which indicate growth primary due to the completion of Bois D'Arc Lake and the start of work on Lake Ralph Hall. In the future years, we foresee even more significant growth in our county coming from the Dallas/Fort Worth Metroplex area. Overall, our property values reflect an increase in value according to preliminary appraised values for 2021 tax year.

Some key factors to look for in future budgets:

> Substantial increase in costs for the County's courts due to indigent defense in both civil and criminal cases, as well as CPS due to the increased growth.
>
> The cost that will be incurred by the County for the construction or the renovation of a Justice Center to house our judicial system.
>
> Possible infrastructure improvements.

Requests for Information

This financial report is designed to provide a general overview of Fannin County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Auditor's Office, 101 E. Sam Rayburn, Suite 303, Bonham, Texas 75418.

Basic Financial Statements

FANNIN COUNTY, TEXAS

STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

		Governmental Activities
ASSETS		
Cash and cash equivalents	$	14,988,969
Investments		4,678,136
Receivables (net of allowances for uncollectibles):		
Taxes		986,023
Accounts		119,203
Fines		4,893,614
Intergovernmental		1,054,552
Inventories		101,873
Capital assets (net of accumulated depreciation)		
Land		341,562
Construction in progress		21,906,324
Buildings		894,112
Machinery and equipment		2,568,840
Infrastructure		20,022,290
Total Assets		72,555,498
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension outflow		2,732,527
Total Deferred Outflows of Resources		2,732,527
LIABILITIES		
Accounts payable		1,834,509
Accrued liabilities		462,533
Interest payable		226,337
Due to other governments		796,255
Due to others		2,576,766
Noncurrent liabilities:		
Due within one year		887,118
Due in more than one year		22,674,890
Total Liabilities		29,458,408
DEFERRED INFLOWS OF RESOURCES		
Unearned revenue		3,449,089
Deferred pension inflow		2,539,734
Total Deferred Inflows of Resources		5,988,823
NET POSITION:		
Net Investment in Capital Assets		35,426,999
Restricted For:		
Debt Service		520,830
Unrestricted		3,892,965
Total Net Position	$	39,840,794

The accompanying notes are an integral part of this statement.

EXHIBIT A-2

FANNIN COUNTY, TEXAS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
PRIMARY GOVERNMENT					
Governmental activities:					
General administration	$ 911,126	$ 462,849	$ 265,068	$ 120,000	$ (63,209)
Judicial	2,507,928	543,516	45,495	--	(1,918,917)
Legal	928,457	45,788	44,318	--	(838,351)
Financial administration	855,296	421,716	--	--	(433,580)
Public facilities	1,031,838	--	31,667	1,922,031	921,860
Public safety	6,080,242	669,250	433,771	11,587	(4,965,634)
Public transportation	4,931,763	1,053,282	68,793	218,600	(3,591,088)
Health and welfare	958,151	147,956	102,839	--	(707,356)
Nondepartmental	1,281,990	9,963	8,675	17,817	(1,245,535)
Interest on long-term debt	614,208	--	--	--	(614,208)
Total expenses	20,100,999	3,354,320	1,000,626	2,290,035	(13,456,018)
Total Primary Government	$ 20,100,999	$ 3,354,320	$ 1,000,626	$ 2,290,035	(13,456,018)
General Revenues:					
Property Taxes					14,056,864
Other Taxes					1,922,644
Unrestricted Investment Earnings					21,820
Miscellaneous					2,807,779
Gain (Loss) on Disposal of Capital Assets					83,243
Total General Revenues and Transfers					18,892,350
Change in Net Position					5,436,332
Net Position - Beginning					34,404,462
Net Position - Ending					$ 39,840,794

The accompanying notes are an integral part of this statement.

FANNIN COUNTY, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General Fund	American Recovery Program Grant
ASSETS		
Cash and cash equivalents	$ 1,231,663	$ 3,449,261
Investments	3,520,480	--
Receivables (net of allowances for uncollectibles):		
Taxes	723,238	--
Accounts	119,203	--
Fines	4,893,614	--
Intergovernmental	264,956	--
Due from other funds	248,923	--
Inventories	--	--
Total Assets	$ 11,002,077	$ 3,449,261
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ 722,287	$ --
Accrued liabilities	355,247	--
Due to other funds	--	--
Due to other governments	796,255	--
Due to others	2,576,766	--
Total Liabilities	4,450,555	--
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	654,585	--
Unavailable revenue - fines	1,522,731	--
Unavailable revenue - grants	--	3,449,089
Total Deferred Inflows of Resources	2,177,316	3,449,089
Fund balances:		
Nonspendable	--	--
Restricted	--	172
Committed	--	--
Unassigned	4,374,206	--
Total fund balances	4,374,206	172
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 11,002,077	$ 3,449,261

The accompanying notes are an integral part of this statement.

