

OFFICIAL STATEMENT
Dated December 12, 2024

NEW ISSUE - Book-Entry-Only

RATING: Moody's - "Aa1"
(See "OTHER PERTINENT
INFORMATION - Municipal Bond Rating")

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

The County has designated the Certificates as "Qualified Tax-Exempt Obligations" for financial institutions.

\$4,985,000
COMAL COUNTY, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2024

Dated Date: December 15, 2024

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

The \$4,985,000 Comal County, Texas Combination Tax and Revenue Certificates of Obligation, Series 2024 (the "Certificates") are being issued by the Commissioners Court (the "Court") of Comal County, Texas (the "County") pursuant to the laws of the State of Texas, including the Certificate of Obligation Act of 1971, as amended (codified at Section 271.041 through 271.064, as amended, Texas Local Government Code), Section 363.135, as amended, Texas Health and Safety Code, and Chapter 1371, as amended, Texas Government Code ("Chapter 1371"), and the terms of the order (the "Order") adopted by the Court on December 12, 2024. As permitted by Chapter 1371, the County, in the Order, authorized certain designated officers of the County (each an "Authorized Official") to execute an approval certificate (the "Approval Certificate") establishing the terms of sale of the Certificates and finalizing certain characteristics thereof related to the final pricing. The Approval Certificate was executed by an Authorized Official on December 12, 2024.

The Certificates constitute direct obligations of the County payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the County, and are further payable from and secured by a lien on and pledge of the Pledged Revenues (identified and defined in the Order), being a limited amount of the Net Revenues derived from the operation of the County's Solid Waste Management System, not to exceed \$1,000 during the entire period the Certificates or interest thereon remain outstanding, as provided in the Order. See "The CERTIFICATES - Authority for Issuance," "THE CERTIFICATES - Security for Payment," and "AD VALOREM TAX PROCEDURES - Tax Rate and Funded Debt Limitations" herein.

Interest on the Certificates will accrue from December 15, 2024 (the "Dated Date") as shown above, will be payable on March 1 and September 1 of each year, commencing September 1, 2025, until stated maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Certificates will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository. Book-entry interests in the Certificates will be made available for purchase in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of the Certificates ("Beneficial Owners") will not receive physical delivery of Certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by BOKF, N.A., Dallas, Texas, as Paying Agent/Registrar, to Cede & Co., which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the Beneficial Owners of the Certificates. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the County to be incurred for making permanent public improvements and for other public purposes, including: (1) acquiring, designing, constructing, renovating, repairing, upgrading, improving, and expanding the Tye Preston Memorial Library, which is owned by the County but designed, constructed, maintained, and operated by the Canyon Lake Community Library District (the District) pursuant to an interlocal agreement between the County and the District; (2) purchasing materials, supplies, equipment, information technology, machinery, buildings, land, easements, and rights-of-way for authorized needs and purposes, and (3) paying professional services related to the design, construction, project management, and financing of the aforementioned projects. See "THE CERTIFICATES - Use of Proceeds" herein.

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

The Certificates are offered for delivery when, as and if issued and received by the initial purchasers thereof at a competitive sale (collectively, the "Purchaser") and are subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, Bond Counsel, Austin, Texas. See "LEGAL MATTERS" herein for a discussion of Bond Counsel's opinion. It is expected that the Certificates will be available for delivery through the services of DTC, New York, New York, on or about December 31, 2024.

MATURITY SCHEDULE

**\$4,985,000
Comal County, Texas
Combination Tax and Revenue
Certificates of Obligation, Series 2024**

CUSIP NO. PREFIX: 199795⁽¹⁾

\$3,920,000 Serial Certificates

Maturity September 1	Principal Amount (\$)	Interest Rate (%)	Initial Yield (%)	CUSIP No. Suffix⁽¹⁾
2026	35,000	5.500	3.000	PW9
2027	35,000	5.500	2.850	PX7
2028	35,000	5.500	2.860	PY5
2029	40,000	5.500	2.870	PZ2
2030	40,000	5.500	2.890	QA6
2031	45,000	5.500	2.900	QB4
2032	45,000	5.500	2.930	QC2
2033	50,000	5.500	3.000	QD0
2034	50,000	5.500	3.030	QE8
2035	50,000	5.500	3.110 ⁽²⁾	QF5
**	**	**	**	**
2040	205,000	5.000	3.360 ⁽²⁾	QL2
2041	215,000	5.000	3.440 ⁽²⁾	QM0
2042	230,000	5.000	3.520 ⁽²⁾	QN8
2043	240,000	5.000	3.570 ⁽²⁾	QP3
2044	250,000	4.000	3.900 ⁽²⁾	QQ1
**	**	**	**	**
2048	300,000	4.000	4.010	QU2
2049	310,000	4.000	4.020	QV0
2050	320,000	4.000	4.030	QW8
2051	335,000	4.000	4.040	QX6
2052	350,000	4.000	4.050	QY4
2053	365,000	4.000	4.060	QZ1
2054	375,000	4.000	4.070	RA5

(Accrued Interest to be added from the Dated Date)

\$1,065,000 Term Certificates

\$240,000 - 5.125% - Term Certificates Due September 1, 2039 - Priced to Yield 3.280%⁽²⁾ - CUSIP No. Suffix QK4⁽¹⁾
 \$825,000 - 4.000% - Term Certificates Due September 1, 2047 - Priced to Yield 4.000% - CUSIP No. Suffix QT5⁽¹⁾

(Accrued Interest to be added from the Dated Date)

Redemption Provisions

The County reserves the right to redeem the Certificates maturing on and after September 1, 2035 in whole or in part, in the principal amount of \$5,000 or any integral multiple thereof, on September 1, 2034 or any date thereafter, at the redemption price of par plus accrued interest to the date of redemption. In addition, the Certificates maturing on September 1, 2039 and September 1, 2047 (the "Term Certificates") are also subject to mandatory sinking fund redemption. (See "THE CERTIFICATES - Redemption Provisions of the Certificates" herein.)

* Preliminary, subject to change.

⁽¹⁾ CUSIP numbers are included solely for the convenience of the owners of the Certificates. CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Purchaser, the County, or the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein.

⁽²⁾ Yield calculated based on the assumption that the Certificates denoted and sold at a premium will be redeemed on September 1, 2034, the first optional call date for the Certificates, at a redemption price of par, plus accrued interest to the redemption date.

**COMAL COUNTY, TEXAS
100 Main Plaza
New Braunfels, Texas 78130**

COMMISSIONERS COURT

<u>Name</u>	<u>Position</u>	<u>Year Elected</u>	<u>Term Expires December 31</u>
Sherman Krause	County Judge	2010	2026
Donna Eccleston*	Commissioner, Precinct 1	2008	2024
Scott Haag	Commissioner, Precinct 2	2010	2026
Kevin Webb	Commissioner, Precinct 3	2012	2024
Jen Crownover	Commissioner, Precinct 4	2014	2026

* Commissioner Eccleston did not run for reelection. On November 5, Doug Leacock was elected to be Commissioner in Precinct 1 beginning in January 2025.

COUNTY OFFICIALS

<u>Name</u>	<u>Position</u>	<u>Years Served</u>
Jessie Rahe	County Auditor	8
Renee L. Couch	County Treasurer	17
Bobbie Koepp	County Clerk	10
Kristen Hoyt	Tax Assessor-Collector	4

CONSULTANTS AND ADVISORS

<p>SAMCO Capital Markets, Inc. San Antonio, Texas</p>	<p>Financial Advisor</p>
<p>Norton Rose Fulbright US LLP Austin, Texas</p>	<p>Bond Counsel</p>
<p>ABIP San Antonio, Texas</p>	<p>Certified Public Accountants</p>

For Additional Information Contact:

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USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman, or other person has been authorized by the County to give any information or to make any representation with respect to the Certificates, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing.

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

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

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

THE CERTIFICATES 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 CERTIFICATES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE CERTIFICATES HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION FOR THE PURCHASE THEREOF.

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

None of the County, the Financial Advisor, or the Purchasers make any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company ("DTC") or its book-entry-only system described under the caption "BOOK-ENTRY-ONLY SYSTEM" as such information has been provided by DTC.

The agreements of the County and others related to the Certificates are contained solely in the contracts described herein. Neither this Official Statement, nor any other statement made in connection with the offer or sale of the Certificates, is to be construed as constituting an agreement with the purchasers of the Certificates. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE CERTIFICATES.

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

OFFICIAL STATEMENT SUMMARY INFORMATION

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

THE ISSUER	Comal County, Texas (the "County") is a political subdivision of the State of Texas and is governed by the Commissioners Court, which is composed of four County Commissioners and the County Judge. The County's 2024 estimated population is 203,107. See "APPENDIX B - Comal County Economic and Demographic Characteristics" herein.
THE CERTIFICATES	\$4,985,000 Comal County, Texas Combination Tax and Revenue Certificates of Obligation, Series 2024 (the "Certificates"). Interest on the Certificates will accrue from the Dated Date (identified below) and is payable initially on September 1, 2025 and semiannually on March 1 and September 1 thereafter until stated maturity or prior redemption. The Certificates will mature on the dates, at the rates, and in the principal amounts indicated on page -ii- hereof.
DATED DATE	December 15, 2024.
REDEMPTION	The County reserves the right to redeem the Certificates maturing on and after September 1, 2035, in whole or in part, in the principal amount of \$5,000 or any integral multiple thereof, on September 1, 2034 or any date thereafter, at the redemption price of par plus accrued interest. In addition, the Certificates maturing on September 1, 2039 and September 1, 2047 (the "Term Certificates") are also subject to mandatory sinking fund redemption. See "THE CERTIFICATES - Redemption Provisions of the Certificates" herein.
SECURITY FOR THE CERTIFICATES	<p>The Certificates constitute direct obligations of the County payable, both as to principal and interest, from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the County. See "THE CERTIFICATES - Security for Payment" herein.</p> <p>Solely to comply with Texas law allowing the Certificates to be sold for cash, the Certificates are further secured by a lien on and pledge of the Pledged Revenues (being a limited amount of the Net Revenues derived from the operation of the County's Solid Waste Management System (the "System") not to exceed \$1,000 during the entire period the Certificates or interest thereon remain outstanding, such lien and pledge however, being subordinate and inferior to the lien on and pledge of the Net Revenues securing payment of any Prior Lien Bonds or Junior Lien Bonds (as described and defined in the Order) hereafter issued by the County. In the Order, the County reserves and retains the rights to issue Prior Lien Bonds, Junior Lien Bonds, and Additional Parity Obligations (all as identified and defined in the Order), while the Certificates are Outstanding, without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise.</p>
BOOK-ENTRY-ONLY SYSTEM ..	The County intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York relating to the method and timing of payment as to principal and interest.
PAYING AGENT/REGISTRAR ..	BOKF, N.A., Dallas, Texas.
TAX MATTERS	In the opinion of Bond Counsel, the interest on the Certificates will be excludable from the gross income of the owners thereof for federal income tax purposes under existing law. See "TAX MATTERS" and "APPENDIX D - Form of Opinion of Bond Counsel" herein.
QUALIFIED TAX-EXEMPT OBLIGATIONS	The County has designated the Certificates as "Qualified Tax-Exempt Obligations" for financial institutions. See "TAX MATTERS - Qualified Tax-Exempt Obligations" herein.
USE OF PROCEEDS	Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the County to be incurred for making permanent public improvements and for other public purposes, including: (1) acquiring, designing, constructing, renovating, repairing, upgrading, improving, and expanding the Tye Preston Memorial Library, which is owned by the County but designed, constructed, maintained, and operated by the Canyon Lake Community Library District (the District) pursuant to an interlocal agreement between the County and the District; (2) purchasing materials, supplies, equipment, information technology, machinery, buildings, land, easements, and rights-of-way for authorized needs and purposes, and (3) paying professional services related to the design, construction, project management, and financing of the aforementioned projects. See "THE CERTIFICATES - Use of Proceeds" herein.
FUTURE BOND ISSUES	The County does not anticipate the issuance of additional general obligation debt in the next 12 months, except potentially refunding bonds for debt service savings.
RATING	Moody's Investors Service, Inc. ("Moody's") has assigned its underlying, unenhanced municipal bond rating of "Aa1" to the Certificates. See "OTHER PERTINENT INFORMATION - Municipal Bond Rating" herein.
PAYMENT RECORD	The County has never defaulted on the payment of its bonded indebtedness.
DELIVERY	When issued, anticipated on or about December 31, 2024.
LEGALITY	The Certificates are subject to the approval of legality by the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, Austin, Texas, Bond Counsel. See "APPENDIX D - Form of Opinion of Bond Counsel" herein.

