OFFICIAL STATEMENT

Dated September 19, 2022

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

NEW ISSUE – BOOK-ENTRY-ONLY

In the opinion of Bond Counsel to the County, interest on the Notes will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

$19,560,000
UPTON COUNTY, TEXAS
TAX NOTES, SERIES 2022

Dated Date: September 15, 2022 **Due: February 15, as shown on page 2**
Interest Accrues from the Date of Initial Delivery (defined below)

PAYMENT TERMS . . . Interest on the $19,560,000 Upton County, Texas, Tax Notes, Series 2022 (the "Notes") will accrue from the Date of Initial Delivery, defined below, of the Notes and will be payable February 15 and August 15 of each year until maturity commencing February 15, 2023, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Notes will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the book-entry-only system described herein. Beneficial ownership of the Notes may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Notes will be made to the owners thereof.** Principal of, premium, if any, and interest on the Notes will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Notes. See "THE NOTES – BOOK-ENTRY-ONLY SYSTEM" herein. The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "THE NOTES – PAYING AGENT/REGISTRAR").

AUTHORITY FOR ISSUANCE . . . The Notes are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapter 1431, Texas Government Code, as amended, and an order adopted by the Commissioners Court of Upton County, Texas (the "County") on the date of sale (the "Order"). The Notes are direct obligations of the County payable from the levy and collection of an ad valorem tax levied, within the limits prescribed by law, on all taxable property within the County, as provided in the Order (see "THE NOTES – AUTHORITY FOR ISSUANCE" and "THE NOTES – SECURITY AND SOURCE OF PAYMENT").

PURPOSE . . . Proceeds from the sale of the Notes will be used for the purpose of (1) paying contractual obligations incurred or to be incurred for the new construction and renovation of buildings, purchase of materials, supplies, equipment, machinery, and land for the County's authorized needs and purposes, including a senior center, swimming pool, and ballpark renovations; and (2) the payment of professional services in connection with issuing the Notes (see "THE NOTES – PURPOSE").

CUSIP PREFIX: 916813
MATURITY SCHEDULE, INTEREST RATES, PRICES AND OTHER TERMS
See Next Page

LEGALITY . . . The Notes are offered for delivery when, as and if issued and received by the underwriters named below (the "Underwriters") and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel (see "APPENDIX C – Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas.

DELIVERY . . . It is expected that the Notes will be available for delivery through DTC on October 19, 2022 (the "Date of Initial Delivery").

SAMCO CAPITAL **PIPER SANDLER & CO.**

CUSIP PREFIX [1]: 916813

MATURITY SCHEDULE

Maturity Date February 15	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix [1]
2023	$ 6,205,000	5.000%	2.600%	BG2
2024	6,345,000	5.000%	2.710%	BH0
2025	2,220,000	5.000%	2.770%	BJ6
2026	2,335,000	5.000%	2.830%	BK3
2027	2,455,000	5.000%	2.930%	BL1

(Interest Accrues from the Date of Initial Delivery)

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REDEMPTION . . . The Notes will not be subject to optional or mandatory redemption prior to their stated maturities (see "THE NOTES – REDEMPTION").

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This Official Statement, which includes the cover pages, 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 or representations must not be relied upon.

The information set forth herein has been obtained from the County and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor or the Underwriters. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or other matters described herein.

THE NOTES ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE NOTES 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.

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

NONE OF THE COUNTY, ITS FINANCIAL ADVISOR, OR THE UNDERWRITERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY ONLY SYSTEM AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC.

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

None of the County, the Financial Advisor, or the Underwriters make any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company or its Book-Entry-Only System.

TABLE OF CONTENTS

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

OFFICIAL STATEMENT SUMMARY

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

THE COUNTY	The County is a legal subdivision of the State of Texas, located in northwest Texas. The County covers approximately 1,241 square miles. The City of Rankin is the County Seat (see "APPENDIX A – GENERAL INFORMATION REGARDING THE COUNTY" and "COUNTY OFFICIALS, STAFF AND CONSULTANTS").
THE NOTES	The Notes are being issued as $19,560,000 Upton County, Texas Tax Notes, Series 2022. The Notes are issued as serial Notes maturing on February 15 in the years 2023 through and including 2027 (see "THE NOTES – GENERAL").
PAYMENT OF INTEREST	Interest on the Notes accrues from the Date of Initial Delivery and is payable February 15, 2023, and each August 15 and February 15 thereafter until maturity (see "THE NOTES – GENERAL").
AUTHORITY FOR ISSUANCE	The Notes are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapter 1431, Texas Government Code, as amended, an order authorizing the issuance of the Notes adopted by the Commissioners Court on the sale date (collectively, the "Order") (see "THE NOTES – AUTHORITY FOR ISSUANCE").
SECURITY FOR THE NOTES	The Notes constitute direct obligations of the County payable from the levy and collection of an ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the County, as provided in the Order (see "THE NOTES – SECURITY AND SOURCE OF PAYMENT").
USE OF PROCEEDS	Proceeds from the sale of the Notes will be used for the purpose of (1) paying contractual obligations incurred or to be incurred for the new construction and renovation of buildings, purchase of materials, supplies, equipment, machinery, and land for the County's authorized needs and purposes, including a senior center, swimming pool, and ballpark renovations; and (2) the payment of professional services in connection with issuing the Notes (see "THE NOTES – PURPOSE").
TAX EXEMPTION	Interest on the Notes will be excludable from gross income for federal income tax purposes under existing law. See "TAX MATTERS" herein.
REDEMPTION	The Notes will not be subject to optional or mandatory redemption prior to their stated maturities (see "THE NOTES – REDEMPTION").
RATINGS	The Notes are rated "AA-" by S&P Global Ratings ("S&P") (see "OTHER INFORMATION – RATINGS").
BOOK-ENTRY-ONLY SYSTEM	The definitive Notes will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Notes may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Notes will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Notes will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Notes (see "THE NOTES – BOOK-ENTRY-ONLY SYSTEM").
PAYMENT RECORD	The County has never defaulted in payment of its outstanding debt obligations.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 12/31	Estimated Population [(1)]	Taxable Assessed Valuation [(2)]	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at End of Year	Ratio of Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita	% of Total Tax Collections
2018	3,671	$ 3,203,400,429	$ 872,623	$ -	0.00%	$ -	98.96%
2019	3,644	4,465,926,129	1,225,556	-	0.00%	-	99.54%
2020	3,308	5,737,930,669	1,734,562	-	0.00%	-	99.23%
2021	3,308	6,908,782,571	2,088,507	-	0.00%	-	98.94%
2022	3,308	7,358,114,827	2,224,339	19,560,000 [(3)]	0.27%	5,913	99.16% [(4)]
2023	3,308	14,147,049,589	4,276,617	13,355,000 [(3)]	0.09%	4,037	N/A

____

(1) Source: The Municipal Advisory Council of Texas.
(2) See "TAX INFORMATION – AD VALOREM TAX DEBT AND TAX RATE LIMITATIONS" for information concerning the County's taxing authority for payment of debt.
(3) Includes the Notes.
(4) Collections as of July 31, 2022.

For additional information regarding the County, please contact:

Honorable Dusty W. Kilgore
County Judge
Upton County
205 E. 10th Street
Rankin, Texas 79778
(432) 693-2321

Or

Vince Viaille
Managing Director
Specialized Public Finance Inc.
4925 Greenville Avenue, Suite 1350
Dallas, Texas 75206
(214) 373-3911

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COUNTY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

Name	Title	Term Expires
Honorable Dusty W. Kilgore	County Judge	December, 2022
Pete Jackson	Commissioner Precinct 1	December, 2024
Tommy Owens	Commissioner Precinct 2	December, 2022
Mike Smart	Commissioner Precinct 3	December, 2024
Gary Wolfe	Commissioner Precinct 4	December, 2022

SELECTED ADMINISTRATIVE STAFF

Name	Position	Start Date
LaWanda McMurray	County and District Clerk	January, 2009
Christy Hodges	County Auditor	February, 2014
Vivian Venegas	County Treasurer	January, 2021

CONSULTANTS AND ADVISORS

Auditor...Eckert & Company, LLP
San Angelo, Texas

Bond Counsel .... McCall, Parkhurst & Horton L.L.P.
Dallas, Texas

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

OFFICIAL STATEMENT
RELATING TO

$19,560,000
UPTON COUNTY, TEXAS
TAX NOTES, SERIES 2022

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of the $19,560,000 Upton County, Texas, Tax Notes, Series 2022 (the "Notes"). The Notes are being issued pursuant to an order authorizing the issuance of the Notes approved by the Commissioners Court (the "Court" or "Commissioners Court") of Upton County, Texas (the "County") on the date of sale of the Notes (the "Order").

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

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

DESCRIPTION OF THE COUNTY . . . The County was organized in 1887 and operates as specified under the Constitution of the State of Texas (the "State") and statutes which provide for a Commissioners Court consisting of the County Judge and four Commissioners, one from each of four geographical precincts. The County Judge is elected for a term of four years and the Commissioners for four year staggered terms. Other major County elective officers include the County Clerk and County Treasurer. The County Auditor is appointed for a term of two years by and serves at the will of the District Judges whose courts are located in the County. The 2020 Census population for the County was 3,308, while the estimated 2022 population is 3,265. The County covers approximately 1,241 square miles. The City of Rankin is the County Seat. For more information regarding the County, see "APPENDIX A – GENERAL INFORMATION REGARDING THE COUNTY."

INFECTIOUS DISEASE OUTBREAK – COVID-19 . . . In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus ("COVID-19") to be a public health emergency. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State of Texas (the "State") because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to the Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings, and other activities.

Over the ensuing year, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the State. Following the widespread release and distribution of various COVID-19 vaccines in 2021 and a decrease in active COVID-19 cases generally in the United States, state governments (including Texas) have started to lift business and social limitations associated with COVID-19. Beginning in March 2021, the Governor issued various executive orders, which, among other things, rescinded and superseded prior executive orders and provide that there are currently no COVID-19 related operating limits for any business or other establishment except in counties with an "area with high hospitalizations" where a county judge may impose COVID-19 related mitigation strategies. Upton County is not currently an "area with high hospitalizations." The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. 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 into this Official Statement.

With the decrease in the number of active COVID-19 cases and the easing or removal of associated governmental restrictions, economic activity has increased. However, there are no assurances that such increased economic activity will continue or continue at the same rate, especially if there are future outbreaks of COVID-19. The County has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19; however the County cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity and re-imposition of restrictions.

THE NOTES

GENERAL . . . The Notes are dated September 15, 2022 and mature on February 15 in each of the years and in the amounts shown on page 2 of this Official Statement. Interest will accrue from the Date of Initial Delivery and will be computed on the basis of a 360-day year of twelve 30-day months. The Notes will be payable on February 15 and August 15, commencing February 15, 2023 until maturity. The definitive Notes will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Notes will be made to the owners thereof.** Principal of, premium, if any, and interest on the Notes will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Notes. See "BOOK-ENTRY-ONLY SYSTEM."

AUTHORITY FOR ISSUANCE . . . The Notes are issued pursuant to the Constitution and the general laws of the State, including particularly Chapter 1431, Texas Government Code, as amended, and the Order.

SECURITY AND SOURCE OF PAYMENT . . . The Notes are direct obligations of the County payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property within the County, as provided in the Order.

REDEMPTION . . . **The Notes will not be subject to optional or mandatory redemption prior to their stated maturities.**

DEFEASANCE . . . The Order provides for the defeasance of the Notes when the payment of the principal of and premium, if any, on the Notes, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar, or authorized escrow agent, in trust (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Notes shall have become due and payable, and thereafter the County will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such Defeased Notes, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The Order provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharges obligations such as the Notes. 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 their acquisition or purchase by the County, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the County, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The County has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested 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.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Notes. Because the Order does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or that for any other Defeasance Security will be maintained at any particular rating category.