2020 CO Bonds Construction FY2020	Other Governmental Funds	Total Governmental Funds
$ 4,328,608	$ 5,979,439	$ 14,988,971
--	1,157,656	4,678,136
--	262,785	986,023
--	--	119,203
--	--	4,893,614
656,733	132,863	1,054,552
--	--	248,923
--	101,873	101,873
$ 4,985,341	$ 7,634,616	$ 27,071,295
$ 734,848	$ 377,373	$ 1,834,508
--	107,286	462,533
--	248,923	248,923
--	--	796,255
--	--	2,576,766
734,848	733,582	5,918,985
--	237,916	892,501
--	--	1,522,731
--	--	3,449,089
--	237,916	5,864,321
--	101,873	101,873
4,250,493	4,127,950	8,378,615
--	2,649,578	2,649,578
--	(216,283)	4,157,923
4,250,493	6,663,118	15,287,989
$ 4,985,341	$ 7,634,616	$ 27,071,295

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FANNIN COUNTY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Total fund balances - governmental funds balance sheet	$	15,287,989
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:		
Capital assets used in governmental activities are not reported in the funds.		45,733,128
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		892,500
Payables for bond principal which are not due in the current period are not reported in the funds.		(21,455,000)
Payables for capital leases which are not due in the current period are not reported in the funds.		(357,169)
Payables for bond interest which are not due in the current period are not reported in the funds.		(226,341)
Payables for compensated absences which are not due in the current period are not reported in the funds.		(167,667)
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.		1,522,731
Recognition of the County's net pension liability is not reported in the funds.		(1,163,750)
Deferred Resource Inflows related to the pension plan are not reported in the funds.		(2,539,734)
Deferred Resource Outflows related to the pension plan are not reported in the funds.		2,732,526
Bond premiums are amortized in the SNA but not in the funds.		(418,419)
Net position of governmental activities - Statement of Net Position	$	39,840,794

The accompanying notes are an integral part of this statement.

FANNIN COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	American Recovery Program Grant
Revenue:		
Ad valorem taxes	$ 9,893,067	$ --
Other taxes	1,725,831	--
Licenses and permits	147,956	--
Intergovernmental	58,842	--
Fees of office	1,015,217	--
Fees of tax collector	421,200	--
Fines	1,831	--
Interest	7,146	172
Miscellaneous	1,053,390	--
Total revenues	14,324,480	172
Expenditures:		
General administration	760,435	--
Judicial	2,541,354	--
Legal	939,214	--
Financial administration	885,209	--
Public facilities	488,982	--
Public safety	5,805,785	--
Public transportation	--	--
Health and welfare	688,779	--
Nondepartmental	1,264,137	--
Capital outlay	--	--
Debt service:		
Principal	--	--
Interest and fiscal charges	--	--
Paying agent fees	--	--
Total expenditures	13,373,895	--
Excess (deficiency) of revenues over (under) expenditures	950,585	172
Other financing sources (uses):		
Transfers in	5,482	--
Transfers out	(7,509)	--
Sale of capital assets	22,428	--
Capital leases	--	--
Total other financing sources (uses)	20,401	--
Net change in fund balances	970,986	172
Fund balances, October 1	3,403,220	--
Fund balances, September 30	$ 4,374,206	$ 172

The accompanying notes are an integral part of this statement.