OFFICIAL STATEMENT

relating to

**\$4,985,000
COMAL COUNTY, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2024**

INTRODUCTION

This Official Statement, which includes the cover page and the appendices hereto, provides certain information in connection with the issuance by Comal County, Texas (the "County" or the "Issuer") of its Combination Tax and Revenue Certificates of Obligation, Series 2024 (the "Certificates") in the aggregate principal amount of \$4,985,000. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Order (defined herein), except as otherwise indicated herein.

There follows in this Official Statement a description of the Certificates and certain other information about the County and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained upon request from the County Auditor, 150 N. Seguin, Room 2019, New Braunfels, Texas 78130 and, during the offering period, from the County's Financial Advisor, SAMCO Capital Markets, Inc., 1020 N.E. Loop 410, Suite 640, San Antonio, Texas 78209, by electronic mail or upon payment of reasonable copying, mailing, and handling charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. A copy of the Official Statement pertaining to the Certificates will be filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Markets Access ("EMMA") system. See "CONTINUING DISCLOSURE OF INFORMATION" herein for a description of the County's undertaking to provide certain information on a continuing basis. Capitalized terms used, but not defined herein, shall have the meanings ascribed thereto in the Order (defined below).

THE CERTIFICATES

Authority for Issuance

The Certificates are being issued pursuant to the laws of the State of Texas (the "State"), including the Certificate of Obligation Act of 1971, as amended (codified at Section 271.041 through 271.064, as amended, Texas Local Government Code), Section 363.135, as amended, Texas Health and Safety Code, and Chapter 1371, as amended, Texas Government Code ("Chapter 1371"), and the order (the "Order") adopted by the Commissioners Court of the County (the "Commissioners Court") on December 12, 2024. As permitted by Chapter 1371, the County, in the Order, authorized certain designated officers of the County (each an "Authorized Official") to execute an approval certificate (the "Approval Certificate") establishing the terms of sale of the Certificates and finalizing certain characteristics thereof related to the final pricing. The Approval Certificate was executed by an Authorized Official on December 12, 2024.

General Description

The Certificates are dated December 15, 2024 (the "Dated Date") and will be issued in principal denominations of \$5,000 or any integral multiple thereof. The Certificates bear interest from the Dated Date at the stated interest rates indicated on the inside cover page hereof. Interest on the Certificates will be calculated on the basis of a 360-day year of twelve 30-day months, payable on September 1, 2025 and each March 1 and September 1 thereafter, until stated maturity or prior redemption.

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

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

Security for Payment

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

Limited Revenue Pledge Benefitting the Certificates. Solely to comply with Texas law allowing the Certificates to be sold for cash, the Certificates are further secured by a lien on and pledge of the Pledged Revenues (being a limited amount of the Net Revenues derived from the operation of the County's Solid Waste Management System (the "System") not to exceed \$1,000 during the entire period the Certificates or interest thereon remain outstanding, such lien and pledge however, being subordinate and inferior to the lien on and pledge of the Net Revenues securing payment of any Prior Lien Bonds or Junior Lien Bonds (as described and defined in the Order) hereafter issued by the County. In the Order, the County reserves and retains the rights to issue Prior Lien Bonds, Junior Lien Bonds, and Additional Parity Obligations (all as identified and defined in the Order), while the Certificates are Outstanding, without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise.

Interlocal Agreement. The County intends for the Certificates to be self-supporting from revenues received pursuant to an interlocal agreement (the "Interlocal Agreement") between the County and the Canyon Lake Community Library District (the "District"), a political subdivision of the State organized and existing under the laws of the State, including Chapter 326, Texas Local Government Code, as amended. The District is authorized to levy an additional sales and use tax in the amount of one-half of one percent within the County for the benefit of the District (the revenues collected therefrom, the "Sales Tax Revenues"). The Interlocal Agreement provides that the County will own the Tye Preston Memorial Library project to be financed with the proceeds of the Certificates (the "Project"), but the District will construct, maintain and operate the Project and will transfer to the County, on an annual cumulative basis, lawfully available funds of the District, mainly its Sales Tax Revenues, in an amount sufficient for the County to pay the debt service on the Certificates. Neither the Sales Tax Revenues nor the Project are pledged as additional security for the Certificates.

Payment Record

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

Legality

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

Delivery

When issued; anticipated on or about December 31, 2024.

Future Issues

The County does not anticipate the issuance of additional general obligation debt in the next 12 months, except potentially refunding bonds for debt service savings.

Use of Proceeds

Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the County to be incurred for making permanent public improvements and for other public purposes, including: (1) acquiring, designing, constructing, renovating, repairing, upgrading, improving, and expanding the Tye Preston Memorial Library, which is owned by the County but designed, constructed, maintained, and operated by the Canyon Lake Community Library District (the District) pursuant to an interlocal agreement between the County and the District; (2) purchasing materials, supplies, equipment, information technology, machinery, buildings, land, easements, and rights-of-way for authorized needs and purposes, and (3) paying professional services related to the design, construction, project management, and financing of the aforementioned projects.

Redemption Provisions of the Certificates

Optional Redemption ... The Certificates stated to mature on and after September 1, 2035 are subject to optional redemption, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if less than all within a stated maturity by lot, selected by the Paying Agent/Registrar), on September 1, 2034 or on any date thereafter, at a price of par plus accrued interest to the date fixed for redemption.

Mandatory Redemption ... The Certificates maturing on September 1, 2039 and September 1, 2047 (the “Term Certificates”) are subject to mandatory redemption in part prior to maturity at the price of par plus accrued interest to the mandatory redemption date on the dates and in the principal amounts as follows:

Term Certificate - 5.125% Maturing September 1, 2039		Term Certificate - 4.000% Maturing September 1, 2047	
Redemption Date (9/1)	Principal Amount(\$)	Redemption Date (9/1)	Principal Amount(\$)
2036	55,000	2045	265,000
2037	60,000	2046	275,000
2038	60,000	2047	285,000
2039*	65,000	2048*	300,000

* Stated maturity.

Approximately forty-five (45) days prior to each mandatory redemption date that a Term Certificate is to be mandatorily redeemed, the Paying Agent/Registrar shall select by lot the numbers of the Term Certificates within the applicable stated maturity to be redeemed on the next following September 1 from money set aside for that purpose in the Certificate Fund maintained for the payment of the Certificates. Any Term Certificate not selected for prior redemption shall be paid on the date of its stated maturity.

The principal amount of the Term Certificates required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the Issuer, by the principal amount of the Term Certificates which, at least fifty (50) days prior to the mandatory redemption date (i) shall have been acquired by the Issuer and delivered to the Paying Agent/Registrar for cancellation, (ii) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer, or (iii) shall have been redeemed pursuant to the optional redemption provisions described above and not theretofore credited against a mandatory redemption requirement.

Selection of Certificates for Redemption

The years of maturity of the Certificates called for redemption will be selected by the County. If less than all of the Certificates are redeemed within a stated maturity at any time, the Certificates to be redeemed will be selected by the Paying Agent/Registrar at random and by lot or other customary method in multiples of \$5,000 within any stated maturity.

Notice of Redemption

Not less than 30 days prior to a redemption date for the Certificates, the County must cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to each such registered owner of a Certificate to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE OF REDEMPTION SO MAILED WILL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER RECEIVED BY THE HOLDER. If a Certificate is subject by its terms to prior redemption and has been called for redemption and notice of redemption thereof has been given as herein above provided, such Certificate (or the principal amount thereof to be redeemed) will become due and payable and interest thereon will cease to accrue from and after the redemption date thereof, provided moneys sufficient for the payment of such Certificate (or of the principal amount thereof to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

All notices of redemption must (i) specify the date of redemption for the Certificates, (ii) identify the Certificates to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Certificates, or the portion of the principal amount thereof to be redeemed, will become due and payable on the redemption date specified, and the interest thereof, or on the portion of the principal amount thereof to be redeemed, will cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Certificates, or the principal amount thereof to be redeemed, will be made at the designated corporate trust office of the Paying Agent/Registrar only upon presentation and surrender thereof by the registered owner.

The Paying Agent/Registrar and the County, so long as a Book-Entry-Only System is used for the Certificates will send any notice of redemption, notice of any proposed amendment to the Order or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the Beneficial Owners, will not affect the validity of the redemption of the Certificates called for redemption or any other action premised or any such notice. Redemption of portions of the Certificates by the County will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Certificates held for the account of DTC participants in accordance with the rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Certificates for the Beneficial Owners. Any such selection of Certificates to be redeemed will not be governed by the

Order and will not be conducted by the County or the Paying Agent/Registrar. None of the County, the Paying Agent/Registrar, nor the Purchaser will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments of the Certificates or the providing of notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Certificates for redemption. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Defeasance

Any Certificate will be deemed paid and will no longer be considered to be outstanding within the meaning of the Order when payment of the principal of and interest on such Certificate to its stated maturity or redemption date will have been made or will have been provided by depositing with the Paying Agent/Registrar, or, in the case of a net defeasance, an authorized escrow agent, (1) cash in an amount sufficient to make such payment, (2) Government Obligations certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment, or (3) a combination of money and Government Obligations together so certified sufficient to make such payment; provided, however, that no certification by an independent accounting firm of the sufficiency of deposits will be required in connection with a gross defeasance of Certificates.

The term "Government Obligations" means (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and 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, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and 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 (iv) any additional securities and obligations hereafter authorized by Texas law as eligible for use to accomplish the discharge of obligations such as the Certificates. There is no assurance that the ratings for U.S. Treasury securities acquired to defease any Certificates, or those for any other Government Obligations, will be maintained at any particular rating category. Further, there is no assurance that current Texas law will not be amended in a manner that expands or contracts the list of permissible defeasance securities (such list consisting of those securities identified in clauses (i) through (iii) above), or any rating requirement thereon, that may be purchased with defeasance proceeds relating to the Certificates ("Defeasance Proceeds"), though the County has reserved the right to utilize any additional securities for such purpose in the event the aforementioned list is expanded. Because the Order does not contractually limit such permissible defeasance securities and expressly recognizes the ability of the County to use lawfully available Defeasance Proceeds to defease all or any portion of the Certificates, registered owners of Certificates are deemed to have consented to the use of Defeasance Proceeds to purchase such other defeasance securities, notwithstanding the fact that such defeasance securities may not be of the same investment quality as those currently identified under Texas law as permissible defeasance securities.