Upon defeasance, all rights of the County to initiate proceedings to call the Notes for redemption or take any other action amending the terms of the Notes are extinguished; provided, however, that the right to call the Notes for redemption is not extinguished if the County: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Notes for redemption; (ii) gives notice of the reservation of that right to the owners of the Notes immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Upon making such deposit in the manner described, such defeased Notes shall no longer be deemed outstanding obligations secured by the Order, but will be payable only from the funds and Defeasance Securities deposited in escrow and will not be considered debt of the County for purposes of taxation or applying any limitation on the County's ability to issue debt or for any other purpose.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Notes is to be transferred and how the principal of, premium, if any, and interest on the Notes are to be paid to and credited by DTC while the Notes are registered in its nominee's 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 believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

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

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

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

To facilitate subsequent transfers, all Notes 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 Notes 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes 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 Notes 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 Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Notes 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 Notes held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments on the Notes 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.

A Beneficial Owner shall give notice to elect to have its Notes purchased or tendered, through its Participant, to the Paying Agent/Registrar, and shall effect delivery of such Notes by causing the Direct Participant to transfer the Direct Participant's interest in such Notes, on DTC's records, to the Paying Agent/Registrar. The requirement for physical delivery of any Notes in connection with an optional or mandatory tender will be deemed satisfied when the ownership rights in such Notes are transferred by Direct Participants on DTC's records followed by a book-entry credit of such tendered Notes to the Paying Agent/Registrar's DTC account.

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

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

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

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT . . . In reading this Official Statement it should be understood while the Notes 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 Notes, 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, the following provisions will be applicable to the Notes. The Notes may be exchanged for an equal aggregate principal amount of the Notes in authorized denominations and of the same maturity upon surrender thereof at the principal office for payment of the Paying Agent/Registrar. The transfer of any Note may be registered on the books maintained by the Paying Agent/Registrar for such purpose only upon the surrender of such Note to the Paying Agent/Registrar with a duly executed assignment in form satisfactory to the Paying Agent/Registrar. For every exchange or transfer of registration of Notes, the Paying Agent/Registrar and the County may make a charge sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. The County shall pay the fee, if any, charged by the Paying Agent/Registrar for the transfer or exchange. The Paying Agent/Registrar will not be required to transfer or exchange any Note after its selection for redemption. The County and the Paying Agent/Registrar may treat the person in whose name a Note is registered as an absolute owner thereof for all purposes, whether such Note is overdue or not, including for the purpose of receiving payment of, or on account of, the principal of, premium, if any, and interest on, such Note.

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

TRANSFER, EXCHANGE AND REGISTRATION . . . If the Book-Entry-Only System should be discontinued, the Notes may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Notes may be assigned by the execution of an assignment form on the respective Notes or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Notes will be delivered by the Paying Agent/Registrar, in lieu of the Notes being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first-class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Notes issued in an exchange or transfer of Notes will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Notes to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Notes registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Notes surrendered for exchange or transfer. See "THE NOTES – BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Notes. Neither the County nor the Paying Agent/Registrar shall be required to transfer or exchange any Note called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Note.

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

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the County. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Note 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.

NOTEHOLDERS' REMEDIES . . . The Order establishes the following occurrences or events as "Events of Default": (i) the failure to make payment of the principal of or interest on any of the Notes when the same becomes due and payable; or (ii) default in the performance or observance of any other covenant, agreement or obligation of the County, the failure to perform which materially, adversely affects the rights of the Holders of the Notes, including but not limited to, their prospect or ability to be repaid in accordance with the Order, and the continuation thereof for a period of 60 days after notice of such default is given by any Holder to the County. The Order does not provide for a trustee to enforce the covenants and obligations of the County.

On April 1, 2016, the Texas Supreme Court rules in *Wasson Interest, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) ("*Wasson I*"), that governmental immunity does not imbue a city with derivative immunity when it performs a proprietary, as opposed to governmental, function in respect to contracts executed by a city. On October 5, 2018, the Texas Supreme Court issued a second opinion to clarify *Wasson I, Wasson Interests, Ltd. v. City of Jacksonville*, 559 S.W. 3d 142 (Tex. 2018) ("*Wasson II*"), and together with Wasson 1, "*Wasson*"), ruling that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function at the time it entered into the contract, not at the time of the alleged breach. In Wasson, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in regard to municipal contract cases (as opposed to tort claim cases), it is incumbent on the courts to determine whether a function was governmental or proprietary based upon the statutory and common law guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the state's immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Issues related to the applicability of a governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question.

On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 49 Tex. Sup. Ct. J. 819 (Tex. 2006) ("Tooke"), that a waiver of governmental 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 governmental immunity from a suit for money damages, Owners may not be able to bring such a suit against the County for breach of the Notes or covenants in the Order. 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 Notes.

As noted above, the Order provides that holders of Notes may exercise the remedy of mandamus to enforce the obligations of the County under the Order. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in Tooke, and it is unclear whether Tooke will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

The County is also 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 taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Noteholders 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 Notes are qualified with respect to the customary rights of debtors relative to their creditors, principles of governmental immunity and general principles of equity that permit the exercise of judicial discretion.

AMENDMENTS TO THE ORDER . . . The County has reserved the right to amend the Order without the consent of any owners to (1) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the owners, (2) grant additional rights or security for the benefit of the owners, (3) add events of default as shall not be inconsistent with the provisions of the Order that do not materially adversely affect the interests of the owners, (4) qualify the Order under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (5) make such other provisions in regard to matters or questions arising under the Order that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the County, do not materially adversely affect the interests of the owners.

The Order provides that the owners of the respective Notes of the affected series aggregating 51% of the principal amount of the Notes of such series as authorized by the Order shall have the right from time to time to approve any amendment not described above if it is deemed necessary or desirable by the County; provided, however, that without the consent of the owners of 100% in original principal amount of the Notes no amendment may be made for the purpose of: (1) making any change in the maturity of any of the Notes; (2) reducing the rate of interest borne by any of the Notes; (3) reducing the amount of the principal of, or redemption premium, if any, payable on any Notes; (4) modifying the terms of payment of principal of or interest or redemption premium on Notes or imposing any condition with respect to such payment; or (5) changing the minimum percentage of the principal amount of Notes necessary for consent to such amendment. Reference is made to the Order for further provisions relating to the amendment thereof.

PURPOSE . . . Proceeds from the sale of the Notes will be used for the purpose of (1) paying contractual obligations incurred or to be incurred for the new construction and renovation of buildings, purchase of materials, supplies, equipment, machinery, and land for the County’s authorized needs and purposes, including a senior center, swimming pool, and ballpark renovations; and (2) the payment of professional services in connection with issuing the Notes.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Notes will be applied as follows:

SOURCES OF FUNDS:		
Par Amount of Notes	$	19,560,000.00
Reoffering Premium		709,061.65
Total Sources	$	20,269,061.65
USES OF FUNDS:		
Deposit to Project Construction Fund	$	20,000,000.00
Underwriters' Discount		84,235.37
Costs of Issuance/Rounding Amount		184,826.28
Total Uses	$	20,269,061.65

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TAX INFORMATION

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. Reference is made to 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.

AD VALOREM TAX LAW . . . 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 ("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 Upton County Appraisal District (the "Appraisal District"). Except as 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 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 (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised.

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 ("Productivity Value"). 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 "TAX INFORMATION – 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 the appraised value of the homesteads of persons 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.

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 EXEMPTIONS . . . Certain goods 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 to tax Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods, principally inventory, that are stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days ("Goods-in-Transit"), are exempt from ad valorem taxation unless a taxing unit takes official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax Goods-in-Transit beginning the following tax year. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include special inventories such as motor vehicles or boats in a dealer's retail 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 FINANCING ZONES . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment financing zones ("TIRZ") within its boundaries, and other overlapping taxing units may agree to contribute taxes levied against the "Incremental Value" in the TIRZ to finance or pay for project costs, as defined in Chapter 311, Texas Government Code, general located within the TIRZ. 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 "Incremental Value," and during the existence of the TIRZ, all or a portion of the taxes levied by each participating taxing unit against the Incremental Value in the TIRZ are restricted to paying project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units. See "TAX INFORMATION – COUNTY APPLICATION OF PROPERTY TAX CODE" for descriptions of any TIRZ created in the County.

CHAPTER 381 AGREEMENTS . . . The County is authorized, pursuant to Chapter 381, Texas Local Government Code, as amended ("Chapter 381"), to establish programs to promote state or local economic development and to stimulate business and commercial activity in the County. In accordance with a program established pursuant to Chapter 381, the County may make loans or grants of public funds for economic development purposes, however no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the County. The County may contract with the federal government, the State, another political subdivision, a nonprofit organization or any other entity, including private entities, for the administration of such a program.

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. See "TAX INFORMATION – COUNTY APPLICATION OF TAX CODE" for descriptions of any of the County's tax abatement agreements.

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

Temporary Exemption for Qualified Property Damaged by a Disaster: The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the County, adopting its tax rate for the tax year. A taxing unit, such as the County, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established by the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised. Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster. The Property Tax Code was recently amended to codify the decision in KP-0299.

PUBLIC HEARING AND 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).

"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) a rate for funding of maintenance and operations expenditures in the current year (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" (as such terms are defined above) in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the county. 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 each appraisal district in which such county participates 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.

For counties with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that 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.

For counties with a population less than 30,000 as of the most recent federal decennial census, if the 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 has a population of less than 30,000 as of the most recent federal decennial census and 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 Notes. See "TAX INFORMATION – AD VALOREM TAX DEBT AND TAX RATE LIMITATIONS" for a description of the debt service tax rate limitations applicable to each series of the Notes.

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.

ISSUER AND TAXPAYER REMEDIES . . . Under certain circumstances, the County and its taxpayers 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 of at least $50 million and situated in a county with a population of one million or more as of the most recent federal decennial census may additionally protest the determinations of appraisal district directly to a three-member special panel of the appraisal review board, selected by a State district judge, consisting of highly qualified professionals in the field of property tax appraisal.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the County and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "– PUBLIC HEARING AND MAINTENANCE AND OPERATION TAX RATE LIMITATIONS"). The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

COUNTY'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the County are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the County, having power to tax the property. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes. 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, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

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

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

After July, the penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, an attorney's collection fee of up to 20% may be added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the County's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

COUNTY APPLICATION OF TAX CODE . . . The County grants an exemption to the market value of the residence homestead of persons who are 65 years of age or older of $30,000; the disabled are also granted an exemption of $20,000.

The County grants a local option tax limitation to residence homesteads of persons that qualify for the over 65 and disabled persons exemption per Section 11.201 of the Property Tax Code.

See Table 1 for a listing of the amounts of the exemptions described above.

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

The County does not tax nonbusiness personal property; and the Upton County Tax Assessor collects taxes for the County.

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

The County does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The County has adopted a tax abatement policy.