2020 CO Bonds Construction FY2020	Other Governmental Funds	Total Governmental Funds
$ --	$ 4,137,604	$ 14,030,671
--	511,827	2,237,658
--	--	147,956
3,251,995	1,243,880	4,554,717
--	442,188	1,457,405
--	700,740	1,121,940
--	208,780	210,611
10,364	4,138	21,820
--	544,520	1,597,910
3,262,359	7,793,677	25,380,688
--	623,968	1,384,403
--	14,952	2,556,306
--	18,082	957,296
--	--	885,209
--	--	488,982
--	302,045	6,107,830
--	4,395,537	4,395,537
--	272,584	961,363
--	17,853	1,281,990
8,915,696	2,411,450	11,327,146
--	335,000	335,000
--	781,406	781,406
--	3,430	3,430
8,915,696	9,176,307	31,465,898
(5,653,337)	(1,382,630)	(6,085,210)
--	7,509	12,991
--	(5,482)	(12,991)
--	117,736	140,164
--	357,254	357,254
--	477,017	497,418
(5,653,337)	(905,613)	(5,587,792)
9,903,830	7,568,731	20,875,781
$ 4,250,493	$ 6,663,118	$ 15,287,989

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FANNIN 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, 2021

Net change in fund balances - total governmental funds	$	(5,587,792)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		12,014,527
The depreciation of capital assets used in governmental activities is not reported in the funds.		(1,503,830)
The gain or loss on the sale of capital assets is not reported in the funds.		(56,921)
Donations of capital assets increase net position in the SOA but not in the funds.		1,828,017
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		26,107
Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.		(1,871,570)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		335,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.		52,139
(Increase) decrease in accrued interest from beginning of period to end of period.		151,550
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		49,213
Certain fine revenues are deferred in the funds. This is the change in these amounts this year.		90,761
Bond premiums and discounts are reported in the funds but not in the SOA.		19,080
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.		(357,169)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.		247,220
Change in net position of governmental activities - Statement of Activities	$	5,436,332

The accompanying notes are an integral part of this statement.

FANNIN COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2021

	Custodial Funds
ASSETS	
Cash and cash equivalents	$ 2,968,517
Total Assets	2,968,517
LIABILITIES	
Due to other governments	570,687
Due to others	206,666
Total Liabilities	777,353
NET POSITION	
Individuals, organizations and other governments	$ 2,191,164

The accompanying notes are an integral part of this statement.

FANNIN COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Custodial Funds
ADDITIONS:	
Tax collections	$ 9,036,030
Fees of office	1,933,959
Receipts from fiduciaries	2,600,694
Miscellaneous	119,723
Total Additions	13,690,406
DEDUCTIONS:	
Payments to county	2,589,735
Payments to other governments	7,972,431
Payments to beneficiaries	3,481,292
Other	45,101
Total Deductions	14,088,559
Change in Fiduciary Net Position	(398,153)
Net Position-Beginning of the Year	--
Prior Period Adjustment	2,589,317
Net Position-End of the Year	$ 2,191,164

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The County, a political subdivision of the State of Texas is governed by an elected judge and four county commissioners which comprise the commissioners' court. The county's operational activities include general administrative services, judicial, public safety, the construction and maintenance of roads, health and welfare assistance, permanent records preservation, and conservation.

The accounting policies of Fannin County, Texas, conform to generally accepted accounting principals issued by the Governmental Accounting Standards Board which is the recognized financial accounting standard setting body for governmental entities. The notes to the financial statements are an integral part of the County's basic financial statements.

The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, "The Financial Reporting Entity," in that the financial statements include all organizations, activities, functions and component units for which the County (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the County's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the County.

There are no component units which satisfy requirements for blending or discrete presentation within the County's financial statements. Accordingly, the basic financial statements present the County only.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities,* are normally supported by taxes, charges for services, and intergovernmental revenues.

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

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

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

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

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Fines and permits, and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

American Recovery Program Grant accounts for a grant to relieve effects of the COVID 19 pandemic.

The *2020 CO Bonds Construction Fund* is one of the County's fund used to account for the renovation of the County's Courthouse.

Additionally, the County reports the following fund types:

The Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specified purposes (not including private purpose trusts or major capital projects).

The Debt Service Fund accounts for the accumulation of resources to be used for the payment of principal and interest.

Capital Projects Funds account for the use of the proceeds of debt issued for major capital projects.

Custiodial Funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments, and/or other agency funds.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes, miscellaneous revenue, and interest income.