Upon such deposit as described above, such Certificates will no longer be regarded to be outstanding or unpaid, and the County shall have no further ability to amend the Order or redeem the Certificates prior to their stated maturity; provided, however, that the County has reserved the option, to be exercised at the time of the defeasance of the Certificates, to call for redemption at an earlier date those Certificates which have been defeased to their maturity date, if the County (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption, (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Amendments

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

Defaults and Remedies

If the County defaults in the payment of principal, interest, or redemption price on the Certificates when due, or if it fails to make payments into any fund or funds created in the Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Order, the registered owners may seek a writ of mandamus to compel County officials to carry out their legally imposed duties with respect to the Certificates, if there is no other available remedy at law to compel performance of the Certificates or the Order and the County's obligations are not

uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Order does not provide for the appointment of a trustee to represent the interest of the owners upon any failure of the County to perform in accordance with the terms of the Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. Texas counties are generally immune from suits for money damages for breach of contracts under the doctrine of sovereign immunity. The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Chapter 1371, which pertains to the issuance of public securities by issuers such as the County, permits the County to waive sovereign immunity in the proceedings authorizing the issuance of the Certificates. Notwithstanding its reliance upon the provisions of Chapter 1371 in connection with the issuance of the Certificates (as further described under the caption "THE CERTIFICATES - Authority for Issuance"), the County has not waived the defense of sovereign immunity with respect thereto. Because it is unclear whether the Texas legislature has effectively waived the County's sovereign immunity from a suit for money damages Certificate owners may not be able to bring such a suit against the County for breach of the Certificates or the Order covenants. Even if a judgment against the County could be obtained, it could not be enforced by direct levy and execution against the County's property. Further, the registered owners cannot themselves foreclose on property within the County or sell property within the County to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. Furthermore, the County is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues (such as the pledge of the Pledged Revenues), the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or certificateholders of an entity which has sought protection under Chapter 9. Therefore, should the County avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Order and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity which permit the exercise of judicial discretion.

SOURCES AND USES OF FUNDS FOR THE CERTIFICATES

Sources of Funds:

Principal Amount of the Certificates	\$4,985,000.00
Net Reoffering Premium on the Certificates	194,053.10
Accrued Interest	<u>9,661.11</u>
Total Sources of Funds	\$5,188,714.21

Uses of Funds:

Deposit to Construction Fund	\$5,000,000.00
Purchaser's Discount	82,651.30
Costs of Issuance and Contingency	96,401.80
Deposit to Certificate Fund (accrued interest)	<u>9,661.11</u>
Total Uses of Funds	\$5,188,714.21

REGISTRATION, TRANSFER, AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar is BOKF, N.A., Dallas, Texas. The Certificates will be issued in fully registered form in multiples of \$5,000 for any one stated maturity, and principal and semiannual interest will be paid by the Paying Agent/Registrar. If the Certificates are not held in the Book-Entry-Only System, interest on the Certificates will be paid by check or draft mailed on each interest payment date by the Paying Agent/Registrar to the registered owner at the last known address as it appears on the Paying Agent/Registrar's books on the Record Date (see "REGISTRATION, TRANSFER, AND EXCHANGE - Record Date" herein) or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner, and principal of the Certificates will be paid to the registered owner at stated maturity or earlier redemption upon presentation to the Paying Agent/Registrar.

Successor Paying Agent/Registrar

The County covenants that until the Certificates are paid it will at all times maintain and provide a paying agent/registrar. In the Order, the County retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the County, the new Paying Agent/Registrar must accept the previous Paying Agent/Registrar's records and act in the

same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the County must be a bank, trust company, financial institution or other entity duly qualified and legally authorized to serve and perform the duties of Paying Agent/Registrar for the Certificates. Upon any change in the Paying Agent/Registrar for the Certificates, the County will promptly cause a notice thereof to be sent to each registered owner of the Certificates by United States mail, first class, postage prepaid, which notice shall give the address of the new Paying Agent/Registrar.

Record Date

The record date ("Record Date") for determining the registered owner entitled to a payment of interest on a Certificate is the fifteenth (15th) day of the month next preceding each interest payment date.

If the date for the payment of the principal of or interest on the Certificates is a Saturday, a Sunday, a legal holiday or a day on which banking institutions in the city where the corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment is the next succeeding day which is not such a day and payment on such date will have the same force and effect as if made on the original date payment was due.

Special Record Date for Interest Payment

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

Registration, Transferability and Exchange

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

Limitation on Transferability of Certificates Called for Redemption

Neither the County nor the Paying Agent/Registrar shall be required (1) to transfer or exchange any Certificate during a period beginning forty-five (45) days prior to the date fixed for redemption of the Certificates or (2) to transfer or exchange any Certificate selected for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance of a Certificate which is subject to redemption in part.

Replacement Certificates

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the 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 Certificates 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 Certificates, except in the event that use of the book-entry-only system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC [nor its nominee], the Paying Agent/Registrar, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent/Registrar. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County, the Financial Advisors, or the Purchaser take no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of This Official Statement

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

Effect of Termination of Book-Entry-Only System

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

AD VALOREM PROPERTY TAXATION

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

Valuation of Taxable Property

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the County is the responsibility of the Comal Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

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

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

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

State Mandated Homestead Exemptions

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

Local Option Homestead Exemptions

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

Local Option Freeze for the Elderly and Disabled

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

Personal Property

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

Freeport and Goods-In-Transit Exemptions

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

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

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

Other Exempt Property

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

Temporary Exemption for Qualified Property Damaged by a Disaster

The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes, located in an area declared by the Governor (hereinafter defined) to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. The governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the Governor declares the area to be a disaster area. The Texas Legislature amended Section 11.35, Tax Code to clarify that “damage” for purposes of such statute is limited to “physical damage.” For more information on the exemption, reference is made to Section 11.35 of the Property Tax Code, as amended.

Tax Increment Reinvestment Zones

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

Tax Abatement Agreements

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

For a discussion of how the various exemptions described above are applied by the County, see “AD VALOREM PROPERTY TAXATION – County Application of Property Tax Code” herein.

County and Taxpayer Remedies

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

Owners of certain property with a taxable value in excess of the current year “minimum eligibility amount”, as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. For the 2024 tax year, the minimum eligibility amount was set at \$59,562,331 and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

Levy and Collection of Taxes

The County is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax

has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the County. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the County may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

County's Rights in the Event of Tax Delinquencies

Taxes levied by the County are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the County, having power to tax the property. The County's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the County is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

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

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

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

Public Hearing and Maintenance and Operations Tax Rate Limitations

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

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

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

"foregone revenue amount" means the greater of zero or the amount expressed in dollars calculated according to the following formula: the voter-approval tax rate less the actual tax rate, then multiplied by the taxing unit's current total value in the applicable preceding tax year.

"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).

"preceding total value" means a taxing unit's current total value in the applicable preceding tax year.

"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 greater of (i) zero; or (ii) the sum of the 2020 foregone revenue amount, 2021 foregone revenue amount, and 2022 foregone revenue amount divided by the current total value.

"voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the unused increment rate.

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

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

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

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

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

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

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

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

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

Debt Tax Rate Limitations

Article VIII, Section 9 of the Texas Constitution imposes a limit of \$0.80 per \$100 assessed valuation for all purposes of a county's General Fund, Permanent Improvement Fund, Road and Bridge Fund and Jury Fund, including debt service on bonds or other debt issued against such funds. Administratively, the Attorney General of Texas will not approve limited tax obligations in an amount which produces debt service requirements exceeding that which can be paid from \$0.40 of the foregoing \$0.80 maximum tax rate, as calculated at the time of issuance. **The Certificates are limited tax obligations payable from the County's \$0.80 constitutional tax rate.**

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

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

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

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

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

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

County Application of Tax Code

The County has granted a local option for the exemption of 20% of the market value of the residence homestead or \$5,000, whichever is greater.

The County grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$50,000; the disabled are not granted an additional exemption.

See "AD VALOREM PROPERTY TAXATION - Valuation, Exemptions and Debt Obligations" for a listing of the total amounts of the exemptions described above.

The County has implemented a tax ceiling on the residence homestead of the elderly and the disabled.

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 non-business personal property.

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

The County has not taken action to tax freeport property and has not approved a resolution to tax goods-in-transit.

Other exemptions are state mandated and not local option by the County.

INVESTMENT DATA

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

Legal Investments

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

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

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

case the County is required to take prudent measures to liquidate the investment that are consistent with its investment policy.

Investment Policies

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

State law requires the County’s investments be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived.” The County is required to perform an annual audit of the management controls on investments and compliance with its investment policies and provide regular training for its investment officers.

The County’s current investment policy is in full compliance with the State law requirements described above.

Current Investments⁽¹⁾

As of September 30, 2024 the following percentages of the County’s invested funds were invested in the following categories of investments:

<u>Description</u>	<u>Amount</u>	<u>Percentage</u>	<u>Maturity (in years)</u>
U.S. Government Securities	\$ 11,803,101	7.00%	1.18
Local Government Securities	15,360,865	8.00%	0.93
Bank Certificates of Deposit	29,407,183	16.00%	1.11
Money Market Accounts	123,156,170	68.00%	liquid
Cash - Bank Accounts	<u>1,851,564</u>	<u>1.00%</u>	liquid
Total	\$181,578,883	100.00%	

⁽¹⁾ Unaudited.

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

LEGAL MATTERS

The County will furnish the Purchaser with a complete transcript of proceedings incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Initial Certificate is a valid and legally binding obligation of the County, and based upon examination of such transcript of proceedings, the approval of certain legal matters by Bond Counsel, to the effect that the Certificates, issued in compliance with the provisions of the Order, are valid and legally binding obligations of the County and, subject to the qualifications set forth herein under "TAX MATTERS," the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing statutes, published rulings, regulations, and court decisions. Though it represents the Financial Advisor from time to time in connection with matters unrelated to the Certificates, Bond Counsel only represents the County in connection with the issuance of the Certificates. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the caption "THE CERTIFICATES" (other than the information under the subcaptions "Payment Record," "Delivery," "Future Issues," and "Defaults and Remedies," as to which no opinion is expressed), "REGISTRATION, TRANSFER AND EXCHANGE," "LEGAL MATTERS," "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (other than the information under the subcaption "Compliance with Prior Undertakings," as to which no opinion is expressed), and the subcaption "Legal Investments and Eligibility to Security Public Funds in Texas" under the caption "OTHER PERTINENT INFORMATION" in the Official Statement and such firm is of the opinion that the information relating to the Certificates 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 Certificates, such information conforms to the provisions of the Order. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to

restrain the issuance and delivery of the Certificates or which would affect the provision made for their payment or security, or in any manner questioning the validity of the Certificates will also be furnished. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of Certificates are contingent on the sale and delivery of the Certificates. The legal opinion of Bond Counsel will accompany the Certificates deposited with DTC or will be printed on the definitive Certificates in the event of the discontinuance of the Book-Entry-Only System.

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

NO-LITIGATION

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

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

TAX MATTERS

Tax Exemption

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

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

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

Tax Changes

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

Ancillary Tax Consequences

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

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than \$1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Certificates. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Certificates.

Tax Accounting Treatment of Discount Certificates

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

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with "subchapter C" earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Certificate by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Certificate was held) is includable in gross income.

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

Tax Accounting Treatment of Premium Certificates

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

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

Qualified Tax-Exempt Obligations

Section 265 of the Code provides, in general, that interest expense to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner of such obligations. In addition, section 265 of the Code generally disallows 100% of any deduction for interest expense which is incurred by "financial institutions" described in such section and is allocable, as computed in such section, to tax-exempt interest on obligations acquired after August 7, 1986. Section 265(b) of the Code provides an exception to this interest disallowance rule for interest expense allocable to tax-exempt obligations (other than private activity Certificates that are not qualified 501(c)(3) bonds) which are designated by an issuer as "qualified tax-exempt obligations." An issuer may designate obligations as "qualified tax-exempt obligations" only if the amount of the issue of which they are a part, when added to the amount of all other tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) obligations and other than certain refunding bonds) issued or reasonably anticipated to be issued by the issuer during the same calendar year, does not exceed \$10,000,000.

The County has designated the Certificates as "qualified tax-exempt obligations" and will certify its expectation that the above-described \$10,000,000 ceiling will not be exceeded. Accordingly, it is anticipated that financial institutions which purchase the Certificates will not be subject to the 100% disallowance of interest expense allocable to interest on the Certificates under section 265(b) of the Code. However, the deduction for interest expense incurred by a financial institution which is allocable to the interest on the Certificates will be reduced by 20% pursuant to section 291 of the Code.