TABLE 1 – VALUATION, EXEMPTIONS AND AD VALOREM TAX DEBT

2021/2022 Market Valuation Established by Upton County Appraisal District (excluding totally exempt property)	$ 8,268,797,254
Less Exemptions/Reductions at 100% Market Value:	$ 910,682,427
2021/2022 Taxable Assessed Valuation	$ 7,358,114,827
2022/2023 Taxable Assessed Valuation	$ 14,147,049,589
The Notes	$ 19,560,000
Total Debt Payable from Ad Valorem Taxes	$ 19,560,000
Ratio Tax Supported Debt to 2022/2023 Taxable Assessed Valuation	0.14%

2022 Estimated Population - 3,308
Per Capita 2022/2023 Taxable Assessed Valuation - $4,276,617
Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - $5,913

TABLE 2 – VALUATION AND AD VALOREM TAX DEBT HISTORY

Fiscal Year Ended 12/31	Estimated Population (1)	Taxable Assessed Valuation (2)	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at End of Year	Ratio of Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2018	3,671	$ 3,203,400,429	$ 872,623	$ -	0.00%	$ -
2019	3,644	4,465,926,129	1,225,556	-	0.00%	-
2020	3,308	5,737,930,669	1,734,562	-	0.00%	-
2021	3,308	6,908,782,571	2,088,507	-	0.00%	-
2022	3,308	7,358,114,827	2,224,339	19,560,000 (3)	0.27%	5,913
2023	3,308	14,147,049,589	4,276,617	13,355,000 (3)	0.09%	4,037

(1) Source: The Municipal Advisory Council of Texas.
(2) As reported by the Upton County Appraisal District on County's annual State Property Tax Board Reports; subject to change during the ensuing year.
(3) Includes the Notes.

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TABLE 3 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 12/31	Tax Rate (1)	Distribution General Fund	Distribution Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2018	$ 0.4175	$ 0.3850	$ 0.0325	$ 13,374,197	97.20%	98.96%
2019	0.3516	0.3300	0.0216	15,702,196	98.52%	99.54%
2020	0.2925	0.2744	0.0181	16,783,447	98.14%	99.23%
2021	0.2600	0.2600	-	17,962,835	97.80%	98.94%
2022	0.2594	0.2594	-	19,086,950	97.35% (2)	99.16% (2)

(1) Does not include the Road and Bridge Tax (see "TAX INFORMATION – AD VALOREM TAX DEBT AND TAX RATE LIMITATIONS" herein).
(2) Collections as of July 31, 2022.

TABLE 4 – TEN LARGEST TAXPAYERS (1)(2)

Name of Taxpayer	2021/2022 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Pioneer Natural Resources USA Inc.	$ 1,589,708,500	21.60%
COG Operating LLC	573,867,140	7.80%
Apache Corp	343,984,734	4.67%
Gulf Coast Express	229,394,710	3.12%
Ovintiv USA Inc.	186,015,980	2.53%
Targa Pipeline Mid-Continent-Westtex	162,571,510	2.21%
Permian Highway Pipeline	143,325,000	1.95%
Whistler Pipeline LLC	111,827,160	1.52%
Endeavor Energy Resources	108,492,340	1.47%
Comptroller of Public Accts	100,018,290	1.36%
	$ 3,549,205,364	48.24%

(1) Based on 2021/2022 Taxable Assessed Value of $7,358,114,827.
(2) As shown in the tables above, the top ten taxpayers of the County's tax base account for over 48% of the County's tax base. Adverse developments in economic conditions could adversely impact the businesses that own properties in the County and the tax values in the County, resulting in less local tax revenue. If any major taxpayer were to default in the payment of taxes, the ability of the County to make timely payment of debt service on the Notes will be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process. See "THE NOTES – NOTEHOLDERS' REMEDIES" and "TAX INFORMATION - COUNTY'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES" herein.

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AD VALOREM TAX DEBT AND TAX RATE LIMITATIONS

Limited Tax Debt Payable from the $0.80 Constitutional Tax Rate . . . Section 1301.003 of the Texas Government Code limits the amount of bonds that may be issued for certain purposes as follows:

Courthouse Bonds	-	2% of Assessed Valuation
Jail Bonds	-	1 ½% of Assessed Valuation
Courthouse and Jail Bonds	-	3 ½% of Assessed Valuation
Road and Bridge Bonds	-	1 ½% of Assessed Valuation

However, courthouse, jail and certain other types of bonds may be issued under the authority of Section 1473.101 of the Texas Government Code which removes the above limitations.

Article VIII, Section 9, of the Texas Constitution, imposes a limit of $0.80 per $100 Assessed Valuation for all constitutional purposes, including the General Fund, Permanent Improvement Fund, Road and Bridge Fund and Jury Fund, and debt service of bonds, notes, warrants and anticipation notes issued against such funds. Administratively, as a condition of approval of limited tax obligations, the Attorney General of the State of Texas will permit allocation of $0.40 of the $0.80 constitutional tax rate for debt service. **The Notes are payable from such tax indebtedness and do not exceed this limitation.** The Texas Constitution also authorizes (i) a special Road and Bridge Tax for the further maintenance of the public roads not to exceed $0.15 per $100 of assessed valuation, none of which may be used for payment of debt service, and (ii) a tax for Farm-to-Market or Flood Control purposes not to exceed $0.30 per $100 of assessed valuation.

Unlimited Tax Bonds . . . Article III, Section 52, Texas Constitution, authorizes the County to levy a separate tax, without legal limit as to rate, to pay debt service on County road bonds issued pursuant to such authority. Article III, Section 52 of the Texas Constitution also provides that unlimited tax bond debt (including unlimited tax bond debt) may not exceed 25% of the County's assessed valuation of real property.

Road Maintenance (Special Road and Bridge Tax) . . . Imposed by Texas Constitution (Article VIII, Section 9), $0.15 per $100 assessed valuation, no part of which may be used for debt service. The County has voted a special Road and Bridge Fund tax.

Farm-to-Market and Flood Control Purposes . . . Imposed by Texas Constitution (Article VIII, Section 1-a), $0.30 per $100 assessed valuation after exemption of residential homesteads up to $3,000; no allocation prescribed by statute between debt service and maintenance. The County has not voted a special tax for Farm-to-Market or Flood Control purposes.

TABLE 5 – TAX ADEQUACY (1)

2023 Principal and Interest Requirements	$6,854,008
$ 0.0500 Tax Rate at 97% Collection Produces	$6,861,319
Average Annual Principal and Interest Requirements, 2023-2027	$4,251,127
$ 0.0310 Tax Rate at 97% Collection Produces	$4,254,018
Maximum Annual Principal and Interest Requirements, 2024	$6,854,125
$ 0.0500 Tax Rate at 97% Collection Produces	$6,861,319

(1) Based on 2022/2023 Taxable Assessed Valuation of $14,147,049,589. Includes the Notes.

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TABLE 6 – ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the County are paid out of ad valorem taxes levied by such entities on properties within the County. Such entities are independent of the County and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax obligations ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the County, the County has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional obligations since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional obligations, the amount of which cannot be determined. The table on the next page reflects the estimated share of overlapping ad valorem tax debt of the County.

Taxing Jurisdiction	Total Tax Supported Debt	Estimated % Applicable	County's Overlapping Tax Supported Debt as of 7/31/22
Upton County	$ 19,560,000	100.00%	$ 19,560,000 (1)
McCamey County Hospital District	19,765,000	100.00%	19,765,000
McCamey ISD	8,305,000	100.00%	8,305,000
Rankin County Hospital District	11,064,000	100.00%	11,064,000
Rankin ISD	38,510,000	100.00%	38,510,000
Total Direct and Overlapping Tax Supported Debt			$ 97,204,000
Ratio of Direct and Overlapping Tax Supported Debt to 2022/2023 Taxable Assessed Valuation			0.69%
Per Capita Overlapping Tax Supported Debt			$ 29,385

(1) Based on 2022/2023 Taxable Assessed Valuation of $14,147,049,589. Includes the Notes.

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DEBT INFORMATION

TABLE 7 – DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 12/31	The Notes (1) Principal	Interest	Total
2022	$ -	$ -	$ -
2023	6,205,000	649,008	6,854,008
2024	6,345,000	509,125	6,854,125
2025	2,220,000	295,000	2,515,000
2026	2,335,000	181,125	2,516,125
2027	2,455,000	61,375	2,516,375
	$ 19,560,000	$ 1,695,633	$ 21,255,633

(1) Interest on the Notes has been calculated at the rates shown on the inside cover page.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS . . . The County has no authorized but unissued general obligation bonds outstanding.

ISSUANCE OF ADDITIONAL DEBT . . . The County does not anticipate the issuance of additional ad valorem tax debt within the next twelve months.

PENSION FUND . . . See "APPENDIX B – EXCERPTS FROM THE UPTON COUNTY, TEXAS ANNUAL FINANCIAL REPORT" notes section for information regarding the County's pension fund.

OTHER POST-EMPLOYMENT BENEFITS . . . For information concerning other postretirement benefits, see the Notes to the "APPENDIX B - EXCERPTS FROM THE UPTON COUNTY, TEXAS ANNUAL FINANCIAL REPORT".

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FINANCIAL INFORMATION

TABLE 8 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ending December 31,				
	2021	2020	2019	2018	2017
REVENUES:					
Property Taxes	$19,114,813	$17,604,519	$15,551,525	$13,417,229	$11,869,537
Payments in Lieu of Taxes	552,023	418,023	-	-	-
Intergovernmental Revenue and Grants	681,770	406,709	396,233	519,629	747,306
Fines, Fees of office	548,409	577,640	647,447	621,488	1,026,649
Investments Earnings	12,084	148,155	516,363	365,058	141,845
Other Revenue	240,662	218,993	254,102	247,750	146,295
Total Receipts	$21,149,761	$19,374,039	$17,365,670	15,171,154	$13,931,632
EXPENDITURES:					
General Government	$ 4,090,927	$ 4,164,713	$ 4,121,371	$ 4,040,968	$ 3,748,941
Roads and Bridges	2,538,209	1,953,571	1,951,889	1,857,460	2,593,456
Justice System	1,342,997	1,291,022	1,594,650	1,346,044	1,264,047
Public Safety	1,732,086	1,835,160	1,611,654	1,840,513	1,458,366
Correction and Rehabilitation	1,774,534	1,728,750	1,799,171	1,622,550	1,629,025
Public Health and Welfare	401,376	446,069	407,013	415,732	411,314
Culture and Recreation	4,651,021	1,608,356	1,338,324	1,456,601	1,264,432
Principal on Debt	-	-	56,367	22,000	-
Interest on Debt	-	-	2,172	-	-
Total Disbursements	$16,531,150	$13,027,641	$12,882,611	$12,601,868	$12,369,581
Excess Receipts (Disbursements)	$ 4,618,611	$ 6,346,398	$ 4,483,059	$ 2,569,286	$ 1,562,051
OTHER FINANCING SOURCES (USES)					
Proceeds from Long-Term Financing	$ -	$ -	$ -	$ 78,367	$ -
Transfers In	-	-	-	-	343,231
Transfers Out	(35,000)	(631,360)	(35,000)	(35,000)	(435,000)
Total Other Financing Sources Uses	$ (35,000)	$ (631,360)	$ (35,000)	$ 43,367	$ (91,769)
Beginning Fund Balance	$26,689,888	$21,043,221	$16,555,469	$13,935,365	$12,465,083
Prior Period Adjustment	$ -	$ (68,371)	$ 39,693	$ 7,451	$ -
Ending Fund Balance	$31,273,499	$26,689,888	$21,043,221	$16,555,469	$13,935,365

Source: County's audited financial statements.

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Summary of Significant Accounting Policies

Government-wide and Fund Financial Statements . . . The governmental-wide financial statement (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. 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 as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus and Basis of Accounting . . .The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 have been met.

Government 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of intergovernmental revenues, which have a one-year period of availability. 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, claims and judgments, landfill closer/post close costs, are recorded only when the liability has matured.