D. Budgetary Information

1. Annual budgets are adopted on the GAAP basis of accounting for the general fund, certain special revenue funds, and the debt service fund. All annual appropriations lapse at fiscal year end. The following special revenue funds were not budgeted:

    County Clerk Court Records Preservation
    Raw Water Pipeline Rock for Pct. 2,3,4
    Contraband Seizure
    IHC Co-Op Gin
    Investigator LEOSE
    CERT
    Hazard Mitigation
    Safe Room Reimbursement Program
    CARES Act Coronavirus Relief
    American Recovery Program Grant
    Sheriff Forfeiture
    Sheriff's Office Technology
    Courthouse Restoration
    Right of Way
    Veterans Court Program

The County Judge is, by statute, the Budget Officer of the County 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 Judge. The County Judge reviews budget requests and holds informal hearings when needed. Before October 1, a proposed budget is presented to the Commissioners' Court. A public hearing is then held and the Commissioners' Court takes action on the proposed budget. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the estimate of revenues and available fund balance.

Once the budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping members of the Commissioners' Court advised of the conditions of the various funds and accounts.

The appropriated budget is prepared by fund. Any transfers of appropriations are first approved by the Commissioners' Court. Thus, the legal level of budgetary control is at the fund level. Several supplemental appropriations were required during the year.

2. Excess of Expenditures Over Appropriations

For the year ended September 30, 2021, expenditures exceeded appropriations in the following funds:

Special Revenue Funds	
Chapter 19 Funds	$29,259
County Clerk Co. & Dist. Court Technology	501
J.P. #1 Justice Court Technology	44
F.C. Detntion Center Annual Payment	267
D.A. Fee	14,506
Law Enforcement Education Sheriff's Office	173
Lake Fannin	1,236
Sinking Fund	593

3. Deficit Fund Balances

The following funds had deficit fund balances at September 30, 2021:

Special Revenue Funds	
County Clerk Vital Statistics	$ 1,028
District Clerk Records Management	1,138
Hazard Mitigation Fund	6,250
Courthouse Restoration	139,141

E. Assets, liabilities, and net position or equity

1. Deposits and investments

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

State statutes authorize the County 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; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (B) secured by obligations that are described by (1) - (4); or, (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with third party selected or approved by the County, and placed through a primary government securities dealer.

Investments maturing within one year of date of purchase are stated at cost or amortized cost, all other investments are stated at fair value which is based on quoted market prices.

2. Receivables and payables

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

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

All trade receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectibles.

Property taxes are levied on October 1 by the County based on the January 1 property values as appraised by the Fannin County Central Appraisal District. Taxes are due without penalty until January 31, of the next calendar year. After January 31, the County has an enforceable lien with respect to both real and personal property. Under state law, property taxes levied on real property constitute a perpetual lien on the real property which cannot be forgiven without specific approval of the State Legislature. Taxes applicable to personal property can be deemed uncollectible by the County.

3. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Buildings	20 - 30 years
Infrastructure	20 - 45 years
Machinery and Equipment	5 - 10 years

4. Compensated absences

Employees accumulate earned but unused vacation and compensatory time. All vacation and compensatory pay is accrued when incurred in the government-wide funds. A liability is reported for these amounts in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

5. Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as insurance costs, are deferred and amortized over the life of the bonds using the straight line method which approximate the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond insurance costs are reported as deferred outflow of resources and amortized over the term of the related debt.

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

6. Fund equity

In government-wide statements, net position is classified into three categories as follows:

Invested in capital assets, net of related debt – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, leases, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of net position whose use is restricted by contributors, laws or regulations of other governments, or by laws through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of those assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Governmental funds classify fund balances as follows:

Nonspendable Fund Balances – Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance – Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed Fund Balance – Amounts can only be used for the specific purposes determined by a formal action of the County's highest level of decision-making authority. The Commissioners Court is the highest level of decision-taking authority for the County that can, by adoption of a court order prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the court order remains in place until a similar action is taken (the adoption of another court order) to remove or revise the limitation.

Assigned Fund Balance – Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The Commissioners Court has by court order authorized the county auditor to assign fund balance. The Commissioners Court may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned Fund Balance – Amounts that are available for any purpose; these amounts can be reported only in the County's General Fund or as deficits in other governmental funds.

Fund balance amounts represent the nature of the net resources that are reported in a governmental fund. The County fund balance classifications include non-spendable resources, restricted, and non-restricted (committed, assigned and unassigned) amounts. When the County incurs an expenditure and both restricted and unrestricted amounts are available, the County considers restricted amounts to have been spent. When the County incurs an expenditure for an unrestricted amount, committed amounts are reduced first, followed by assigned amounts and then unassigned amounts for purposes in which any of those unrestricted fund balance classifications could be used.