CONTINUING DISCLOSURE OF INFORMATION

The County in the Order has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The County is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the County will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board ("MSRB"). This information will be available to the public free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org, as further described below under "Availability of Information from MSRB".

Annual Reports

The County will provide certain updated financial information and operating data to the MSRB annually. The information to be updated with respect to the County includes all quantitative financial information and operating data of the general type included in this Official Statement. The information is of the type included in APPENDIX A, exclusive of the table reflecting "Consolidated Overlapping Gross Funded Debt Payable from Ad Valorem Taxes," and in APPENDIX C. The County will update and provide this information within six months after the end of each of its fiscal year ending in and after 2024.

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

The County's current fiscal year end is December 31. Accordingly, it must provide updated information by the last day of June in each year, unless it changes its fiscal year. If the County changes its fiscal year, it will file notice of such change with the MSRB.

Notice of Certain Events

The County will also provide timely notices of certain events to the MSRB. The County will provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the County, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of its assets, other than in the

ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a 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. In the Order, the County adopted policies and procedures to ensure timely compliance of its continuing disclosure obligations. In addition, the County will provide timely notice of any failure by the County to provide annual financial information in accordance with their agreement described above under "Annual Reports".

For these purposes, (a) any event described in clause (12) of the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County, and (b) the County intends the words used in the immediately preceding clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

Availability of Information from MSRB

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

Limitations and Amendments

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

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

Compliance with Prior Undertakings

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

OTHER PERTINENT INFORMATION

Authenticity of Financial Data and Other Information

The financial data and other information contained herein have been obtained from the County's records, audited financial statements and other sources that are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These

summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

Registration and Qualification of Certificates for Sale

No registration statement relating to the Certificates has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2). The Certificates have not been approved or disapproved by the SEC, nor has the SEC passed upon the accuracy or adequacy of the Official Statement. The Certificates have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, nor have the Certificates been registered or qualified under the securities act of any other jurisdiction. The County assumes no responsibility for registration or qualification of the Certificates under the securities laws of any jurisdiction in which the Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

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

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Securities Procedures Act (Chapter 1201, Texas Government Code) provides that the Certificates 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 Certificates 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 Certificates be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "OTHER PERTINENT INFORMATION - Municipal Bond Rating" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with at least \$1 million of capital, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value.

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

Municipal Bond Rating

Moody's Investors Service, Inc. ("Moody's") has assigned its underlying, unenhanced municipal bond rating of "Aa1" on the Certificates.

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

Financial Advisor

SAMCO Capital Markets, Inc. (the "Financial Advisor") is employed as the Financial Advisor to the County in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. In the normal course of business, the Financial Advisor may also from time to time sell investment securities to the County for the investment of bond proceeds or other funds of the County upon the request of the County. SAMCO Capital Markets, Inc., in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume responsibility for the information, covenants, and representations contained in any of the Certificate documentation with respect to the federal income tax status of the Certificates.

Initial Purchaser

After requesting bids for the Certificates, the County accepted the bid of Robert W. Baird & Co., Incorporated (the "Purchaser") to purchase the Certificates at the interest rates shown on page -ii- of the Official Statement at a price of \$5,096,401.80, which is exclusive of a Purchaser's discount of \$82,651.30, plus accrued interest from their dated date

APPENDIX A
Selected Financial Information
of the County

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GENERAL PURPOSE, GENERAL OBLIGATION BONDS AND CERTIFICATES

2024 Appraised Valuation of County @ 100%		\$55,494,649,297
Less Local Exemptions:		
100% Disabled or Unemployable Veterans Homestead	2,442,185,553	
Local Over 65 or Disabled	989,576,320	
Local 20% Exemption	5,032,042,267	
Veterans Exemption	43,991,707	
Pollution Control Loss	81,024,255	
Productivity Value Loss	4,782,744,675	
Miscellaneous	12,210,292	
Freeport ⁽¹⁾	150,543,673	
10% Homestead Cap Adjustment	<u>3,844,278,591</u>	<u>17,378,597,333⁽²⁾</u>
2024 Taxable Assessed Valuation.....		\$38,116,051,964

Source: *Comal Appraisal District 2024 Certified Totals as of July 21, 2024.*

⁽¹⁾ *Though it grants a freeport exemption, the County, by resolution adopted on December 29, 2011, elected to continue to tax goods-in-transit for the 2012 year and beyond.*

⁽²⁾ *Does not include Farm-to-Market and Flood Control.*

County's Funded Debt Payable from Ad Valorem Taxes: (unaudited as of 10-1-2024)

General Obligation Refunding Bonds, Series 2015	\$ 5,685,000
Combination Tax and Revenue Certificates of Obligation, Series 2016	7,000,000
Combination Tax and Revenue Certificates of Obligation, Series 2017 (self-supporting)	5,250,000 ⁽¹⁾
Limited Tax General Obligation Bonds, Series 2017	45,360,000
Combination Tax and Revenue Certificates of Obligation, Series 2017A	14,200,000
Limited Tax General Obligation Bonds, Series 2018	11,390,000
Combination Tax and Revenue Certificates of Obligation, Series 2018	11,780,000
General Obligation Refunding Bonds, Series 2021 (self-supporting)	2,050,000 ⁽²⁾
Combination Tax and Revenue Certificates of Obligation, Series 2024 (the "Certificates").....	<u>4,985,000⁽²⁾</u>
Total Debt Outstanding	107,700,000
Less: Self-supporting Debt	<u>12,285,000</u>
Total Funded Debt Outstanding	\$95,415,000
Less: Interest and Sinking Fund Balance (as of 10-1-2024)	<u>1,749,100</u>
Net Funded Debt Outstanding (as of 10-1-2024)	\$93,665,900
Ratio Total Funded Debt to 2024 Taxable Assessed Valuation (\$38,116,051,964)	0.28%

⁽¹⁾ *This issue of the 2017 Certificates of Obligation is primarily payable by an Interlocal Agreement between the County and the Bulverde Area Rural Library District pledging certain revenues from this District's sales tax collections. Accordingly, the County does not anticipate the levy of any of the County's ad valorem taxes to pay this indebtedness.*

⁽²⁾ *This issue of 2021 Refunding Bonds and the Certificates are primarily payable by an Interlocal Agreement between the County and the Canyon Lake Community Library District pledging certain revenues from this District's sales tax collections. Accordingly, the County does not anticipate the levy of any of the County's ad valorem taxes to pay this indebtedness.*

2020 U.S. Census Bureau Population - 161,501
 2024 U.S. Census Bureau Population Estimate - 203,107
 Per Capita 2023 Taxable Assessed Valuation - \$187,664.89
 Per Capita Total Funded Debt - \$469.78
 Area - 574.5 Square Miles (367,680 acres)
 Total Funded Debt Per Acre - \$259.51

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

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

NON-FUNDED DEBT

As of December 31, 2023, the County has no outstanding non-funded debt.

TAX RATES AND COLLECTIONS
(As of September 30, 2024)

Tax Year	Assessed Valuation	Tax Rate ⁽¹⁾	Percent Total Tax Collections (unaudited)
2014	\$10,994,186,447	\$0.2928	99.85%
2015	14,048,656,443	0.2928	99.59%
2016	14,665,273,201	0.2928	99.49%
2017	16,111,118,698	0.3079	99.67%
2018	17,224,638,202	0.2952	99.49%
2019	19,159,707,744	0.3224	98.75%
2020	22,060,232,710	0.3190	97.93%
2021	24,337,935,890	0.3140	98.40%
2022	30,860,798,928	0.2489	97.02%
2023	35,184,833,828	0.2262	43.75% ⁽²⁾
2024	38,116,051,964	0.2267	n/a% ⁽³⁾

Source: Comal County Tax Assessor Collector
⁽¹⁾ Does not include Farm-to-Market and Flood Control.
⁽²⁾ Through December 31, 2023.
⁽³⁾ In process of collection.

AD VALOREM TAX RATE DISTRIBUTION

	Tax Year				
	2024	2023	2022	2021	2020
Operating Funds	\$0.1957	\$0.1912	\$0.1989	\$0.2620	\$0.2670
Interest & Sinking Fund	<u>0.0310</u>	<u>0.0350</u>	<u>0.0500</u>	<u>0.0520</u>	<u>0.0520</u>
Total Tax Rate *	\$0.2267	\$0.2262	\$0.2489	\$0.3140	\$0.3190
Farm-to-Market & Flood Control	\$0.0375	\$0.0495	\$0.0358	\$0.0395	\$0.0395

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

TEN LARGEST TAXPAYERS*

Name	Type of Property	2024 Net Taxable Assessed Valuation	% of Total 2024 Assessed Valuation
Cemex Cement of Texas LP	Cement Producer	\$ 239,118,241	0.63%
Ben E. Keith Co	Wholesale Supplier/Distribution Center	169,209,130	0.44%
ASH Grove Cement South Texas	Cement Producer	145,993,710	0.38%
AL 95 Creekside Town Center LP	Strip Shopping Center	145,900,786	0.38%
Central Texas Corridor Hospital Co LP	Hospital	143,616,270	0.38%
Caterpillar Inc	Construction Equipment	140,602,380	0.37%
Walmart Inc #6016	Retail Store	140,135,870	0.37%
Cemex Balcones Quarry	Cement Producer	122,373,150	0.32%
HEB	Grocery Retailer	115,005,968	0.30%
Sun Life Assurance Co of Canada	Insurance Company	<u>113,370,335</u>	<u>0.30%</u>
TOTAL		\$1,475,325,840	3.87%

* Source: Comal County Tax Assessor Collector.

TAXPAYERS BY CLASSIFICATION

<u>Classification</u>	<u>2024 Assessed Valuation</u>	<u>Percent Of Total</u>	<u>2023 Assessed Valuation</u>	<u>Percent Of Total</u>	<u>2022 Assessed Valuation</u>	<u>Percent Of Total</u>
Single Family Residential	\$34,945,192,100	62.97%	\$33,626,555,987	63.20%	\$28,792,708,701	61.78%
Multi-Family Residential	1,722,271,042	3.10%	1,455,347,700	2.74%	1,273,067,576	2.73%
Vacant - Platted Lots/Tracts	2,365,510,596	4.26%	2,433,301,175	4.57%	2,361,565,179	5.07%
Acreage (Land Only)	4,831,282,956	8.71%	4,736,684,065	8.90%	4,213,282,984	9.04%
Farm and Ranch	1,700,375,975	3.06%	1,730,262,054	3.25%	1,553,751,661	3.33%
Commercial	5,524,790,104	9.69%	5,025,986,744	9.45%	4,587,007,965	10.06%
Industrial	731,244,790	1.32%	730,422,513	1.37%	679,868,991	1.46%
Oil and Gas	7,495,730	0.01%	7,395,730	0.01%	7,384,030	0.02%
Utilities	338,676,236	0.61%	305,822,377	0.57%	274,775,190	0.59%
Commercial Personal	1,318,462,633	2.38%	1,352,305,363	2.54%	1,227,137,293	2.63%
Industrial Personal	1,507,253,227	2.72%	1,287,290,072	2.42%	1,153,739,040	2.48%
Mobile homes	86,141,945	0.16%	71,194,956	0.13%	71,888,450	0.15%
Residential Inventory	334,315,641	0.60%	363,661,182	0.68%	230,666,562	0.49%
Special Inventory	<u>81,736,320</u>	<u>0.15%</u>	<u>83,940,350</u>	<u>0.16%</u>	<u>81,324,260</u>	<u>0.17%</u>
Total Valuation	\$55,494,649,297	100.00%	\$53,210,170,268	100.00%	\$46,608,167,882	100.00%
Less Exemptions & Exclusions	<u>17,378,597,333</u>		<u>18,025,336,440</u>		<u>15,747,368,954</u>	
Net Taxable Assessed	<u>\$38,116,051,964</u>		<u>\$35,184,833,828</u>		<u>\$30,860,798,928</u>	

Source: Comal Appraisal District Certified Totals.