Property taxes, sales taxes, franchise fees and licenses, intergovernmental revenues, certain charges for services, 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. All other revenue items are considered to be measurable and available only when the County receives the cash as the resulting receivables are deemed immaterial.

General Fund Balance - The General Fund is used to account for financial resources used for general operations. This is a budgeted fund and any fund balances are considered resources available for current operations. All revenues and expenditures not required to be accounted for in other funds are accounted for in this fund.

Debt Service Fund - This Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt obligations of governmental funds.

Budgetary Procedures - Budgets are adopted on a basis consistent with generally accepted accounting principles. In general, annual appropriated budgets are adopted for the general, special revenue, and debt service funds. All annual appropriations lapse at fiscal year end.

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INVESTMENTS

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

LEGAL INVESTMENTS . . . Under Texas law, the County is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the County in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the County's account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (iv) the County appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for County deposits, or (ii) where (a) the funds are invested by the County through a broker or institution that has a main office or branch office in the State and selected by the County in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the County, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the County appoints, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the County with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clauses (1) or (12), which are pledged to the County, held in the County's name, and deposited at the time the investment is made with the County or with a third party selected and approved by the County, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the County is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the County, held in the County's name, and deposited at the time the investment is made with the County or with a third party designated by the County, (v) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

The County may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAAm" or an equivalent by at least one nationally recognized rating service. The County may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the County retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the County must do so by order, ordinance, or resolution. The County is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under Texas law, the County is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for County funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups; methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Texas Public Funds Investment Act. All County funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, the County's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." At least quarterly the County's investment officers must submit an investment report to the Commissioners Court detailing: (1) the investment position of the County, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest County funds without express written authority from the Commissioners Court.

Under Texas law, the County is additionally required to: (1) annually review its adopted policies and strategies, (2) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the County to disclose the relationship and file a statement with the Texas Ethics Commission and the County, (3) require the registered principal of firms seeking to sell securities to the County to: (a) receive and review the County's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the County's investment policy, (5) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement, (6) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the County's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, (7) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements and (8) provide specific investment training for the Treasurer, the chief financial officer (if not the Treasurer) and the investment officer.

TABLE 9 – CURRENT INVESTMENTS

As of July 31, 2022, the County's available funds were invested as follows:

Investments	Market Value	% of Total
Bank Account	$ 437,288	0.96%
Texpool	41,887,178	92.37%
Investment Accounts	3,021,739	6.66%
	$ 45,346,205	100.00%

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TAX MATTERS

OPINION . . . On the date of initial delivery of the Notes, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law") (i) for federal income tax purposes, interest on the Notes will be excludable from the "gross income" of the holders thereof and (ii) the Notes will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Notes. See "APPENDIX C – FORM OF BOND COUNSEL'S OPINION."

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the County and information and representations contained in the County's federal tax certificate and (b) covenants of the County contained in the Order, including arbitrage and the use of the proceeds of the Notes and the property financed or refinanced therewith. Failure by the County to observe the aforementioned representations or covenants could cause the interest on the Notes to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The opinion of Bond Counsel is conditioned on compliance by the County with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Notes.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Notes.

A ruling was not sought from the Internal Revenue Service by the County with respect to the Notes or the property financed or refinanced with proceeds of the Notes. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the Issuer that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Notes, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the County as the taxpayer and the Noteholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT . . . The initial public offering price to be paid for one or more maturities of the Notes may be less than the principal amount thereof or one or more periods for the payment of interest on the Notes may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Notes"). The difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Note, and (ii) the initial offering price to the public of such Original Issue Discount Note would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Notes less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Note in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Note equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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

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

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

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES . . . The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Notes. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE OBLIGATIONS.

Interest on the Obligations may be includable in certain corporation's "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by Section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Notes, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Notes, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount notes" to the extent such gain does not exceed the accrued market discount of such notes; although for this purpose, a de minimis amount of market discount is ignored. A "market discount notes" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a note issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

INFORMATION REPORTING AND BACKUP WITHHOLDING . . . Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Notes will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to withholding under sections 1471 through 1474 or backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

FUTURE AND PROPOSED LEGISLATION . . . Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Notes under Federal or state law and could affect the market price or marketability of the Notes. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

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

CONTINUING DISCLOSURE OF INFORMATION

THE COUNTY . . . In the Order, the County has made the following agreement for the benefit of the holders and beneficial owners of the Notes. The County is required to observe the agreement for so long as it remains obligated to funds to pay the Notes. Under the agreement, the County will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board ("MSRB").

ANNUAL REPORTS . . . The County will provide to the MSRB updated financial information and operating data annually. The information to be updated includes quantitative financial information and operating data with respect to the County of the general type included in this Official Statement under Tables numbered 1 through 5 and 7 through 9 and in APPENDIX B. The County will update and provide this information within 6 months after the end of each fiscal year beginning with fiscal year ending 2022. If audited financial statements are not available when the information is provided, the County will provide audited financial statements when and if they become available and unaudited financial statements within 12 months after the fiscal year end, unless audited financial statements are sooner provided. Financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the County may be required to employ from time to time pursuant to state law or regulation. The County may provide updated information in full text or may incorporate by reference documents available on EMMA or filed with the U.S. Securities and Exchange Commission.

The County's current fiscal year end is December 31. Accordingly, it must provide updated information by June 30 in each year, and its annual financial statements by December 31st of the following year unless the County changes its fiscal year. If the County changes its fiscal year, it will notify the MSRB. If the County fails to provide updated information as described above, it will provide timely notice of the failure to the MSRB.

EVENT NOTICES . . . The County will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The County will provide notice of any of the following events with respect to the Notes: (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 Notes, or other material events affecting the tax status of the Notes; (7) modifications to rights of Beneficial Owners of the Notes, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Notes, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the County or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the County or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the County or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an 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 debt obligation or derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the County, or a guarantee of any such debt obligation or derivative instrument, 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. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Notes nor the Order makes any provision for debt service reserves, credit enhancement, or liquidity enhancement.

For these purposes, (a) any event described in clause (12) in the 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 clauses (15) and (16) in the preceding paragraph and the definition of financial obligation in this section to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

AVAILABILITY OF INFORMATION FROM MSRB . . . The County has agreed to provide the foregoing information only to the MSRB. All documents provided by the County to the MSRB described above under "Annual Reports" and "Notice of Certain Events" will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

The address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, VA 22314, and its telephone number is (703) 797-6600. Information is filed electronically with the MSRB through the Electronic Municipal Market Access (EMMA) system, where it is accessible by the public, free of charge, at www.emma.msrb.org.

Should the Rule be amended to obligate the County to make filing with or provide notices to entities other than the MSRB, the County agrees to undertake such obligation with respect to the Notes in accordance with the Rule as amended.

LIMITATIONS AND AMENDMENTS . . . The County has agreed to update information and to provide notices of certain events only as described above. The County has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above.

The County makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Notes at any future date. The County disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Notes may seek a writ of mandamus to compel the County to comply with its agreement.

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

OTHER INFORMATION

RATINGS . . . The Notes are rated "AA-" by S&P Global Ratings ("S&P"). An explanation of the significance of such ratings may be obtained from the company furnishing the ratings. The ratings reflect only the respective views of such organizations and the County makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of such companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Notes. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

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

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . . Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Notes are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Notes by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Notes be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION – RATINGS." In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Notes are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Notes are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the County has been made of the laws in other states to determine whether the Notes are legal investments for various institutions in those states.

LEGAL MATTERS . . . The County will furnish to the Underwriters a complete transcript of proceedings had incident to the authorization and issuance of the Notes, including the unqualified approving legal opinion of the Attorney General of Texas as to the Notes to the effect that the Notes are valid and legally binding obligations of the County, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel with respect to the Notes issued in compliance with the provisions of the Order, a form of which is attached to this Official Statement as APPENDIX C. Though it may represent the Underwriters from time to time in matters unrelated to the issuance of the Notes, Bond Counsel has been engaged by and only represents the County in connection with the issuance of the Notes. Bond Counsel also advises the TEA in connection with its disclosure obligations under the federal securities laws, but Bond Counsel has not passed upon any TEA disclosures contained in this Official Statement. 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 Notes which would affect the provision made for their payment or security or in any manner questioning the validity of said Notes will also be furnished to the Underwriters. 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 herein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions and subcaptions "THE NOTES" (excluding the information under the subcaptions "BOOK-ENTRY-ONLY SYSTEM" and "NOTEHOLDERS' REMEDIES"), "TAX INFORMATION - AD VALOREM TAX DEBT AND TAX RATE LIMITATIONS", "TAX MATTERS", "CONTINUING DISCLOSURE OF INFORMATION" (excluding the information under the subcaption "COMPLIANCE WITH PRIOR UNDERTAKINGS"), "OTHER INFORMATION - REGISTRATION AND QUALIFICATION OF NOTES FOR SALE", "OTHER INFORMATION - LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS", and "OTHER INFORMATION - LEGAL MATTERS" (excluding the last two sentences of the first paragraph thereof) in the Official Statement and such firm is of the opinion that the information relating to the Notes and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Notes, such information conforms to the provisions of the Order. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. The legal fees of such firm are contingent upon the sale and delivery of the Notes.

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

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

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

UNDERWRITING . . . The Underwriters have agreed, subject to certain conditions, to purchase the Notes from the County, at a price equal to the initial offering prices to the public, as shown on page 2 of this Official Statement, less an underwriting discount of $84,235.37. The Underwriters will be obligated to purchase all of the Notes if any Notes are purchased. The Notes to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Notes into investment trusts) at prices lower than the public offering prices of such Notes, and such public offering prices may be changed, from time to time, by the Underwriters.

Piper Sandler & Co. ("Piper"), one of the underwriters of the Notes, has entered into a distribution agreement ("Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings including the Notes, at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Notes from Piper at the original issue price less a negotiated portion of the selling concession applicable to any Notes that CS&Co. sells.

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 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 securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the County for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the County.

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

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

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

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

/s/ Honorable Dusty W. Kilgore
County Judge
Upton County, Texas

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APPENDIX A

GENERAL INFORMATION REGARDING THE COUNTY

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THE COUNTY

LOCATION

Upton County, Texas, created in 1887, is a West Texas County, located by U.S. Highways 67 and 385. The City of Rankin serves as county seat.

Approximate Distance	
Dallas	190 miles
Odessa/Midland	75 miles
San Angelo	100 miles

ECONOMY

The economy is based on mineral production, ranching and wind turbines. Agricultural income is derived from cattle, goats, sheep and cotton. Minerals produced in the County include oil and natural gas.

POPULATION

2000 Census Population 3,376
2010 Census Population 3,355
2020 Census Population 3,308

LABOR FORCE ESTIMATES

	July	Average Annual			
	2022	2021	2020	2019	2018
Civilian Labor Force	1,772	1,762	1,799	1,636	1,565
Total Employed	1,706	1,670	1,696	1,587	1,511
Total Unemployed	66	92	103	49	54
% Unemployed	3.7%	5.2%	5.7%	3.0%	3.5%

____
Source: Texas Labor Market Information.

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APPENDIX B

EXCERPTS FROM THE
UPTON COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2021

The information contained in this APPENDIX consists of excerpts from the Upton County, Texas Annual Financial Report for the Year Ended December 31, 2021, and is not intended to be a complete statement of the County's financial condition. Reference is made to the complete Report for further information.