	General Fund	American Recovery Grant	2020 CO Bonds	Nonmajor Funds	Total
Nonspendable for:					
Inventory	$ –	$ --	$ --	$101,873	$101,873
Restricted for:					--
Debt Service	–	--	--	471,072	471,072
Justice Administration	–	--	--	671,783	671,783
Grants	–	172	--	518,617	518,789
Construction	–	--	4,250,483	1,753,766	6,004,249
Other	–	--		643,996	643,996
	–	172	4,250,483	4,059,234	8,309,889
Committed to:					
Road and Bridge	–	--		2,649,578	2,649,578
Unassigned	4,374,206	--		(147,557)	4,226,649
	$4,374,206	$172	$4,250,483	$6,663,128	$15,287,989

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Court fines receivable unavailable to pay for current period expenditures are deferred in the funds, however, the net change in the deferred fines revenue is recognized as revenue in the Statement of Activities." The details of this $1,522,731 difference are as follows:

County clerk fines	$250,376
District clerk fines	1,147,151
Justice of the peace fines	125,204
Total	$1,522,731

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Cash

At year end, the carrying amount of the County's cash on hand and deposits was $17,957,486 (including $2,968,517 in custodial funds). All of the bank balance of $18,928,975 was covered by federal deposit insurance and collateralized by the pledging financial institution with marketable securities held by an agent in the bank's name.

Investments

As of September 30, 2021, the County had the following investments:

Investment type	Credit Rating	Fair Value	Days to Maturity
Government sponsored investment pool (TexPool)	AAAm*	$4,678,136	<30
Total Fair Value		$4,678,136	

* Standard and Poors

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 portfolio to less than three years.

Credit Risk. State law limits investments as described previously in Note I.E.1.

Concentration of Credit Risk. The County's investment policy does not allow for an investment in any one issuer (other than investment pools) that is in excess of five percent of the fair value of the County's total investments.

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County requires all deposits to be covered by Federal Depository Insurance Corporation (FDIC) insurance and/or collateralized by qualified securities pledged by the County's depository in the County's name and held by the depository's agent.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

TexPool is an external investment pool and is not SEC registered. The Texas Interlocal Cooperation Act and the Texas Public Funds Investment Act provide for creation of public funds investments pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The fair value of investments in the pool is independently reviewed monthly. At September 30, 2021 the fair value of the position in TexPool approximates the fair value of the shares.

B. Receivables

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

	General	NonMajor and Other	Total
Taxes receivable	$723,238	$262,785	$986,023
Accounts	$219,203	$ --	$219,203
Allowance	(100,000)	--	(100,000)
Net accounts receivable	$119,203	$ --	$119,203
Fines receivable	$6,948,186	$ --	$6,948,186
Allowance	(2,054,572)	--	(2,054,572)
Net fines receivable	$4,893,614	$ --	$4,893,614

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Deferred tax revenue (General Fund)	$654,585	$ --	$654,585
Deferred fines revenue (General Fund)	1,522,731	--	1,522,731
Deferred grant revenue - (American Recovery Program)	--	3,449,089	3,449,089
Deferred tax revenue (NonMajor Funds)	237,916	--	237,916
Total deferred/unearned revenue for governmental funds	$2,415,232	$3,449,089	$5,864,321

C. Capital assets

Capital asset activity for the year ended September 30, 2021:

	Balance 9/30/20	Additions	Retirements	Inventory Adjustment	Balance 9/30/21
GOVERNMENTAL ACTIVITIES:					
Capital assets, not being depreciated:					
Land	$341,562	$ --	$ --	$ --	$341,562
Construction in progress	11,058,754	10,847,570	--	--	21,906,324
Total capital assets not being depreciated	11,400,316	10,847,570	--	--	22,247,886
Capital assets, being depreciated:					
Buildings	4,737,000	--	--	--	4,737,000
Infrastructure	37,312,169	1,847,423	(84,693)	(6,830)	39,068,069
Machinery and equipment	7,463,530	1,147,551	(414,755)	--	8,196,326
Total capital assets being depreciated	49,512,699	2,994,974	(499,448)	--	52,001,395
Less accumulated depreciation for:					
Buildings	(3,731,550)	(111,338)	--	--	(3,842,888)
Infrastructure	(18,354,189)	(783,113)	84,693	6,830	(19,045,779)
Machinery and equipment	(5,375,941)	(609,379)	357,834	--	(5,627,486)
Total accumulated depreciation	(27,461,680)	(1,503,830)	442,527	--	(28,516,153)
Total capital assets being depreciated, net	22,051,019	1,491,144	(56,921)	--	23,485,242
Governmental activities capital assets, net	$33,451,335	$12,338,714	($56,921)	$ --	$45,733,128