**CONSOLIDATED OVERLAPPING GROSS FUNDED DEBT
PAYABLE FROM AD VALOREM TAXES**

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

<u>Taxing Body</u>	<u>Gross Debt</u>		<u>Percent Overlapping</u>	<u>Amount Overlapping</u>
	<u>Amount</u>	<u>As of</u>		
Boerne ISD	\$ 411,994,896	10/01/2024	1.82%	\$ 7,498,307
Comal County WC&ID #16	91,770,000	10/01/2024	100.00%	91,770,000
Comal County WID #1A	40,210,000	10/01/2024	100.00%	40,210,000
Comal County WID #1D	3,235,000	10/01/2024	29.67%	959,825
Comal ISD	1,027,760,214	10/01/2024	80.14%	823,647,036
Fair Oaks Ranch, City of	11,785,000	10/01/2024	14.68%	1,730,038
Garden Ridge, City of	8,770,000	10/01/2024	100.00%	8,770,000
Johnson Ranch MUD	19,880,000	10/01/2024	100.00%	19,880,000
Lake Dunlap WC&ID	37,160,000	10/01/2024	100.00%	37,160,000
Meyer Ranch MUD	44,750,000	10/01/2024	100.00%	44,750,000
New Braunfels ISD	638,177,000	10/01/2024	71.83%	496,693,159
New Braunfels, City of	282,380,000	10/01/2024	83.51%	235,815,538
Schertz, City of	112,570,000	10/01/2024	19.55%	22,007,435
Selma, City of	23,800,000	10/01/2024	10.95%	2,606,100
Wimberly ISD	85,943,649	10/01/2024	0.06%	<u>51,566</u>
Total Estimated Overlapping Debt				\$1,833,549,004
Comal County (includes the Certificates)	95,415,000 *	09/30/2024	100.00%	<u>95,415,000</u>
Total Direct and Estimated Overlapping Debt				\$1,928,964,004
Ratio to 2024 Assessed Valuation (\$38,116,051,964)				5.05%

* Preliminary, subject to change.

CONSOLIDATED DEBT SERVICE REQUIREMENTS

FISCAL YEAR 31-DEC	CURRENT OUTSTANDING DEBT SERVICE REQUIREMENTS ⁽¹⁾	PLUS: THE CERTIFICATES AT ACTUAL RATES*				TOTAL ALL DEBT SERVICE REQUIREMENTS	LESS: SELF-SUPPORT DEBT	NET OUTSTANDING DEBT SERVICE REQUIREMENTS
		PRINCIPAL DUE 9/1	INTEREST DUE 3/1	INTEREST DUE 9/1	TOTAL			
2025	\$ 13,064,126.25			\$ 154,577.78	\$ 154,577.78	\$ 13,218,704.03	\$ (1,048,247.78)	\$ 12,170,456.25
2026	13,263,063.25	\$ 35,000.00	\$ 108,687.50	108,687.50	252,375.00	13,515,438.25	(1,138,357.00)	12,377,081.25
2027	13,425,039.75	35,000.00	107,725.00	107,725.00	250,450.00	13,675,489.75	(1,133,521.00)	12,541,968.75
2028	13,417,224.50	35,000.00	106,762.50	106,762.50	248,525.00	13,665,749.50	(1,138,299.50)	12,527,450.00
2029	13,408,548.00	40,000.00	105,800.00	105,800.00	251,600.00	13,660,148.00	(1,147,435.50)	12,512,712.50
2030	13,400,788.00	40,000.00	104,700.00	104,700.00	249,400.00	13,650,188.00	(1,145,688.00)	12,504,500.00
2031	13,396,479.63	45,000.00	103,600.00	103,600.00	252,200.00	13,648,679.63	(1,153,426.50)	12,495,253.13
2032	13,384,569.00	45,000.00	102,362.50	102,362.50	249,725.00	13,634,294.00	(1,150,281.50)	12,484,012.50
2033	10,148,378.75	50,000.00	101,125.00	101,125.00	252,250.00	10,400,628.75	(411,622.50)	9,989,006.25
2034	161,726.50	50,000.00	99,750.00	99,750.00	249,500.00	411,226.50	(411,226.50)	-
2035	153,986.00	50,000.00	98,375.00	98,375.00	246,750.00	400,736.00	(400,736.00)	-
2036	156,340.00	55,000.00	97,000.00	97,000.00	249,000.00	405,340.00	(405,340.00)	-
2037	158,599.50	60,000.00	95,590.63	95,590.63	251,181.25	409,780.75	(409,780.75)	-
2038	155,764.50	60,000.00	94,053.13	94,053.13	248,106.25	403,870.75	(403,870.75)	-
2039	157,929.50	65,000.00	92,515.63	92,515.63	250,031.25	407,960.75	(407,960.75)	-
2040	-	205,000.00	90,850.00	90,850.00	386,700.00	386,700.00	(386,700.00)	-
2041	-	215,000.00	85,725.00	85,725.00	386,450.00	386,450.00	(386,450.00)	-
2042	-	230,000.00	80,350.00	80,350.00	390,700.00	390,700.00	(390,700.00)	-
2043	-	240,000.00	74,600.00	74,600.00	389,200.00	389,200.00	(389,200.00)	-
2044	-	250,000.00	68,600.00	68,600.00	387,200.00	387,200.00	(387,200.00)	-
2045	-	265,000.00	63,600.00	63,600.00	392,200.00	392,200.00	(392,200.00)	-
2046	-	275,000.00	58,300.00	58,300.00	391,600.00	391,600.00	(391,600.00)	-
2047	-	285,000.00	52,800.00	52,800.00	390,600.00	390,600.00	(390,600.00)	-
2048	-	300,000.00	47,100.00	47,100.00	394,200.00	394,200.00	(394,200.00)	-
2049	-	310,000.00	41,100.00	41,100.00	392,200.00	392,200.00	(392,200.00)	-
2050	-	320,000.00	34,900.00	34,900.00	389,800.00	389,800.00	(389,800.00)	-
2051	-	335,000.00	28,500.00	28,500.00	392,000.00	392,000.00	(392,000.00)	-
2052	-	350,000.00	21,800.00	21,800.00	393,600.00	393,600.00	(393,600.00)	-
2053	-	365,000.00	14,800.00	14,800.00	394,600.00	394,600.00	(394,600.00)	-
2054	-	375,000.00	7,500.00	7,500.00	390,000.00	390,000.00	(390,000.00)	-
	<u>\$117,852,563.13</u>	<u>\$4,985,000.00</u>	<u>\$2,188,571.89</u>	<u>\$2,343,149.67</u>	<u>\$9,516,721.53</u>	<u>\$127,369,284.66</u>	<u>\$(17,766,844.00)</u>	<u>\$109,602,440.63</u>

⁽¹⁾ The outstanding debt service does not include the self-supporting debt of the Bulverde Library District or the Canyon Lake Community Library District.

**2023/2024 PRO FORMA INTEREST & SINKING FUND
MANAGEMENT INDEX**

Estimated Interest & Sinking Fund Balance at 12-31-2023	\$ 2,383,596
Estimated Proceeds from \$0.035 Tax Using 2023 Taxable Assessed Valuation of \$35,184,833,828 at 95% Collected	11,698,957
Estimated Other Income	<u>1,300,000</u>
Total Available Funds for 2023/2024 Debt Service	15,382,553
2023/2024 Debt Service Requirement	<u>12,915,627</u>
Estimated Interest and Sinking Fund Balance at 12-31-2024	\$2,466,926

THE COUNTY

Administration of the County

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

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

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

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

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

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

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

The Criminal District Attorney, in addition to his responsibility to prosecute all felonies and misdemeanors, is responsible for representing the County in all legal matters, advising County Officials, and representing the County and State in all courts except when the County is a defendant in civil litigation.

Budgeting and Capital Planning

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

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

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

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

County Services

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

Employees

The number of employees of the County in each of the years 2019 through 2024 is shown as follows:

<u>Fiscal Year</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Government	103	102	104	106	105	113
Judicial System	126	128	139	137	143	160
Public Safety	218	220	218	242	252	250
Corrections and Rehabilitation	187	187	190	191	190	182
Health and Human Services	31	33	43	40	37	36
Community and Economic Development	8	8	8	8	12	9
Infrastructure and Environmental Services	<u>110</u>	<u>110</u>	<u>105</u>	<u>103</u>	<u>104</u>	106
Total	783	788	807	827	843	856

Source: County Auditor's Office

Pension Fund Liability

All qualified employees of the County are members of the Texas County and District Retirement System (the "Retirement System"). Each qualified employee of the County contributes 7.0% of gross earnings and the County contributes an amount equal to 8.71% of the gross earnings of the employees to the Retirement System. County employees are also covered by the United States Social Security Program.

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

<u>Fiscal Year Ending 12-31</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
REVENUES					
Ad Valorem Taxes	\$52,157,584	\$54,101,072	\$49,845,094	\$42,032,205	\$40,653,360
Sales and Use Taxes	24,205,684	22,888,221	21,464,249	17,143,919	15,719,079
Other Taxes	1,264,338	1,200,556	1,062,138	633,623	860,581
Fees	4,761,312	4,914,527	4,587,881	3,830,986	4,911,060
Charges for Services	6,027,292	6,751,073	6,160,201	3,393,216	3,398,212
Operating Grants and Contributions	369,132	299,317	-	-	-
Capital Grants and Contributions	85,091	1,215,841	376,816	1,033,830	1,404,868
Interest Earnings	3,482,489	324,595	39,246	849,628	363,212
Miscellaneous	<u>1,342,762</u>	<u>327,489</u>	<u>620,898</u>	<u>276,167</u>	<u>325,435</u>
TOTAL REVENUES	93,695,684	92,022,691	84,156,523	69,193,574	67,635,807
EXPENDITURES					
General Government	13,181,000	12,778,514	11,588,276	11,167,519	10,305,914
Justice System	14,385,077	11,012,586	10,036,192	9,124,193	9,181,671
Public Safety	25,737,535	23,570,013	22,035,374	21,884,182	19,092,604
Corrections and Rehabilitation	21,684,853	19,071,833	15,690,545	14,889,923	12,663,487
Health and Human Services	2,458,133	2,177,981	2,076,564	2,005,400	1,771,402
Community and Economic Development	749,938	630,624	519,543	526,825	517,047
Infrastructure and Environment	1,330,372	1,169,753	704,483	867,560	824,288
Det Service	1,007,298	--	--	--	--
Capital Outlay	<u>5,507,359</u>	<u>4,816,160</u>	<u>1,061,281</u>	<u>2,767,022</u>	<u>10,788,217</u>
TOTAL EXPENDITURES	86,041,566	75,227,464	63,712,258	63,232,624	65,144,630
Excess (Deficiency) Of Revenues and	7,654,119	16,795,226	20,444,265	5,960,950	2,491,177
Other Sources (Uses)	(1,711,355)	(6,021,477)	(2,735,745)	(1,564,936)	2,742,080
Net Change in Fund Balances	5,942,764	10,773,749	17,708,520	4,396,014	5,233,257
BEGINNING FUND BALANCE	67,538,570	56,764,821	39,056,302	34,660,288	29,463,572
Prior Period Adjustments	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(36,531)</u>
ENDING FUND BALANCE⁽¹⁾	<u>\$73,481,334</u>	<u>\$67,538,570</u>	<u>\$56,764,821</u>	<u>\$39,056,302</u>	<u>\$34,660,288</u>

Source: Comal County Comprehensive Annual Financial Reports.

⁽¹⁾ The County anticipates the general fund balance for its fiscal year ending December 31, 2024 will be approximately \$67,500,000 (unaudited).