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Eckert & Company
CERTIFIED PUBLIC ACCOUNTANTS

A Limited Liability Partnership

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Wayne Barr, CPA
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Members of
American Institute of CPAs
Texas Society of CPAs

INDEPENDENT AUDITOR'S REPORT

The Honorable County Judge
and Commissioners' Court
County of Upton
P.O. Box 482
Rankin, TX 79778-0482

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Upton, Texas, as of and for the year ended December 31, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Upton, Texas, as of December 31, 2021, and the respective changes in modified cash basis financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Section I., Note C.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County of Upton, Texas, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Upton's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County of Upton's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Upton's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

The management's discussion and analysis, budgetary comparison information, and net pension liability and contributions information for the Texas County & District Retirement System are presented to supplement the basic financial statements. We have applied certain limited procedures to the 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2022, on our consideration of the County of Upton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County of Upton'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 of Upton's internal control over financial reporting and compliance.

Eckert & Company, LLP

August 22, 2022

UPTON COUNTY COMMISSIONERS' COURT

P.O. BOX 482
205 E. 10TH STREET
RANKIN, TEXAS 79778
TELEPHONE (432) 693-2321
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DUSTY KILGORE, COUNTY JUDGE
PETE JACKSON, PCT. 1
TOMMY OWENS, PCT. 2
MIKE SMART, PCT. 3
GARY WOLFE, PCT 4

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the County of Upton's financial performance provides an overview of the County's financial activities for the year ended December 31, 2021, within the limitations of the County's modified cash basis of accounting. It should be read in conjunction with the County's basic financial statements and independent auditor's report.

Financial Highlights - Modified Cash Basis of Accounting

The County's assets exceeded its liabilities and deferred inflows of resources at the end of the current year by $55,583,592 (net position). Of this amount, $33,147,693 (unrestricted) may be used to meet the County's ongoing obligations.

The County's total net position increased by $8,567,998 or 18% attributable to current year operations. The County's statement of activities shows total revenues of $21,722,445 and total expenses of $13,154,447.

The total fund balance of the General Fund is $31,273,499 which is an increase of $4,583,611 or 17% compared to the prior year.

Overview of the Financial Statements

The County's financial statements are presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the County's modified cash basis of accounting.

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

The statement of net position presents information on all of the County's assets and liabilities/deferred inflows of resources resulting from the use of the modified cash basis of accounting, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

Overview of the Financial Statements - Continued

The statement of activities presents information showing how the County's net position changed during the current year while keeping in mind the limitations of the modified cash basis of accounting.

The governmental activities of the County include public transportation through roads and bridges, judicial, public safety, corrections and rehabilitation, public health and welfare, and culture and recreation, as well as general administrative and support services.

The County has no component units.

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

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the current year.

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 County's near-term financing decisions. Both the governmental fund balance sheet - modified cash basis and the governmental fund statement of revenues, expenditures, and changes in fund balances - modified cash basis provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet - modified cash basis and in the governmental fund statement of revenues, expenditures, and changes in fund balances - modified cash basis for the General Fund and the Special Revenue Fund - CSLFRF Fund, both of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation.

The County adopts a budget for its General Fund and Special Revenue Funds.

Proprietary Funds - The County's Internal Service Fund is used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for its limited self-insured employee health insurance program. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The Internal Service Fund is presented in the proprietary fund financial statements.

Fiduciary Funds - Fiduciary funds are used to account for assets which are held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, or other County funds. The County's fiduciary funds are custodial funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Government-Wide Financial Analysis

Net Position - A summary of the County's net position is presented below:

NET POSITION - MODIFIED CASH BASIS

	Governmental Activities	
	December 31,	
	2021	2020
Current and Other Assets	$ 34,911,840	$ 32,997,886
Capital Assets	21,639,715	18,692,879
Total Assets	$ 56,551,555	$ 51,690,765
Current Liabilities	$ 160,330	$ 105,881
Deferred Inflows of Resources	$ 807,633	$ 4,569,290
Net Position		
Net Investment in Capital Assets	$ 21,639,715	$ 18,692,879
Restricted	796,184	700,245
Unrestricted	33,147,693	27,622,470
Total Net Position	$ 55,583,592	$ 47,015,594

A large portion of the County's net position resulting from modified cash basis transactions ($21,639,715) reflects the County's investment in capital assets. These assets are not available for future spending. An additional portion of the County's net position ($796,184) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position ($33,147,693) may be used to meet the County's ongoing obligations.

Government-Wide Financial Analysis - Continued

Governmental Activities - Governmental activities increased the County's net position resulting from modified cash basis transactions by $8,567,998 and $6,773,513 for the fiscal years ended December 31, 2021 and 2020, respectively. Key elements of these increases are as follows:

CHANGES IN NET POSITION - MODIFIED CASH BASIS

	Governmental Activities	
	Year Ended December 31,	
	2021	2020
Revenues		
Program Revenues		
Charges for Services	$ 1,020,757	$ 1,096,554
Operating Grants and Contributions	760,337	210,921
General Revenues		
Property Taxes - Maintenance	19,114,813	17,604,519
Property Taxes - Debt Service	9,587	1,164,882
Investment Earnings	13,868	158,488
Other Revenue	803,083	652,312
Total Revenues	$ 21,722,445	$ 20,887,676
Expenses		
General Government	$ 4,327,020	$ 4,479,502
Roads and Bridges	2,395,425	2,508,515
Justice System	1,425,786	1,549,124
Public Safety	1,603,048	1,784,517
Corrections and Rehabilitation	1,810,817	1,874,204
Public Health and Welfare	401,204	396,354
Culture and Recreation	1,191,147	1,492,818
Debt Service	0	29,129
Total Expenses	$ 13,154,447	$ 14,114,163
Change in Net Position	$ 8,567,998	$ 6,773,513
Net Position - Beginning	47,015,594	40,242,081
Net Position - Ending	$ 55,583,592	$ 47,015,594

Financial Analysis of the County's Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. The unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the current year within the limitations of the County's modified cash basis of accounting.

The County's governmental funds reported combined ending fund balances on the modified cash basis of accounting of $32,444,412, an increase of $4,725,738 or 17% in comparison with the prior year. These fund balances are reported in various governmental funds as follows:

General Fund $31,273,499. Of this balance $5,772,748 is committed for future construction and equipment purchases.

Special Revenue Funds $1,161,326. Of this balance $324,213 is committed for Juvenile Probation Services, $50,516 is committed for the Sheriff's office, and $786,597 is restricted by legislation.

Debt Service Fund $9,587. This balance is restricted for future debt requirements.

General Fund Budget

The original budget for the General Fund was $23,997,485, and the final amended budget was $24,677,620 which represents a $680,135 increase in appropriations. Variances between the original budget and the final amended budget are shown on page 37 in the supplementary information section of the audit report.

The County has adopted a budget for the General Fund in the amount of $25,300,274 for the fiscal year 2022, which is an increase of $622,654 from the fiscal year 2021.

Capital Assets and Debt - Modified Cash Basis

Capital Assets - Financial statement footnote III., C. discloses the County's capital asset activity for the year ended December 31, 2021.

Long-Term Debt - The County had no long-term debt outstanding.

Requests for Information

The financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Dusty Kilgore, County Judge, County of Upton, P.O. Box 975482, Rankin, TX 79778-0482.

Basic Financial Statements

COUNTY OF UPTON
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2021

		Primary Government
		Governmental Activities
ASSETS		
Cash and Cash Equivalents	$	34,584,104
Due from Others		327,736
Capital Assets:		
Land		168,576
Infrastructure, Net		6,451,534
Buildings and Improvements, Net		10,606,187
Machinery and Equipment, Net		1,118,937
Construction in Progress		3,294,481
Total Assets		56,551,555
LIABILITIES		
Unearned Revenues		160,330
Total Liabilities		160,330
DEFERRED INFLOWS OF RESOURCES		
Deferred Resource Inflow - Property Taxes		807,633
Total Deferred Inflows of Resources		807,633
NET POSITION		
Net Investment in Capital Assets		21,639,715
Restricted:		
Restricted by Legislation		786,597
Restricted for Debt Service		9,587
Unrestricted		33,147,693
Total Net Position	$	55,583,592

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

COUNTY OF UPTON
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
				Primary Gov.
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
General Government	$ 4,327,020	$ 244,982	$ 234,834	$ (3,847,204)
Roads and Bridges	2,395,425	255,189	354,581	(1,785,655)
Justice System	1,425,786	224,567	168,553	(1,032,666)
Public Safety	1,603,048	20,415	2,369	(1,580,264)
Corrections and Rehabilitation	1,810,817	255,189	-	(1,555,628)
Public Health and Welfare	401,204	-	-	(401,204)
Culture and Recreation	1,191,147	20,415	-	(1,170,732)
TOTAL PRIMARY GOVERNMENT	$ 13,154,447	$ 1,020,757	$ 760,337	(11,373,353)

General Revenues:	
Taxes:	
Property Taxes, Levied for General Purposes	19,114,813
Property Taxes, Levied for Debt Service	9,587
Miscellaneous Revenue	803,083
Investment Earnings	13,868
Total General Revenues	19,941,351
Change in Net Position	8,567,998
Net Position - Beginning	47,015,594
Net Position - Ending	$ 55,583,592

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

COUNTY OF UPTON
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General Fund	CSLFRF Fund	Other Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 31,753,396	$ 130,387	$ 1,200,856	$ 33,084,639
Due from Others	327,736	-	-	327,736
Total Assets	$ 32,081,132	$ 130,387	$ 1,200,856	$ 33,412,375
LIABILITIES				
Unearned Revenues	$ -	$ 130,387	$ 29,943	$ 160,330
Total Liabilities	-	130,387	29,943	160,330
DEFERRED INFLOWS OF RESOURCES				
Deferred Resource Inflow - Property Taxes	807,633	-	-	807,633
Total Deferred Inflows of Resources	807,633	-	-	807,633
FUND BALANCES				
Restricted Fund Balance:				
Restricted by Legislation	-	-	786,597	786,597
Retirement of Long-Term Debt	-	-	9,587	9,587
Committed Fund Balance:				
Committed for Building and Fleet	5,772,748	-	-	5,772,748
Committed for Special Programs	-	-	374,729	374,729
Unassigned Fund Balance	25,500,751	-	-	25,500,751
Total Fund Balances	31,273,499	-	1,170,913	32,444,412
Total Liabilities, Deferred Inflows & Fund Balances	$ 32,081,132	$ 130,387	$ 1,200,856	$ 33,412,375

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

COUNTY OF UPTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Total Fund Balances - Governmental Funds	$	32,444,412
The County uses an internal service fund to charge the cost of self insurance to appropriate functions in other funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase (decrease) net position.		1,499,465
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds financial statements. The net effect of including the beginning balances for capital assets (net of depreciation) in the governmental activities is to increase (decrease) net position.		18,692,879
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of including capital outlays is to increase (decrease) net position.		4,308,579
Depreciation is not recognized as an expense in the governmental funds financial statements since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(1,358,769)
Various other reclassifications and eliminations are necessary. The net effect of these adjustments is to increase (decrease) net position.		(2,974)
Net Position of Governmental Activities	$	55,583,592