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

Governmental activities:	
General administration	$38,445
Public facilities	64,464
Public safety	270,107
Public transportation	1,121,530
Health and welfare	9,284
Total depreciation expense - governmental activities	$1,503,830

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of September 30, 2021 as follows:

Fund	Receivable	Payable
Major Funds		
General Fund	$248,923	$ --
2017 GO Bonds Construction	--	--
Nonmajor Funds		
County Clerk Vital Statistics	--	1,028
District Court Records Management	--	1,323
Hazard Mitigation Fund	--	25,000
Courthouse Restoration		152,846
Bois D'Arc Lake Reservoir (SO)	--	68,726
Total Governmental Funds	$248,923	$248,923

Interfund receivables/payables arise because of overdrafts in pooled cash.

E. Joint Venture

The County participates (20%) with Cooke and Grayson counties in the Cooke, Fannin and Grayson County Juvenile Detention Center. Under the interlocal agreement governing the joint venture, the County shares in the cost of operations, construction and maintenance of the joint venture. The agreement requires maintenance of a minimum fund balance and returns excess assets to the venturers. Separate financial statements of the joint venture are available from the Grayson County Auditor, Sherman, Texas. An equity interest in the joint venture has not been recorded because the terms of the interlocal agreement governing the joint venture provide that, under certain circumstances, withdrawing venturers forfeit all rights, title and interest in property of the joint venture. Following is unaudited summary information of the operations of the joint venture for the year ended September 30, 2021 under the modified accrual basis of accounting:

	Unaudited
Total revenues	$1,069,866
Total expenses	(1,069,866)
Change in net assets	--
Contributions from joint venturers	675,317
Net assets - September 30, 2020	491,343
Net assets - September 30, 2021	$1,166,660

F. Long-term debt

The County issues general obligation debt (in the form of general obligation bonds, certificates of obligation, contractual obligations, and notes payable) to provide funds for the acquisition and construction of equipment and major capital facilities. These issues are direct obligations and pledge the full faith and credit of the County. General obligation bonded debt of the County is as follows:

\$6,150,000 General Obligation - Series 2017, principal due annually in series through 2042, interest due semi-annually at 3.00% to 4.00%	\$ 5,585,000
\$6,210,000 General Obligation - Series 2018, principal due annually in series through 2044, interest due semi-annually at 3.00% to 4.00%	6,010,000
\$9,860,000 Certificates of Obligation - Series 2020, principal due annually in series through 2045, interest due semi-annually at 3.00% to 4.00%	9,860,000
	\$21,455,000

Annual debt service requirements to maturity for general debt:

	Governmental Activities		
Year	Principal	Interest	Total
2022	\$615,000	\$649,188	\$1,264,188
2023	680,000	626,387	1,306,387
2024	705,000	601,988	1,306,988
2025	720,000	576,862	1,296,862
2026	750,000	551,013	1,301,013
2027-2031	4,130,000	2,357,737	6,487,737
2032-2036	4,795,000	1,712,436	6,507,436
2037-2041	5,530,000	975,494	6,505,494
2042-2045	3,530,000	188,774	3,718,774
	\$21,455,000	\$8,239,879	\$29,694,879

Capital Leases Currently Outstanding:

Purpose	Original Amount	Date Made	Date Due	Interest Rate	Periodic Payment	Balance 9/30/21
Capital Leases						
Voting equipment	\$357,169	3/10/21	3/10/25	2.99%	\$96,088	\$357,169
Capital leases payable						\$357,169

Annual debt service requirements to maturity for capital leases:

	Capital Lease Obligations		
Year	Principal	Interest	Total
2022	$85,373	$10,715	$96,088
2023	87,934	8,154	96,088
2024	90,572	5,516	96,088
2026	93,290	2,799	96,089
Total	$357,169	$27,184	$384,353

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2021, was as follows:

	Balance 09/30/20	Additions	Retirements	Balance 09/30/21	Due Within One Year
Governmental activities:					
General obligation bonds	$11,930,000	$ --	($335,000)	$11,595,000	$350,000
Certificates of obligation	9,860,000	--	--	9,860,000	265,000
Deferred amounts:					
Unamortized premium	655,687	--	(28,438)	627,249	28,436
Unamortized discount	(218,188)	--	9,358	(208,830)	(9,358)
	22,227,499	--	(354,080)	21,873,419	634,078
Capitalized lease obligation	52,139	357,169	(52,139)	357,169	85,373
Net pension liability	1,062,500	101,253	--	1,163,753	--
Compensated absences	216,880	167,667	(216,880)	167,667	167,667
Governmental activity Long-Term Liabilities	$23,559,018	$626,089	($623,099)	$23,562,008	$887,118

For the governmental activities, claims and judgements and compensated absences are generally liquidated by the General Fund, and the Road and Bridge Funds.

Authorized and Unissued Debt

The County had no authorized but unissued debt at 9/30/21.

Conduit Debt Obligations

Certain revenue bonds entitled the Fannin County Public Facility Corporation Project Revenue Bonds, Series 2008, were issued to provide financial assistance to a nonprofit public corporation to provide funds to finance a project that consists of the development, design, construction, furnishing and equipping of a multi-classification secure detention center on real property in Fannin County. The bonds are secured by the property financed and are payable by the issuer solely from the rental payments, which are in turn payable by the County solely from the project revenues and other funds pledged therefor pursuant to the indenture. The County is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. In the fiscal year ended September 30, 2014, the original bonds were refunded with the Fannin County PFC Senior Lien Refunding Bonds, Taxable Series 2014. As of September 30, 2021, the principal amount payable was $27,060,000.

IV. OTHER INFORMATION

A. Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various nature. The County participates in the Texas Association of Counties Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool which retains the risk of loss beyond the County's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the County's basic financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

B. Contingent Liabilities and Commitments

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

The County periodically is defendant in various lawsuits. As of September 30, 2021, after consultation with the County's attorney, the County is not aware of any pending or threatened litigation which would have a material effect on the financial statements.

The District Clerk has invested trust funds at various financial institutions in accordance with court orders. The County has a fiduciary responsibility over these funds until their final disposition.

C. Retirement Commitments

1. Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit 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 statewide agent multi-employer public employee retirement system consisting of 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, 78768-20343.

The plan provisions are adopted by the County commissioners' court, within the options available in the state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 30 years 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 County commissioners' court within the 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 contribution and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

2. Benefits

TCDRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the County, within the options available in the state statutes governing TCDRS.

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees (or their beneficiaries) currently receiving benefits	103
Inactive employees entitled to but not yet receiving benefits	111
Active employees	150
	364

3. Contributions

The contribution rates for employees in TCDRS was 7% of employee gross earnings, and the County percentages was 11.51% for October 1, 2020 through December 31, 2020, and 11.56% for January 1, 2021 through September 30, 2021, both as adopted by the governing body of the County. Under the state law governing TCDRS, the contribution rate for each County is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial N84 cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The County's contributions to TCDRS for the year ended September 30, 2021, were $662,591 and were equal to the required contributions.

4. Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2020, 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 2.75% (made up of 2.25% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee.

Actuarial assumptions used in the December 31, 2020, valuation were based on the results of actuarial experience studies. These assumptions were first used in the December 31, 2017 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2020 valuation.

The long-term expected rate of return on pension plan investments is 8.10%. 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. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	11.50%	4.25%
Global Equities	2.50%	4.55%
International Equities - Developed	5.00%	4.25%
International Equities - Emerging	6.00%	4.75%
Investment - Grade Bonds	3.00%	-0.85%
Strategic Credit	9.00%	2.11%
Direct Lending	16.00%	6.70%
Distressed Debt	4.00%	5.70%
REIT Equities	2.00%	3.45%
Master Limited Partnerships (MLPs)	2.00%	5.10%
Private Real Estate Partnerships	6.00%	4.90%
Private equity	25.00%	7.25%
Hedge Funds	6.00%	1.85%
Cash Equivalents	2.00%	0.70%
	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability (Asset) 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 statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability (Asset).