APPENDIX B

**Comal County Economic
And Demographic Characteristics**

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This Appendix contains a brief discussion of certain economic and demographic characteristics of the area in which the County is located. Information in this Appendix has been obtained from the sources noted. They are believed to be reliable, although no investigation has been made to verify the accuracy of such information. Much of the information was obtained from the Texas Almanac, New Braunfels Chamber of Commerce, and Comal County and City of New Braunfels Texas Municipal Reports.

ECONOMIC AND DEMOGRAPHIC CHARACTERISTICS

General Information

Comal County, Texas (the "County"), a pioneer German settlement created in 1846 from Bexar, Gonzales and Travis Counties, Texas, is a scenic southwest county named after the Comal River.

The City of New Braunfels, Texas (the "City"), the county seat of Comal County, is located in the southeast part of the County approximately twenty-five miles north of San Antonio on Interstate Highway 35 and forty miles south of Austin on Interstate Highway 35.

Population

Census Report	City of New Braunfels	Comal County
2024 Est	117,396	203,107
2020	71,519	141,000
2010	57,740	108,472
2000	36,464	78,021
1990	30,402	58,905

Major Employers

The County has been economically stable for many years because of the industries located there. A list of the major non-governmental employers, their products and number of employees as reported by the Greater New Braunfels Chamber of Commerce follows:

Name	Product	Approximate Number of Employees
Schlitterbahn	Waterpark and Resort	1,800*
Wal Mart Distribution Center	Distribution Center	979
Rush Enterprises, Inc.	Heavy Duty Truck Dealer	850
Sysco	Food Products Supplier	794
CHRISTUS Santa Rosa Hospital - New Braunfels	Hospital	750
TaskUs	Call Center	612
HEB	Retail Grocery Store	574
HD Supply Facilities Maintenance	Maintenance/Repair Supply Store	538
Hunter Industries/Colorado Materials	Highway Contractor/Material Supplier	500
Resolute Baptist Hospital	Hospital	487

* The Schlitterbahn Water Park, located on 100 acres in the City, is a large seasonal employer. The operating season is Memorial Day through Labor Day, during which time approximately 3,000 people are employed. The company was previously involved in bankruptcy proceedings, which began in 2019 and led to the sale to another owner, Cedar Fair Entertainment Company. Cedar Fair Entertainment Company has since merged with Six Flags, effective July 1, 2024. The District cannot make any predictions as to the financial position of the merged entity.

In addition to the foregoing, estimated County, City and School District current employment figures follow:

Comal County	792*
City of New Braunfels	780*
New Braunfels Utilities	243
New Braunfels ISD	1,320
Comal ISD	3,374

* Includes part-time and seasonal employees.

Labor Force Statistics - Comal County

	Annual Average				
	2023	2022	2021	2020	2019
Civilian Labor Force	84,437	82,222	79,751	77,273	73,333
Total Employed	<u>81,394</u>	<u>79,381</u>	<u>76,112</u>	<u>72,569</u>	<u>71,149</u>
Total Unemployed	3,043	2,841	3,639	4,704	2,184
% Unemployed	3.6%	3.5%	4.6%	6.1%	3.0%
% Unemployed (Texas)	3.9%	3.9%	5.6%	7.7%	3.5%
% Unemployed (United States)	3.6%	3.6%	5.3%	8.1%	3.7%

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

Employment and Wages by Industry - Comal County

	Number of Employees			
	First Quarter 2024	Fourth Quarter 2023	Fourth Quarter 2022	Fourth Quarter 2021
Natural Resources and Mining	824	842	824	795
Construction	8,011	8,017	7,202	7,142
Manufacturing	4,207	4,134	4,181	3,287
Trade, Transportation & Utilities	19,231	19,451	18,541	16,367
Information	567	586	619	590
Financial Activities	2,460	2,475	2,359	2,658
Professional and Business Services	9,213	7,632	7,304	7,408
Education and Health Services	8,738	8,907	8,482	7,848
Leisure and Hospitality	10,444	10,221	10,017	9,100
Other Services	2,247	2,935	2,837	2,183
Unclassified	54	81	64	68
Federal Government	274	277	265	248
State Government	203	207	201	211
Local Government	<u>8,102</u>	<u>7,960</u>	<u>7,547</u>	<u>7,173</u>
Total Employment	74,576	73,725	70,443	65,078
Total Wages	\$1,122,641,635	\$1,077,227,38	\$979,789,102	\$921,005,514

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

Agriculture

Agriculture continues as an important source of income to the area. According to latest statistics from the Annual Agricultural Increment Report, Comal County's annual income from agriculture is estimated at \$5.2 million. Some of the products include corn, hay, milo, wheat, oat, pecan and nursery crops; goat, beef, hog, horse, sheep, wool and mohair production; Christmas trees; hunting and recreation.

Commercial

The County has a wide range of commercial establishments including restaurants, motels, food stores, manufacturing, professional services, retail stores, and service stations. Those in the Canyon Lake area include motels, Cranes Mill Marina and Canyon Lake Marinas, Inc.

Health Care

The City has two hospitals, CHRISTUS Santa Rosa Hospital-New Braunfels (CSRH-NB) and Resolute Health. CSRH-NB is a full-service, 94-private bed facility that continues to expand to meet the needs of New Braunfels' strong population growth. CSRH-NB employs more than 475 full and part-time Associates and provides privileges to more than 150 physician staff members and nearly 100 volunteers. Innovative equipment and procedures are utilized, including an Outpatient Imaging Center, orthopedic and surgical services, rehabilitation, a renovated birthing center, including 24/7 neonatal coverage, emergency care, wound care/hyperbaric center, comprehensive heart care, from diagnostics to open-heart surgery, and a freestanding Emergency Center at Creekside Town Center. Resolute Health opened in June 2014 and employs about 600

associates. Resolute Health invested \$250 million into the 365,000 square-foot facility which has 125 beds in all-private rooms and offers a broad range of specialty services, including cardiovascular, orthopedics, oncology, imaging, wound care, rehabilitation and obstetrics. It is the only Level III neonatal intensive care unit in the area. The new hospital serves as the cornerstone of Resolute Health, a network of care in New Braunfels, which is located roughly 30 miles northeast of San Antonio. New Braunfels Regional Rehabilitation Hospital is a 40-bed hospital that specializes in severe head and neck/stroke patients. More than 160 employees work at the \$28 million dollar, 40-bed facility. Bexar County, University of Texas and U. S. Veterans Administration medical facilities are located in nearby northwest San Antonio.

Educational Facilities

Public school facilities are provided through the Comal Independent School District and New Braunfels Independent School District. Enrollment records follow:

School Year	Comal ISD		New Braunfels ISD	
	Membership	Avg. Daily Attendance	Membership	Avg. Daily Attendance
2014-15	11,860	11,272	8,393	8,057
2015-16	20,922	20,100	8,420	8,083
2016-17	22,049	21,036	8,583	8,068
2017-18	23,105	22,042	8,925	8,432
2018-19	23,857	22,707	9,237	8,634
2019-20	24,984	23,770	9,524	8,904
2020-21	25,295	23,712	9,253	8,782
2021-22	27,288	25,252	9,638	8,947
2022-23	28,408	26,536	9,724	8,899
2023-24*	28,948	27,212	9,850	9,106

*Estimates as of spring 2024.

The preceding enrollment figures do not include enrollment at the four private and parochial schools.

Higher educational facilities include Texas Lutheran University - Seguin, approximately 13 miles from the City; Texas State University - San Marcos, approximately 15 miles from the City; and eight colleges and/or universities located in San Antonio, approximately 35 miles from the City. Planned higher educational facilities include the future Howard-Payne University campus which will be part of the proposed Veramendi development project. Currently, Howard-Payne University offers courses at New Braunfels High School and online. In addition, Wayland Baptist University has moved into a 10,000 sq. ft. educational space adding more higher education opportunities in the surrounding community.

The Central Texas Technology Center. The CTTC is a District Workforce Specialty Campus. It is the area's first higher education facility dedicated to technology and it is a collaborative effort of the governing bodies and business development agencies of the City, Seguin and the Alamo Colleges. Alamo Colleges runs the programs and classes that provide college level education and training to residents of Comal, Guadalupe, Hays, Bexar and Wilson counties. In 2015, The U.S. Department of Commerce and Economic Development Administration awarded Alamo Colleges at \$1.25 million dollar grant to help double the size of the CTTC. These funds joined \$5 million already committed to the project and paved the way for the expansion project which was completed in 2016.

Transportation

The City is served by Interstate Highway 35 (U.S. 81) and State Highway 46. Loop 337 circles the City and numerous Farm and Ranch Roads traverse the County. Railroads include the Union Pacific and Missouri Kansas and Texas Lines. The City's airport facility encompasses 1,000 acres and has four runways, four taxiways, and a parking ramp. The airport runways are of all asphalt construction with threshold lights and full runway lights. Jet fuel, aviation gas, and car rentals are available at the airport. The airport, located some four miles from the City, is reported to have an average of 75 flights per day. The New Braunfels Airport is also used for corporate flights. Greyhound/Trailways Bus Lines and several motor freight lines also serve the City.

Community Services

The New Braunfels and Canyon Lake area contains approximately 26 motels/hotels, 27 resorts and condominiums, 22 campgrounds and RV parks, and 28 bed and breakfast/vacation home rentals. In addition, there are numerous other facilities available in San Antonio and adjoining towns.

The City has several museums, a library, two radio stations, and a newspaper which is published six days a week. In addition, one weekly newspaper is published in Comal County. Both the San Antonio and Austin daily newspapers are available.

There are numerous radio stations, three commercial television stations, cable and satellite television, and one educational television station in San Antonio that serve the New Braunfels area.

Over thirty denominations are represented in more than seventy churches in the City. Those not represented generally are available in nearby San Antonio.

The Brauntex Performing Arts Theatre and Circle Arts Theatre provide live entertainment and theatre in New Braunfels. The Mid-Texas Symphony, a professional orchestra, is performing in its 39th season of concerts in New Braunfels and Seguin.

Tourism and Recreation

Located in the heart of the City are Comal Springs and Landa Park, a 300-acre park, which includes an 18-hole golf course, tennis courts, large picnic and playground areas, an Olympic-size swimming pool, and the largest spring-fed swimming pool in Texas. Schlitterbahn Waterpark Resort in New Braunfels is recognized annually as one of the best waterparks in the country. Numerous additional golf courses are available in the region.

Natural Bridge Caverns, the state's largest caverns, and Natural Bridge Wildlife Ranch are major tourist attractions located in the southern part of Comal County. Scenic drives and historic sites also attract many tourists to the area.

Canoeing, tubing, rafting, kayaking and other white water sports on the Guadalupe River are very popular.

Canyon Lake, located twenty miles from the City, is a popular water-resort area for sailing, boating, fishing, water skiing and scuba diving. Several parks have been established around the Lake.

Annual celebrations include the County Fair, one of the oldest and best attended County fairs in the State, and the "Wurstfest." The annual "Wurstfest" is a ten-day event and always starts on the Friday before the first Monday in November. The 63rd annual "Wurstfest" was held November 1 through November 10. Average annual attendance exceeds 240,000 with income from admissions and concessions sales well in excess of \$4,000,000.

The City constructed a Civic Center in 1971 which contributes materially to tourist income. In addition, the City built a new civic center and renovated the existing space in July 2008.

Area Growth Statistics

Year	Building Permits ⁽¹⁾	Utility Customer Count			
		Water ⁽²⁾	Sewer ⁽²⁾	Electric ⁽²⁾	Gas ⁽¹⁾
2012	189,047,419	25,588	21,097	31,061	8,184
2013	398,197,600	27,303	21,942	32,404	8,364
2014	409,183,529	29,089	22,885	33,975	8,742
2015	223,638,556	31,415	24,034	35,455	9,117
2016	n/a	33,550	25,072	36,914	n/a
2017	n/a	36,140	26,294	38,867	n/a
2018	n/a	39,060	27,775	41,729	n/a
2019	n/a	41,074	28,775	43,606	n/a
2020	n/a	43,811	30,185	45,893	n/a
2021	n/a	46,994	31,755	48,600	n/a
2022	n/a	51,051	33,896	51,725	n/a
2023	n/a	52,637	34,695	53,732	n/a

⁽¹⁾ Source: Greater New Braunfels Chamber of Commerce. Beginning 2015 Building Permits no longer includes County values; gas statistics not available.