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

COUNTY OF UPTON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund	CSLFRF Fund	Other Funds	Total Governmental Funds
REVENUES:				
Property Taxes	$ 19,114,813	$ -	$ 9,587	$ 19,124,400
Payments in Lieu of Taxes	552,023	-	-	552,023
Intergovernmental Revenue and Grants	681,770	224,777	221,226	1,127,773
Fines and Fees	548,409	-	104,912	653,321
Investment Earnings	12,084	30	472	12,586
Other Revenue	240,662	-	13,372	254,034
Total Revenues	21,149,761	224,807	349,569	21,724,137
EXPENDITURES:				
Current:				
General Government	4,090,927	224,807	19,949	4,335,683
Roads and Bridges	2,538,209	-	-	2,538,209
Justice System	1,342,997	-	186,680	1,529,677
Public Safety	1,732,086	-	1,334	1,733,420
Corrections and Rehabilitation	1,774,534	-	34,479	1,809,013
Public Health and Welfare	401,376	-	-	401,376
Culture and Recreation	4,651,021	-	-	4,651,021
Total Expenditures	16,531,150	224,807	242,442	16,998,399
Excess of Revenues Over Expenditures	4,618,611	-	107,127	4,725,738
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	35,000	35,000
Transfers Out (Use)	(35,000)	-	-	(35,000)
Total Other Financing Sources (Uses)	(35,000)	-	35,000	-
Net Change in Fund Balances	4,583,611	-	142,127	4,725,738
Fund Balance - January 1 (Beginning)	26,689,888	-	1,028,786	27,718,674
Fund Balance - December 31 (Ending)	$ 31,273,499	$ -	$ 1,170,913	$ 32,444,412

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

COUNTY OF UPTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
& CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Total Net Change in Fund Balances - Governmental Funds	$	4,725,738
The County uses an internal service fund to charge the cost of self insurance to appropriate functions in other funds. The net income (loss) of the internal service fund is reported with governmental activities. The net effect of this consolidation is to increase (decrease) net position.		895,424
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing capital outlays is to increase (decrease) net position.		4,308,579
Depreciation is not recognized as an expense in the governmental funds financial statements since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(1,358,769)
Various other reclassifications and eliminations are necessary. The net effect of these adjustments is to increase (decrease) net position.		(2,974)
Change in Net Position of Governmental Activities	$	8,567,998

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

COUNTY OF UPTON
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2021

	Governmental Activities
	Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 1,499,465
Total Assets	1,499,465
NET POSITION	
Unrestricted	1,499,465
Total Net Position	$ 1,499,465

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

COUNTY OF UPTON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
MODIFIED CASH BASIS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES:	
Assessments to Other Funds	$ 2,500,000
Employee Contributions	116,610
Other Revenue	415,255
Total Operating Revenues	3,031,865
OPERATING EXPENSES:	
Administrative Fees and Insurance	824,324
Medical Claims	1,313,399
Total Operating Expenses	2,137,723
Operating Income	894,142
NONOPERATING REVENUES (EXPENSES):	
Investment Earnings	1,282
Total NonOperating Revenue (Expenses)	1,282
Change in Net Position	895,424
Total Net Position - January 1 (Beginning)	604,041
Total Net Position - December 31 (Ending)	$ 1,499,465

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

COUNTY OF UPTON
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities:	
Cash Received from User Charges	$ 116,610
Cash Received from Assessments - Other Funds	2,509,240
Cash Received from Stop Loss and Refunds	415,255
Cash Payments for Insurance Claims	(1,313,733)
Cash Payments for Other Operating Expenses	(824,324)
Net Cash Provided by Operating Activities	903,048
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	1,282
Net Increase in Cash and Cash Equivalents	904,330
Cash and Cash Equivalents at Beginning of Year	595,135
Cash and Cash Equivalents at End of Year	$ 1,499,465
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	$ 894,142
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (Increase) in Receivables	9,240
Increase (Decrease) in Other Current Liabilities	(334)
Net Cash Provided by Operating Activities	$ 903,048

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

COUNTY OF UPTON
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2021

	Custodial Funds
ASSETS	
Cash and Cash Equivalents	$ 1,165,874
Total Assets	1,165,874
LIABILITIES	
Due to Others	51,848
Total Liabilities	51,848
NET POSITION	
Restricted for Custodial Purposes	1,114,026
Total Net Position	$ 1,114,026

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

COUNTY OF UPTON
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
MODIFIED CASH BASIS - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

		Custodial Funds
ADDITIONS:		
Property Taxes	$	15,362,743
Fines and Fees		1,054,358
Bond and Registry Accounts		32,305
Total Additions		16,449,406
DEDUCTIONS:		
Property Taxes		15,362,743
State and County Fees		1,034,418
Total Deductions		16,397,161
Net Change in Fiduciary Net Position		52,245
Total Net Position - January 1 (Beginning)		1,061,781
Total Net Position - December 31 (Ending)	$	1,114,026

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Upton, Texas, prepares its basic financial statements on the modified cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America.

A. Reporting Entity

The County of Upton, Texas, was organized by an Act of the Texas Legislature in 1905. The County is governed by the Commissioners' Court, a five-member group consisting of an elected County Judge and four County Commissioners elected from individual precincts. Services provided by the County include public transportation through roads and bridges, judicial, public safety, corrections and rehabilitation, public health and welfare, and culture and recreation, as well as general administrative and support services. There are no component units included within the reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities include programs supported primarily by taxes, grants, and other 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 for services - payments from parties that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the County and (2) grants and contributions - payments from organizations outside the County that are restricted to meeting the operational or capital requirements of a particular function or segment of the County. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Interfund activities between governmental funds and proprietary funds appear as interfund receivables and payables on the governmental funds balance sheet and on the proprietary funds statement of net position and as other resources and other uses on the governmental funds statement of revenues, expenditures, and changes in fund balance and on the proprietary funds statement of revenues, expenses, and changes in fund net position. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated in the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as interfund receivables and payables on the government-wide statement of net position.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues generally result from providing services in connection with a proprietary fund's ongoing operations. Operating expenses include the cost of services and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus and Basis of Accounting - Continued

Measurement Focus

The government-wide financial statements are presented using the economic resources measurement focus within the limitations of the modified cash basis of accounting, as are the proprietary fund and fiduciary fund financial statements.

The fund financial statements are reported using the current financial resources measurement focus as applied to the modified cash basis of accounting.

Governmental funds utilize a current financial resources measurement focus. Current financial assets and liabilities are generally the only items included on their balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. Fund balance is used to measure available spendable financial resources at the end of the period.

Proprietary funds utilize an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income and the changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities of the proprietary funds are reported in the financial statements.

Basis of Accounting

The government-wide financial statements and the fund financial statements are presented using the modified cash basis of accounting. This basis of accounting recognizes assets, liabilities, net position, fund equity, revenues, expenditures, and expenses when they result from cash transactions with a provision for depreciation in the government-wide financial statements and the proprietary fund financial statements. The modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America.

The use of the modified cash basis of accounting results in certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable, expenses for goods or services received but not yet paid, and accrued expenses and liabilities) not being recorded in these financial statements.

The government reports the following major governmental funds:

General Fund - This Fund is the general operating fund of the County. It is used to account for all revenues except those required to be accounted for in other funds.

Special Revenue Fund CSLFRF Fund - This Fund accounts for the resources provided by the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) authorized under the American Rescue Plan Act.

Additionally, the government reports the following fund types:

Internal Service Fund - This Fund is used to account for the operations of a limited self-insured employee health insurance program.

Fiduciary Funds account for assets held by the County in a trustee capacity or resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those Funds are not available to support the County’s own programs.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus and Basis of Accounting - Continued

The County has the following Fiduciary Funds:

Custodial Funds - These Funds are used to account for assets which are held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, or other County funds.

D. Cash and Cash Equivalents - Proprietary Funds

For purposes of the statement of cash flows for proprietary fund types, the County considers cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition to be cash equivalents.

E. Interfund Receivables and Payables

Activity between individual funds may result in amounts owed between funds which are classified as Due To and From Other Funds. Other than amounts due to or from fiduciary funds these balances are eliminated in the statement of net position.

F. Capital Assets

In the government-wide financial statements, capital assets arising from modified cash basis transactions are reported in the statement of net position. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed.

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.

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

Assets	Years
Infrastructure	30
Buildings and Improvements	30-40
Machinery and Equipment	5-10

In the fund financial statements, capital assets arising from modified cash basis transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

G. Compensated Absences

County employees are entitled to vacation and sick leave based on their length of employment. Employees can accumulate vacation for variable amounts based on their length of employment and it will vest after one year of service. Employees with one year or longer of service will be paid accumulated vacation upon separation of service. Employees can accumulate up to sixty days of sick leave, but it does not vest. Employees are not paid for unused sick leave upon separation from service.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. Net Position on the Statement of Net Position

Net position on the statement of net position includes the following:

Net Investment in Capital Assets - This component of net position represents the difference between capital assets net of accumulated depreciation and the outstanding balance of debt, excluding any unspent debt proceeds that is directly attributable to the acquisition, construction, or improvement of those assets.

Restricted by Legislation - This component of net position represents the difference between assets and liabilities of certain Special Revenue Funds that consists of assets with constraints placed on their use by state legislation.

Restricted for Debt Service - This component of net position represents the difference between assets and liabilities of the Debt Service Fund that consists of assets with constraints placed on their use by creditors.

Unrestricted - This is the difference between assets and liabilities/deferred inflows of resources that is not reported as Net Investment in Capital Assets, Restricted by Legislation or Restricted for Debt Service.

I. Fund Balances/Equity

In the fund financial statements, governmental funds report the following classifications of fund balance:

Restricted - Amounts that can be spent only for specific purposes because usage restraints have been imposed by external sources such as creditors (through a debt covenant), grantors, contributors, or laws or regulations of other governments.

Committed - Amounts that can be used only for specific purposes determined by a formal action of the Commissioners' Court, the County's highest level of decision-making authority. Commitments may be modified or rescinded only through formal action by the Commissioners' Court.

Unassigned - Amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund.

The details of the fund balances are included in the governmental funds balance sheet.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Commissioners' Court has provided otherwise in its commitment or assignment actions.

Unrestricted net position for proprietary funds represents the net position available for future operations.

Restricted net position for custodial purposes represents the net position available in the custodial funds for distribution to individuals, private organizations, and other governments.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J. Property Tax Revenues

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

Property taxes are recognized as revenues when they are collected and available for use.

K. Interfund Transfers

Permanent relocations of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget

The County prepares and adopts a budget for governmental funds prior to the beginning of each fiscal year. The County holds public meetings for the purpose of obtaining comments from citizens prior to adopting the budget. Once a budget is approved, it can be amended only by approval of a majority of the members of the Commissioners' Court. The budget was amended during the year.

Budgets for the General Fund and Special Revenue Funds are adopted on a modified cash basis and cover a one-year period. Appropriations lapse at year end.

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

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

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

A. Deposits and Investments - Continued

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy.

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 and investments in certificates of deposit may not be returned to it. The County's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state and local governments by pledging securities in excess of the highest cash balance of the government. The County is not exposed to custodial credit risk for its deposits since they are covered by depository insurance and pledged securities held by a third party in the County's name.

Concentration of Credit Risk: The investment policy of the County contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. The County is not exposed to this risk as described in the preceding paragraph.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At December 31, 2021, the County was not significantly exposed to credit risk.

Interest Rate Risk: Not applicable

Foreign Currency Risk: Not applicable

At December 31, 2021, the County's investments with respective maturities and credit ratings consisted of the following:

	Fair Value	Percent	Weighted Average Maturity	Credit Rating
Public Funds Investment Pools				
TexPool	$ 31,132,645	100%	38 Days	AAAm

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) maintain a continuous rating of no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The County's investment in Pools is reported at an amount determined by the fair value per share of the Pool's underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940.