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability [a]	Plan Fiduciary Net Position [b]	Net Pension Liability(Asset) [a] - (b)
Balance at 12/31/19	$27,761,826	$26,699,327	$1,062,499
Changes for the year:			
Service cost	807,058	0	807,058
Interest on total pension liability	2,256,720	0	2,256,720
Effect of plan changes	0	0	0
Effect of economic/demographic gains or losses	(770,313)	0	(770,313)
Effect of assumptions changes or inputs	1,655,030	0	1,655,030
Refund of contributions	(38,235)	(38,235)	0
Benefit payments	(1,406,162)	(1,406,162)	0
Administrative expenses	0	(21,295)	21,295
Member contributions	0	422,839	(422,839)
Net investment income	0	2,757,553	(2,757,553)
Contributions - employer	0	695,269	(695,269)
Other	0	(7,122)	7,122
Net changes	2,504,098	2,402,847	101,251
Balance at 12/31/20	$30,265,924	$29,102,174	$1,163,750

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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	$34,061,363	$30,265,924	$27,069,583
Fiduciary net position	29,102,174	29,102,174	29,102,174
Net Pension Liability (Asset)	$4,959,189	$1,163,750	($2,032,591)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2021, the County recognized pension expense of $463,871. At September 30, 2021, the County reported deferred outflows and inflows of resources related to pensions from the following sources:

	Original Amount	Date Established	Original Recognition Period	Amount Recognized in 9/30/21 Expense	Balance of Deferred Inflows 12/31/20	Balance of Deferred Outflows 12/31/20
Investment (gains) or losses	($608,993)	12/31/2020	5.0	($121,799)	$487,194	$ --
	(1,932,461)	12/31/2019	5.0	(386,492)	1,159,477	--
	2,354,906	12/31/2018	5.0	470,981	--	941,963
	(1,348,773)	12/31/2017	5.0	(269,755)	269,754	--
	131,522	12/31/2016	5.0	26,305	--	--
Economic/demographic (gains) or losses	($770,313)	12/31/2020	4.0	(192,578)	577,735	--
	101,449	12/31/2019	4.0	25,362	--	50,725
	(182,302)	12/31/2018	4.0	(45,576)	45,574	--
	(51,235)	12/31/2017	4.0	(12,808)	--	--
Assumptions changes or inputs	1,655,030	12/31/2020	4.0	413,758	--	1,241,272
	--	12/31/2019	4.0	--	--	--
	--	12/31/2018	4.0	--	--	--
	142,705	12/31/2017	4.0	35,677	--	--
Employer contributions made subsequent to measurement date				--	--	498,566
				($56,925)	$2,539,734	$2,732,526

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Inflows/outflows to Be Recognized in Future Years

Year ended December 31,	
2021	($106,096)
2022	209,234
2023	(287,115)
2024	(121,797)
2025	--
	($305,774)

F. Concentrations of Credit Risk

Taxes receivable are due from citizens and businesses within the County's boundaries. Risk of loss is immaterial due to wide dispersion of receivables and because of policies which address procedures for filing property tax liens. Fines receivable are due from citizens primarily within the County's boundaries. Risk of loss is reduced by an allowance for uncollectibles and collection policies.

G. Agreement Concerning Development of Reservoir Project

In the year ended September 30, 2019, the County entered into a contract with the North Texas Municipal Water District for reimbursement to the County for anticipated impact to County roads created by the development of the Bois d'Arc Creek reservoir in Fannin County. Terms of the agreement required an initial payment to the County of $971,263, with eight more annual payments of $100,000, for a total of $1,771,263.

H. Implementation of GASB 84

The County implemented GASB 84 for the year ended September 30, 2021. GASB 84 requires that Custodial Funds, previously referred to as Agency Funds, adopt an accrual basis of accounting, and accordingly present a Statement of Net Position (previously referred to as a Statement of Fiduciary Assets and Liabilities), and a Statement of Changes in Net Position. The Statement of Net Position reflects the inflows and outflows of resources for the year and the change in net position. GASB 84 also requires liabilities not payable within the near term be treated as restricted net position. The payroll fund which was previously reported as an agency fund, was deemed as an accounting convenience and is no longer recorded in the financial statements. Implementation of GASB 84 required a restatement of prior year Custodial Funds liabilities of $2,589,317 to net position.

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APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

Financial Advisory Services
Provided By:

SAMCO Capital