⁽²⁾ Source: New Braunfels Utilities 2023 Annual Comprehensive Financial Report (fiscal year).

Utilities

The Guadalupe River provides NBU and the City of New Braunfels with a source of good quality and quantity of water. Well water from the Edwards Aquifer and the Trinity Aquifer is also available in most of the unincorporated areas of the County. The Guadalupe River, Comal River and Canyon Lake help to assure future water supply. Sale of water from Canyon Lake is in the control of the Guadalupe-Blanco River Authority. Water districts serve the eastern part of the County.

Electricity is available throughout the City and is provided by NBU which also serves approximately 5,300 customers in the surrounding rural area. GVEC and PEC also provide electric services to some areas of the City.

Natural Gas is available to the residents of the City from Enterprise Texas Pipeline, L.P., and distributed by Centerpoint Energy. In other areas where natural gas is not available, butane and propane gas service is available by truck delivery.

The City's telephone service is provided by AT&T, Inc. and Time Warner Cable, with other County areas being served by the Guadalupe Valley Telephone Cooperative (GVTC).

APPENDIX C

**FINANCIAL REPORT
COUNTY OF COMAL, TEXAS**

**For Fiscal Year Ended
December 31, 2023**

The information contained in this Appendix has been reproduced from the Comal County, Texas Financial Report for the year ended December 31, 2023.

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

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**COMAL COUNTY, TEXAS
ANNUAL COMPREHENSIVE
FINANCIAL REPORT
2023**

**Issued by the
County Auditor's Office
Jessie D. Rahe, CPA
County Auditor**

**For the Fiscal Year Ended
December 31, 2023**

**COMAL COUNTY, TEXAS
ANNUAL COMPREHENSIVE
FINANCIAL REPORT
2023**

INTRODUCTORY SECTION



OFFICE OF THE COUNTY AUDITOR

Jessie Rahe
County Auditor
150 North Seguin Avenue, Suite 2019
New Braunfels, Texas 78130
raheje@co.comal.tx.us
830-221-1200
Fax: 830-620-5592

June 20, 2024

Honorable District Judges
Honorable County Judge
Honorable County Commissioners
Comal County, Texas 78130

To the Honorable Judges, Commissioners, and Citizens of Comal County:

The County Auditor's Office proudly presents the Annual Comprehensive Financial Report of Comal County, Texas (the County) for the year ended December 31, 2023. The Texas Local Government Code section 114.025 requires a complete set of audited financial statements annually. This report was prepared in accordance with generally accepted accounting principles (GAAP) as promulgated by the *Governmental Accounting Standards Board*.

This report was prepared by the Comal County Auditor's Office. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal controls that have been established for this purpose. The internal controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements since the cost of internal controls should not outweigh their benefits. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

The financial statements, for the year ended December 31, 2023, were audited by ABIP, P.C., Certified Public Accountants and Advisors and their unmodified (clean) opinion resulting from their examination is located at the front of the financial section of this report. Their audit was conducted 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*.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF COMAL COUNTY

Comal County was the first of 128 counties created from the original Bexar County by the First Legislature of Texas. The Act creating the County was approved on March 24, 1846. Comal County gets its name from the Comal Springs and the Comal River that flow through New Braunfels, the County seat.

Comal County has an area of 575 square miles and the 2023 estimated population of 193,928 with the City of New Braunfels having an estimated population of 110,958. There are six other cities within Comal County, the City of Garden Ridge, the City of Schertz, the City of Selma, the City of Fair Oaks Ranch, the City of Bulverde and the City of Spring Branch. The City of Schertz, the City of Selma and the City of Fair Oaks Ranch are primarily located in other counties. Comal County varies in altitude from 650 to 1,700 feet above sea level and receives an annual rainfall of approximately 22.51 inches. The county enjoys a growing season of 265 days, with an average

minimum temperature in January of 42.9 degrees and an average maximum temperature in August of 103.2 degrees.

Comal County is governed by four Commissioners elected by precinct and a County Judge elected countywide which comprise the Commissioners' Court. The County is also divided into a number of different departments, each with its own legally constituted duties as prescribed by the Constitution of 1876, and/or legislative acts and each headed by either an elected or appointed official. The State court system is intertwined in the operation of Comal County as an entity.

As a subdivision of the State of Texas, the County provides only those services allowed by statute. This includes judicial, detention facilities, public safety, highways, flood control, health and limited social services, public improvements and general administrative services. Comal County also appoints the board and has oversight authority for the Water Oriented Recreation District (W.O.R.D.).

Commissioners' Court is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for Comal County's financial planning and control. The budget is prepared by fund, department, and line-item, and requires special approval from the Commissioners Court to make any transfers. The objective of budgetary control is to ensure compliance with legal provisions embodied in the annual Appropriations Budget. Budgets are adopted for the general, certain special revenue, and debt service funds on a GAAP basis. Budgets are prepared for grants-in-aid funds on a program year basis, which may differ from the County's fiscal year. Under state law, the budget cannot be exceeded in any expenditure category. The County Commissioners' Court may amend the budget once it has been adopted.

LOCAL ECONOMY

Comal County, ranked fourth on the nation's twenty-five fastest-growing counties by change in population from 2010 to 2019, grew by an estimated 9,286 people in 2023. As a result of this continued growth, 3,249 new home sites became available in subdivisions in the unincorporated areas of Comal County. The County's location between San Antonio and Austin provides opportunities for commuters to live in the County and work in one of these major cities.

Comal County's total civilian labor force grew by 2,271 from 82,656 in 2022 to 84,927 in 2023. The unemployment rate in Comal County was 3.1% at the end of 2023, which is unchanged from the unemployment rate at the end of 2022.

Comal County has continued to enjoy a prosperous economy. The major sectors of Comal County's economy, manufacturing, tourism, distribution, and real estate continue to flourish with the growth of the County.

LONG-TERM FINANCIAL PLANNING

The County's General Fund balance increased in 2023 by \$5,942,764 resulting in an ending balance of \$73,481,334. The 2022 General Fund balance was \$67,538,570.

MAJOR INITIATIVES

Comal County received a total award of \$30,341,767 of the American Rescue Plan Act funds. The awarded grant funds are intended to help recovery from the economic and health effects of the COVID-19 pandemic. Commissioners Court has elected to construct a public health/emergency management facility, purchase law enforcement vehicles and improve county boat ramps. During 2022, twenty-six new law enforcement vehicles with associated equipment and numerous county boat ramp improvements were completed. The construction on the public health/emergency management facility is set to begin in mid-2024 with an estimated construction time of twelve months.

During 2022, Commissioners Court elected to remove the construction of an extended observation unit/crisis residential facility from the American Rescue Plan Act funds projects. This project was placed in a capital projects fund. Subsequently, in the beginning of 2024, Commissioners Court decided to move this project back into the American Rescue Plan Act Fund to utilize the remaining funds available for general government purposes. The construction of the extended observation unit/crisis residential facility will begin fall of 2024 with the estimated completion in fall of 2025.

FINANCIAL POLICY

The Comal County Commissioners Court maintains a conservative fiscal policy while responding to the needs of a rapidly growing county located between two of the fastest growing cities in the state. This policy has allowed the County to provide a high standard of services and infrastructure while maintaining a relatively low tax rate.

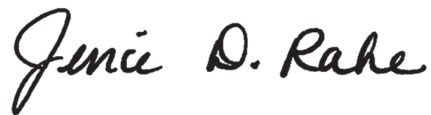
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Comal County for its Annual Comprehensive Financial Report for the year ended December 31, 2022. This was the twenty-ninth consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the services of the entire staff of the County Auditor's Office and the efforts of our independent auditors, ABIP, P.C., Certified Public Accountants and Advisors. I hereby express my appreciation to all these individuals who participated in its preparation. I also appreciate the support of the District Judges in the efforts to improve the financial reporting by the County Auditor's Office.

Respectfully submitted,



Jessie D. Rahe, CPA
County Auditor



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Comal County
Texas**

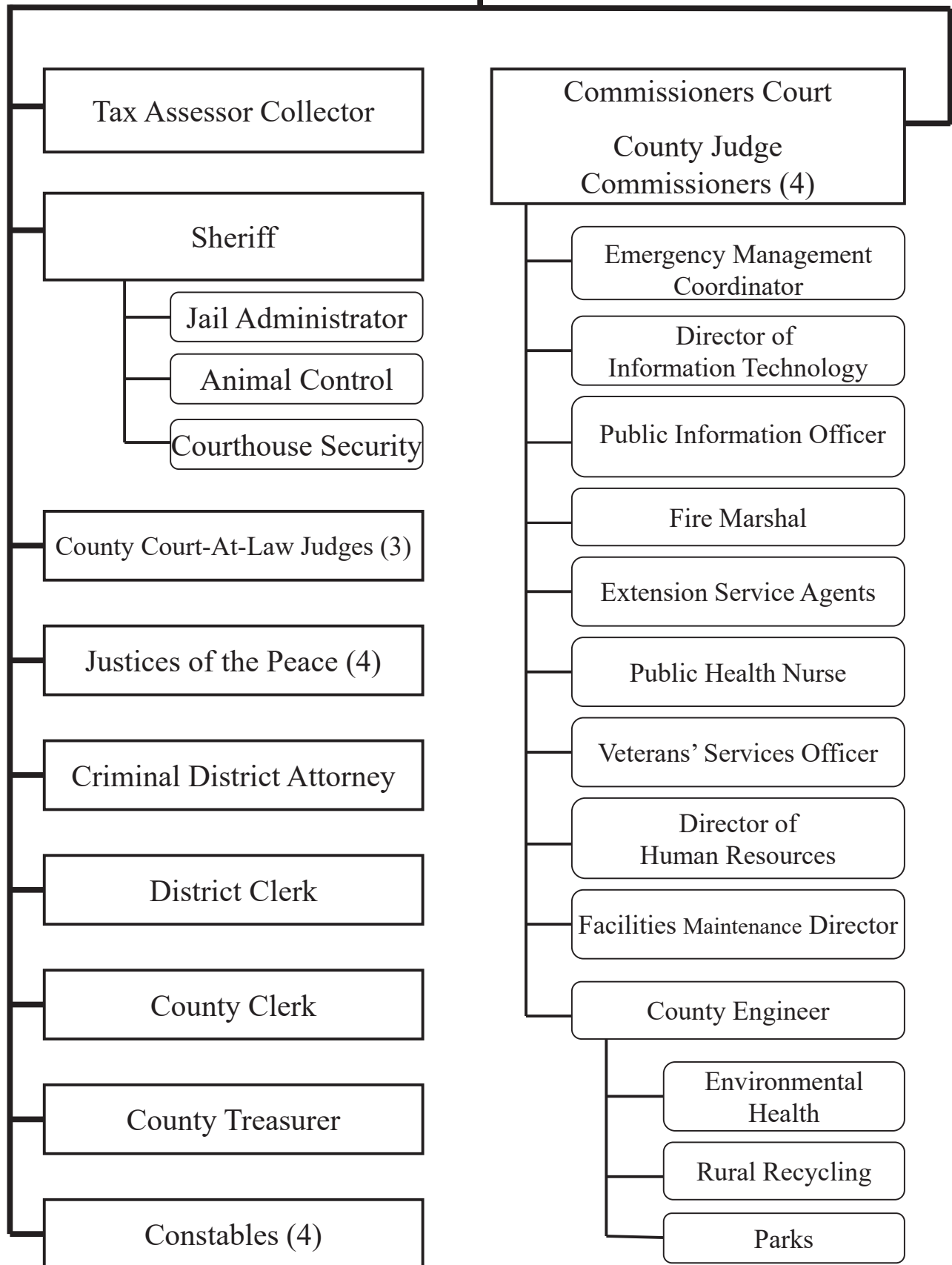
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