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

B. Interfund Transfers

Interfund transfers consist of the following:

Transfers From	Transfers To	Amount	Purpose
General Fund	Nonmajor Governmental Funds	$ 35,000	Current Operations

C. Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets				
Land	$ 158,843	$ 9,733	$ 0	$ 168,576
Infrastructure	8,891,437	356,042	0	9,247,479
Buildings and Improvements	18,360,922	456,769	0	18,817,691
Machinery and Equipment	6,053,421	357,674	(582,784)	5,828,311
Construction in Progress	166,120	3,128,361	0	3,294,481
Total Capital Assets	$ 33,630,743	$ 4,308,579	$ (582,784)	$ 37,356,538
Less Accumulated Depreciation				
Infrastructure	$ (2,349,890)	$ (446,055)	$ 0	$ (2,795,945)
Buildings and Improvements	(7,611,315)	(600,189)	0	(8,211,504)
Machinery and Equipment	(4,976,659)	(312,525)	579,810	(4,709,374)
Total Accumulated Depreciation	$ (14,937,864)	$ (1,358,769)	$ 579,810	$ (15,716,823)
Governmental Activities Capital Assets, Net	$ 18,692,879	$ 2,949,810	$ (2,974)	$ 21,639,715

Depreciation expense was charged to governmental activities programs as follows:

General Government	$ 281,186
Roads and Bridges	609,042
Justice	6,337
Public Safety	113,627
Corrections and Rehabilitation	134,515
Public Health and Welfare	28,172
Culture and Recreation	185,890
Total	$ 1,358,769

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

D. Unearned Revenue

Unearned revenue at year end consisted of the following:

	CSLFRF Fund	Special Revenue Funds	Total
CSLFRF Grant Funds	$ 130,387	$ 0	$ 130,387
HAVA Grant Funds	0	29,943	29,943
Totals	$ 130,387	$ 29,943	$ 160,330

E. Deferred Inflows of Resources

The statement of net position and the balance sheet report a separate section for deferred inflows of resources. This financial statement element represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as inflow of resources (revenue) until that time. The County has one type of item that qualifies for reporting in this category, ad valorem taxes, which were collected in the current year but will be used to fund the following year's budget.

F. Capital Leases

The County's outstanding capital lease agreements, which qualify as capital leases for accounting purposes and are payable from the General Fund are as follows:

Payable from the General Fund's Road and Bridge Department	
Capital lease to finance the acquisition of a Caterpillar Backhoe Loader. Payable to Caterpillar Financial Services with an interest rate of 3.849%.[1]	$ 40,943
Capital lease to finance the acquisition of a Caterpillar 938M Wheel Loader. Payable to Caterpillar Financial Services with an interest rate of 4.2%.[1]	85,367
Total Capital Leases Payable	$ 126,310

[1] The lease is secured by a lien on the equipment. In case of default by the County in the payment of principal of and/or interest on the lease, the lender shall have right to file suit, action, or special proceeding as permitted by law.

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

F. Capital Leases - Continued

Future minimum lease payments are as follows:

Year Ending December 31,	Capital Leases Road and Bridge Principal	Capital Leases Road and Bridge Interest	Total
2022	$ 68,350	$ 5,070	$ 73,420
2023	28,462	2,295	30,757
2024	29,498	1,260	30,758
Totals	$ 126,310	$ 8,625	$ 134,935

The following is a summary of the changes in capital leases for the year ended December 31, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital Leases	$ 192,265	$ 0	$ 65,955	$ 126,310

IV. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan Description - The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County & District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. This report is available at www.tcdrs.org. TCDRS' CAFR may also be obtained by writing to the Texas County & District Retirement System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 1-800-823-7782.

The plan provisions are adopted by the governing body of the employer within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits 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 deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy - The employer has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. However, the governing body chose to pay a rate of 9% that exceeded the actuarially determined rate as allowed by the provisions of the TCDRS Act.

The deposit rate payable by the employee members for calendar year 2021 is 7% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Actuarial Assumptions - All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2020 funding valuation, except as noted below and throughout this report. Please see the County's December 31, 2020 Summary Valuation Report for further details.

Following are the key assumptions and methods used in this GASB analysis:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of Economic/Demographic Gains or Losses	Straight-Line Amortization Over Expected Working Life
Recognition of Assumptions Changes or Inputs	Straight-Line Amortization Over Expected Working Life
Asset Valuation Method	
Smoothing Period	5 Years
Recognition Method	Non-Asymptotic
Corridor	None
Inflation	2.5%
Salary Increases	4.6%
Investment Rate of Return	7.6%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for the County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Members eligible for service retirement are assumed to retire at various rates based upon age and gender. Deferred members are assumed to retire (100% probability) at the later of age 60 or earliest retirement eligibility. For all eligible members ages 75 and later, retirement is assumed to occur immediately.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	Mortality rates for depositing members are based on 90% of the gender-distinct RP-2014 Active Employee Mortality Table. Service retirees, beneficiaries, and non-depositing members are based on 130% for males and 110% for females of the RP-2014 Healthy Annuitant Mortality Table. Disabled retirees are based on 130% for males and 115% for females of the RP-2014 Disabled Annuitant Mortality Table. All of the rates are projected with 110% of the MP-2014 Ultimate scale after 2014.

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Long-Term Expected Rate of Return - The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2021 information for a 10-year time horizon.

Note the valuation assumption for long-term expected return is re-assessed in detail at a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at its March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice.

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected Minus Inflation)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.25%
Global Equities	MSCI World (Net) Index	2.50%	4.55%
International Equities - Developed Markets	MSCI World Ex USA (Net) Index	5.00%	4.25%
International Equities - Emerging Markets	MSCI Emerging Markets (Net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	2.11%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	5.70%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (Net) Index	2.00%	3.45%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.10%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	4.90%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	25.00%	7.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-0.70%

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Depletion of Plan Assets/GASB Discount Rate - The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.

2. The actuarial present value of projected benefit payments not included in 1, calculated using the municipal bond rate.

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

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

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

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.

2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.

3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.

4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

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

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 7.6%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.5%, net of all expenses, increased by 0.1% to be gross of administrative expenses.

Changes in Net Pension Liability (Asset) - The following presents the increases (decreases) in net pension liability (asset):

	Increase (Decrease)		
Changes in Net Pension Liability (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance as of December 31, 2019	$ 19,838,798	$ 20,922,501	$ (1,083,703)
Changes for the Year:			
Service Cost	$ 627,813	$ 0	$ 627,813
Interest on Total Pension Liability	1,628,752	0	1,628,752
Effect of Plan Changes	0	0	0
Effect of Economic/Demographic Gains or Losses	(59,154)	0	(59,154)
Effect of Assumptions Changes or Inputs	1,291,452	0	1,291,452
Refund of Contributions	(17,070)	(17,070)	0
Benefit Payments	(714,294)	(714,294)	0
Administrative Expenses	0	(16,971)	16,971
Member Contributions	0	372,524	(372,524)
Net Investment Income	0	2,161,680	(2,161,680)
Employer Contributions	0	478,958	(478,958)
Other	0	5,628	(5,628)
Net Changes	$ 2,757,499	$ 2,270,455	$ 487,044
Balance as of December 31, 2020	$ 22,596,297	$ 23,192,956	$ (596,659)

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Sensitivity Analysis - The following presents the net pension liability (asset) of the County, calculated using the discount rate 7.6%, as well as what the County's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.6%) or 1 percentage point higher (8.6%) than the current rate.

	1% Decrease in Discount Rate (6.6%)	Current Discount Rate (7.6%)	1% Increase in Discount Rate (8.6%)
Total Pension Liability	$ 25,696,126	$ 22,596,297	$ 20,012,103
Fiduciary Net Position	23,192,956	23,192,956	23,192,956
Net Pension Liability (Asset)	$ 2,503,170	$ (596,659)	$ (3,180,853)

Pension Expense (Income) - The following presents the components of pension expense (income):

Pension Expense (Income)	January 1, 2020 to December 31, 2020
Service Cost	$ 627,813
Interest on Total Pension Liability	1,628,752
Effect of Plan Changes	0
Administrative Expenses	16,971
Member Contributions	(372,524)
Expected Investment Return Net of Investment Expenses	(1,699,042)
Recognition of Deferred Inflows/Outflows of Resources:	
Recognition of Economic/Demographic Gains or Losses	(113,925)
Recognition of Assumption Changes or Inputs	356,531
Recognition of Investment Gains or Losses	(210,342)
Other	(5,628)
Total Pension Expense (Income)	$ 228,606

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Deferred Outflows/Deferred Inflows of Resources -As of December 31, 2021, the deferred outflows and inflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 79,369	$ 137,446
Changes in Assumptions	1,002,259	-
Net Differences Between Projected and Actual Earnings	-	741,905
Contributions Made Subsequent to Measurement Date	480,482	-
Totals	$ 1,562,110	$ 879,351

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

Year Ending December 31,	Pension Expense Amount
2021	$ 58,463
2022	292,755
2023	(56,415)
2024	(92,526)
2025	0
Thereafter	0

The net pension liability (asset), deferred resource outflows, and deferred resource inflows related to the pension liability (asset) are reported in the notes to the financial statements. Due to the County's reporting on the OCBOA - modified cash basis, these items are not reflected in the financial statements.

IV. OTHER INFORMATION - Continued

B. Self-Insurance

The County has established a limited plan of self-insurance for its employee health, life, and dental insurance. A consulting firm computes the funding requirement annually and administers employee claims. The County funds the entire cost of this plan, except for $200 for a spouse and $40 per child on dependent coverage, which is paid by the employees. The County funds all of the administrative costs. The plan covers all County employees and their families for health and dental insurance and provides $30,000 of life insurance coverage on each County employee and $10,000 of life insurance coverage for each County employee who is over 70 years old or retired.

The plan pays all claims up to $65,000, with the exception of specific deductibles applied to specific individuals determined at renewal. All claims in excess of $65,000 are covered by stop-loss insurance. The total contribution to the plan for the year ended December 31, 2021, was $2,500,000. Transactions are accounted for in the Employee Benefit Trust Fund which is an internal service fund.

The County self-insures the physical damage portion of all vehicles and equipment.

The County has entered into an interlocal participation agreement with the Texas Association of Counties Workers' Compensation Self-Insurance Fund (the Fund). The Fund is an unincorporated association of counties and other county-related political subdivisions of the State of Texas that was created to provide workers' compensation benefits for its members pursuant to the provisions of Article 8309h, Texas Revised Civil Statutes Annotated. The Fund provides for the self-insurance of certain defined risks jointly among the Fund members. The Fund is required to provide stop-loss coverage; however, the amount of this coverage may be adjusted at the discretion of the Fund's Board of Trustees. The County's participation in the Fund is on a nonassessable basis. The County has no joint and several liability other than the maximum annual contribution required to be paid into the Fund. The County made contributions to the Fund based upon its standard annual premium which was computed using the Texas State Board of Insurance workers' compensation rates and adjusted by the County’s experience modifier. Contributions are adjusted annually based upon the County’s experience modifier; however, contributions are subject to adjustments on an interim basis if such adjustments are the result of changes mandated by state law.

The County has entered into an interlocal participation agreement with the Texas Association of Counties County Government Risk Management Pool (the Pool). The Pool is an unincorporated association of counties that was created to provide liability coverage to its members pursuant to the provisions of Article 4413 (32i), Texas Revised Civil Statutes Annotated. The Pool provides for the self-insurance of certain defined risks jointly among the Pool members. The Pool provides stop-loss coverage at the discretion of the Pool's Board of Trustees. The County made contributions to the Pool based upon a rating system approved by the Pool's Board of Trustees. Contributions are adjusted annually based upon the County's loss experience; however, the Pool has the right to impose a surcharge for any year in which the County's loss experience is higher than was projected in the rating system. The County's participation in the Pool provides coverage for fleet liability, public officials’ liability, and law enforcement liability.

The County has entered into an interlocal participation agreement with the Texas Association of Counties Property and Casualty Self-Insurance Fund (the Fund). The Fund is an unincorporated association of counties and other political subdivisions of the State of Texas that was created to provide property and casualty insurance to its members pursuant to Article 715C, Texas Revised Civil Statutes Annotated. Coverage provided by the Fund may differ from member to member depending on the nature of the risk to be covered. The County made contributions to the Fund based upon rates approved by Board of Trustees of the Fund. Contributions are adjusted annually based upon the County's loss experience. The County's participation in the Fund is on a nonassessable basis. The County has no joint and severable liability other than the maximum annual contribution required to be paid into the Fund; however, this contribution may include surcharges specifically related to the County's loss experience. The County's participation in the Fund will provide coverage for buildings and contents and general liability insurance.

IV. OTHER INFORMATION - Continued

C. Tax Abatements

The County has entered into contractual agreements with various entities in which the County has agreed to reduce the amount of ad valorem taxes payable on certain improvements constructed after the date the agreement was reached in accordance with Chapter 312 of the State of Texas Tax Code. The terms of the agreements are limited by the guidelines and criteria established by the County Commissioners. The agreements are in various stages of negotiation, construction, and completion. As of December 31, 2021, the following projects are completed and currently receiving a tax abatement:

Project Name	Project Value 2020*	Project's Value Limitation Amount 2020	Amount of Applicant's Taxes Paid 2020	Amount of Applicant's Taxes Reduced 2020
Targa P/L Mid-Con Westtex LLC	$ 67,488,900	$ 13,497,780	$ 35,094	$ 140,377
CED Upton County Solar, LLC	69,892,640	6,989,260	18,172	164,719
High Lonesome Wind LLC	273,000,000	0	0	709,800
Roadrunner Solar Project LLC	182,408,790	0	0	474,263
Upton County Solar 2	177,206,330	0	0	460,736

*The 2021 fiscal year budget is based on 2020 tax assessment; therefore 2020 is presented.

D. Commitments

The County entered into contracts for facility improvements of $2,003,178. As of August 31, 2022, the District had expended $4,025,203 and still has $1,215,310 to be expended.

E. Subsequent Events

The County has approved the issuance of the Upton County, Texas Tax Notes, Series 2022 in the amount of $20,000,000. As of the date of the report the approval has been made, however notes have not been issued.

The County's management has evaluated subsequent events through August 22, 2022, the date which the financial statements were available for issue.

Supplementary Information

COUNTY OF UPTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Property Taxes	$ 17,962,835	$ 17,962,835	$ 19,114,813	$ 1,151,978
Payments in Lieu of Taxes	-	-	552,023	552,023
Intergovernmental Revenue and Grants	1,043,500	1,043,500	681,770	(361,730)
Fines and Fees	390,650	392,412	548,409	155,997
Investment Earnings	115,000	115,000	12,084	(102,916)
Other Revenue	150,500	154,800	240,662	85,862
Total Revenues	19,662,485	19,668,547	21,149,761	1,481,214
EXPENDITURES:				
Current:				
General Government	5,684,683	5,285,214	4,090,927	1,194,287
Roads and Bridges	3,035,829	3,378,683	2,538,209	840,474
Justice System	1,552,284	1,642,834	1,342,997	299,837
Public Safety	1,802,749	1,903,806	1,732,086	171,720
Corrections and Rehabilitation	2,130,600	2,184,149	1,774,534	409,615
Public Health and Welfare	924,682	964,101	401,376	562,725
Culture and Recreation	5,767,252	6,219,427	4,651,021	1,568,406
Total Expenditures	20,898,079	21,578,214	16,531,150	5,047,064
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,235,594)	(1,909,667)	4,618,611	6,528,278
OTHER FINANCING SOURCES (USES):				
Transfers In	3,000,000	3,064,406	-	(3,064,406)
Transfers Out (Use)	(3,099,406)	(3,099,406)	(35,000)	3,064,406
Total Other Financing Sources (Uses)	(99,406)	(35,000)	(35,000)	-
Net Change	(1,335,000)	(1,944,667)	4,583,611	6,528,278
Fund Balance - January 1 (Beginning)	26,689,888	26,689,888	26,689,888	-
Fund Balance - December 31 (Ending)	$ 25,354,888	$ 24,745,221	$ 31,273,499	$ 6,528,278

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

COUNTY OF UPTON

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED DECEMBER 31, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
A. Total Pension Liability			
Service Cost	$ 627,813	$ 569,779	$ 607,777
Interest (on the Total Pension Liability)	1,628,752	1,504,910	1,415,646
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(59,154)	132,281	(83,445)
Changes of Assumptions	1,291,452	-	-
Benefit Payments, Including Refunds of Employee Contributions	(731,364)	(740,631)	(857,021)
Net Change in Total Pension Liability	$ 2,757,499	$ 1,466,339	$ 1,082,957
Total Pension Liability - Beginning	19,838,798	18,372,459	17,289,502
Total Pension Liability - Ending	$ 22,596,297	$ 19,838,798	$ 18,372,459
B. Total Fiduciary Net Position			
Contributions - Employer	$ 478,958	$ 440,461	$ 432,029
Contributions - Employee	372,524	342,562	336,023
Net Investment Income	2,161,680	2,946,856	(343,646)
Benefit Payments, Including Refunds of Employee Contributions	(731,364)	(740,631)	(857,021)
Administrative Expense	(16,971)	(15,944)	(14,413)
Other	5,628	4,366	(803)
Net Change in Plan Fiduciary Net Position	$ 2,270,455	$ 2,977,670	$ (447,831)
Plan Fiduciary Net Position - Beginning	20,922,501	17,944,831	18,392,662
Plan Fiduciary Net Position - Ending	$ 23,192,956	$ 20,922,501	$ 17,944,831
C. Net Pension Liability (Asset)	$ (596,659)	$ (1,083,703)	$ 427,628
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.64%	105.46%	97.67%
E. Covered Payroll	$ 5,321,770	$ 4,893,744	$ 4,800,322
F. Net Pension Liability (Asset) as a Percentage of Covered Payroll	(11.21%)	(22.14%)	8.91%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
$ 610,459	$ 661,862	$ 530,842	$ 496,549
1,333,196	1,227,786	1,079,993	1,010,564
-	-	197,913	-
(298,507)	(246,011)	163,334	-
168,341	-	523,394	(227,413)
(731,242)	(529,189)	(585,716)	(646,046)
$ 1,082,247	$ 1,114,448	$ 1,909,760	$ 633,654
16,207,255	15,092,807	13,183,047	12,549,393
$ 17,289,502	$ 16,207,255	$ 15,092,807	$ 13,183,047
$ 428,859	$ 434,692	$ 446,525	$ 413,894
333,558	338,095	347,550	321,918
2,340,716	1,083,338	29,678	921,217
(731,242)	(529,189)	(585,716)	(646,046)
(12,232)	(11,774)	(10,462)	(10,813)
304	71,966	(27,634)	(194,330)
$ 2,359,963	$ 1,387,128	$ 199,941	$ 805,840
16,032,699	14,645,571	14,445,630	13,639,791
$ 18,392,662	$ 16,032,699	$ 14,645,571	$ 14,445,631
$ (1,103,160)	$ 174,556	$ 447,236	$ (1,262,584)
106.38%	98.92%	97.04%	109.58%
$ 4,765,119	$ 4,826,504	$ 4,965,006	$ 4,598,828
(23.15%)	3.62%	9.01%	(27.45%)

COUNTY OF UPTON

SCHEDULE OF CONTRIBUTIONS

TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

FOR THE FISCAL YEAR 2021

	2021	2020	2019
Actuarially Determined Contribution	$ 379,048	$ 383,167	$ 344,520
Contributions in Relation to the Actuarially Determined Contributions	480,482	478,958	440,461
Contribution Deficiency (Excess)	$ (101,434)	$ (95,791)	$ (95,941)
Covered Employee Payroll	$ 5,338,699	$ 5,321,770	$ 4,893,744
Contributions as a Percentage of Covered Employee Payroll	9.00%	9.00%	9.00%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

	2018	2017	2016	2015	2014
	$ 359,064	$ 369,773	$ 385,155	$ 257,684	$ 262,593
	432,029	428,859	434,692	446,525	413,894
	$ (72,965)	$ (59,086)	$ (49,537)	$ (188,841)	$ (151,301)
	$ 4,800,322	$ 4,765,119	$ 4,826,504	$ 4,965,006	$ 4,598,828
	9.00%	9.00%	9.00%	9.00%	9.00%

Note A - Net Pension Liability

Following are the key assumptions and methods used in this GASB analysis:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of Economic/Demographic Gains or Losses	Straight-Line Amortization Over Expected Working Life
Recognition of Assumptions Changes or Inputs	Straight-Line Amortization Over Expected Working Life
Asset Valuation Method	
Smoothing Period	5 Years
Recognition Method	Non-Asymptotic
Corridor	None
Inflation	2.5%
Salary Increases	4.6%
Investment Rate of Return	7.6%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for the County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Members eligible for service retirement are assumed to retire at various rates based upon age and gender. Deferred members are assumed to retire (100% probability) at the later of age 60 or earliest retirement eligibility. For all eligible members ages 75 and later, retirement is assumed to occur immediately.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	Mortality rates for depositing members are based on 90% of the gender-distinct RP-2014 Active Employee Mortality Table. Service retirees, beneficiaries, and non-depositing members are based on 130% for males and 110% for females of the RP-2014 Healthy Annuitant Mortality Table. Disabled retirees are based on 130% for males and 115% for females of the RP-2014 Disabled Annuitant Mortality Table. All of the rates are projected with 110% of the MP-2014 Ultimate scale after 2014.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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PROPOSED FORM OF OPINION OF BOND COUNSEL

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Notes, assuming no material changes in facts or law.

UPTON COUNTY, TEXAS
TAX NOTES, SERIES 2022
IN THE AGGREGATE PRINCIPAL AMOUNT OF $19,560,000

AS BOND COUNSEL FOR UPTON COUNTY, TEXAS (the "Issuer") in connection with the issuance of the Tax Notes described above (the "Notes"), we have examined into the legality and validity of the Notes, which bear interest from the dates and mature on the dates in accordance with the terms and conditions stated in the text of the Notes and in the order of the adopted by the Commissioners Court of the Issuer authorizing the issuance and sale of the Notes (the "Order"). Terms used herein and not otherwise defined shall have the meaning given in the Order.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance and sale of the Notes, including executed Note Number T-1.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Notes have been duly authorized, issued, and delivered in accordance with law; and that, except as may be limited by laws applicable to the Issuer relating to sovereign immunity of political subdivisions, bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, the Notes constitute valid and legally binding obligations of the Issuer payable from the levy of a direct and continuing ad valorem tax, within the limits prescribed by law, against all taxable property in the Issuer, as provided in the Order.

IT IS FURTHER OUR OPINION THAT, except as discussed below, the interest on the Notes is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Notes are not "specified private activity bonds" and that, accordingly, interest on the Notes will not be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code").

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Notes, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

IN EXPRESSING THE AFOREMENTIONED OPINIONS, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Notes and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Notes may become includable in gross income retroactively to the date of issuance of the Notes.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Notes, including the amount, accrual or receipt of interest on, the Notes. Owners of the Notes should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Notes.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Notes, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Notes is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Notes under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Notes for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. 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 disclosure thereof in connection with the sale of the Notes, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Notes and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of and assessed valuation of taxable property within, and the sufficiency of the pledged revenues of, the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Notes has been limited as described therein.

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 (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Notes. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Notes as includable in gross income for federal income tax purposes.

Respectfully,

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SPECIALIZED PUBLIC FINANCE INC.
FINANCIAL ADVISORY SERVICES