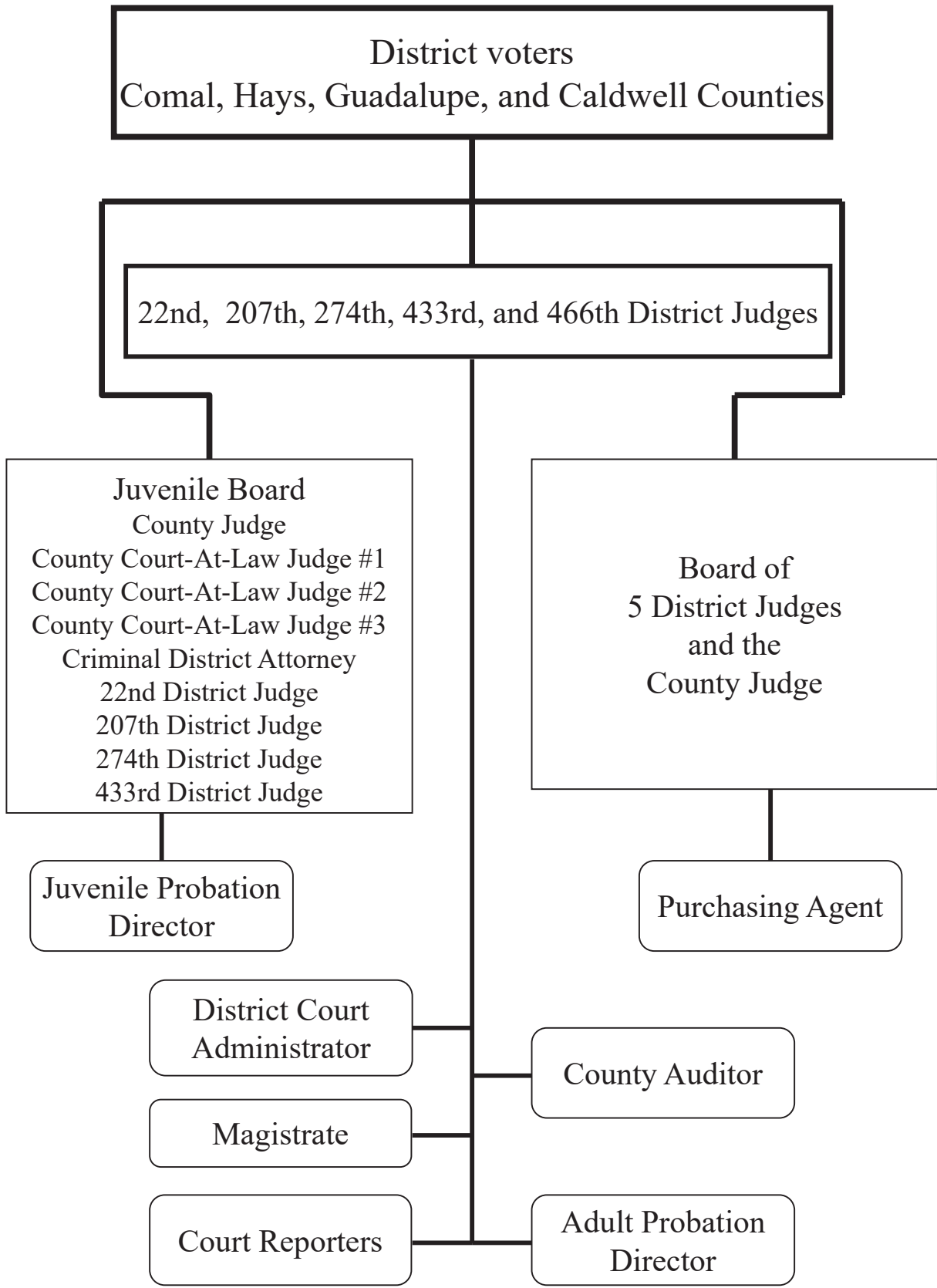
December 31, 2022

Christopher P. Morill

Executive Director/CEO

Comal County Voters





**COMAL COUNTY, TEXAS
 DIRECTORY OF OFFICIALS
 December 31, 2022**

<u>DISTRICT COURT</u>		Area Code <u>Phone #</u>
JUDGE, 22ND JUDICIAL DISTRICT	R. BRUCE BOYER Hays County Government Center San Marcos, Texas 78666	(512) 393-7700
JUDGE, 207TH JUDICIAL DISTRICT	TRACIE WRIGHT RENEAU Comal County Courthouse Annex 150 North Seguin, Suite 3086 New Braunfels, Texas 78130	(830) 221-1270
JUDGE, 274TH JUDICIAL DISTRICT	GARY L. STEEL Guadalupe County Courthouse Seguin, Texas 78155	(830) 303-4188
JUDGE, 433RD JUDICIAL DISTRICT	DIBRELL WALDRIP Comal County Courthouse Annex 150 North Seguin, Suite 3086 New Braunfels, Texas 78130	(830) 221-1270
JUDGE, 466TH JUDICIAL DISTRICT	STEPHANIE BASCON Comal County Courthouse Annex 150 North Seguin, Suite 3086 New Braunfels, Texas 78130	(830) 221-1270
CRIMINAL DISTRICT ATTORNEY	JENNIFER THARP Comal County Landa Annex 199 Main Plaza, Suite 2007 New Braunfels, Texas 78130	(830) 221-1300
DISTRICT CLERK	HEATHER KELLAR Comal County Courthouse Annex 150 North Seguin, Suite 3004 New Braunfels, Texas 78130	(830) 221-1251
COURT REPORTER	GRACE C. DUNCAN 22ND JUDICIAL DISTRICT Hays County Government Center San Marcos, Texas 78666	(512) 393-7700
COURT REPORTER	SHERI L. LINDER 207TH JUDICIAL DISTRICT Comal County Courthouse Annex 150 North Seguin, Suite 3086 New Braunfels, Texas 78130	(830) 221-1270
COURT REPORTER	RICHARD E. ROBERTS JR. 274TH JUDICIAL DISTRICT Guadalupe County Courthouse Seguin, Texas 78155	(830) 303-4188
COURT REPORTER	CINDY CUMMINGS 433RD JUDICIAL DISTRICT Comal County Courthouse Annex 150 North Seguin, Suite 3086 New Braunfels, Texas 78130	(830) 221-1270

COMAL COUNTY, TEXAS
DIRECTORY OF OFFICIALS
December 31, 2022

COURT REPORTER	FRANCES M. JANEZIC JUDGE, 466TH JUDICIAL DISTRICT Comal County Courthouse Annex 150 North Seguin, Suite 3086 New Braunfels, Texas 78130	(830) 221-1270
DISTRICT COURT ADMINISTRATOR	STEPHEN M. THOMAS Comal County Courthouse Annex 150 North Seguin, Suite 3086 New Braunfels, Texas 78130	(830) 221-1270
<u>COUNTY COURTS AT LAW</u>		
JUDGE, COUNTY COURT-AT-LAW #1	RANDAL C. GRAY Comal County Landa Annex 199 Main Plaza, Suite 1102 New Braunfels, Texas 78130	(830) 221-1180
JUDGE, COUNTY COURT-AT-LAW #2	CHARLES A. STEPHENS II Comal County Landa Annex 199 Main Plaza, Suite 1102 New Braunfels, Texas 78130	(830) 221-1180
JUDGE, COUNTY COURT-AT-LAW #3	DEBORAH WIGINGTON Comal County Landa Annex 199 Main Plaza, Suite 1102 New Braunfels, Texas 78130	(830) 221-1180
<u>COMMISSIONERS' COURT</u>		
COUNTY JUDGE	SHERMAN W. KRAUSE Comal County Courthouse 100 Main Plaza New Braunfels, Texas 78130	(830) 221-1100
COMMISSIONER, PRECINCT NO. 1	DONNA ECCLESTON Comal County Courthouse 100 Main Plaza New Braunfels, Texas 78130	(830) 221-1100
COMMISSIONER, PRECINCT NO. 2	SCOTT HAAG Comal County Courthouse 100 Main Plaza New Braunfels, Texas 78130	(830) 221-1100
COMMISSIONER, PRECINCT NO. 3	KEVIN K. WEBB Comal County Courthouse 100 Main Plaza New Braunfels, Texas 78130	(830) 221-1100
COMMISSIONER, PRECINCT NO. 4	JEN CROWNOVER Comal County Courthouse 100 Main Plaza New Braunfels, Texas 78130	(830) 221-1100

COMAL COUNTY, TEXAS
DIRECTORY OF OFFICIALS
December 31, 2022

JUSTICES OF THE PEACE

PRECINCT NO. 1	TOM CLARK 145 David Jonas Drive New Braunfels, Texas 78132	(830) 608-2025
PRECINCT NO. 2	JAMES WALKER 30470 Cougar Bend Bulverde, Texas 78163	(830) 387-7600
PRECINCT NO. 3	MIKE RUST 3079 West San Antonio Street New Braunfels, Texas 78132	(830) 221-1133
PRECINCT NO. 4	ASHLEY EVANS P. O. Box 2038 Canyon Lake, Texas 78133	(830) 964-3886

OTHER ELECTED COUNTY OFFICIALS

TAX ASSESSOR-COLLECTOR	KRISTEN H. HOYT 205 North Seguin Avenue New Braunfels, Texas 78130	(830) 221-1353
COUNTY CLERK	BOBBIE KOEPP Comal County Courthouse Annex 150 North Seguin, Suite 1037 New Braunfels, Texas 78130	(830) 221-1230
COUNTY TREASURER	RENEE L. COUCH Comal County Courthouse Annex 150 North Seguin, Suite 2037 New Braunfels, Texas 78130	(830) 221-1220
COUNTY SHERIFF	MARK REYNOLDS 3005 W. San Antonio Street New Braunfels, Texas 78130	(830) 620-3400

CONSTABLES

PRECINCT NO. 1	CHARLIE MOTZ 145 David Jonas Drive New Braunfels, Texas 78132	(830) 620-3814
PRECINCT NO. 2	RANDY M. CHEATUM 2350 Bulverde Road Bulverde, Texas 78163	(830) 438-3117
PRECINCT NO. 3	JOSEPH C. ACKERMAN 3079 West San Antonio Street New Braunfels, Texas 78132	(830) 221-1121

COMAL COUNTY, TEXAS
DIRECTORY OF OFFICIALS
December 31, 2022

PRECINCT NO. 4	JASON S. RAPP P. O. Box 2038 Canyon Lake, Texas 78133	(830) 964-4526
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OTHER COUNTY OFFICIALS

COUNTY AUDITOR	JESSIE D. RAHE, CPA Comal County Courthouse Annex 150 North Seguin, Suite 2019 New Braunfels, Texas 78130	(830) 221-1200
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COUNTY EMERGENCY MANAGEMENT COORDINATOR	JEFF KELLEY 100 Main Plaza New Braunfels, Texas 78130	(830) 221-1108
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COUNTY ENGINEER	THOMAS HORNSETH 195 David Jonas Drive New Braunfels, Texas 78130	(830) 608-2090
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OTHER COUNTY OFFICIALS

COUNTY EXTENSION AGENT - COUNTY COORDINATOR / FAMILY & CONSUMER SCIENCES	RACHEL HALL 325 Resource Drive New Braunfels, Texas 78130	(830) 620-3440
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COUNTY EXTENSION AGENT - AGRICULTURAL & NATURAL RESOURCES	JASON MANGOLD 325 Resource Drive New Braunfels, Texas 78130	(830) 620-3440
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COUNTY EXTENSION AGENT - FAMILY & COMMUNITY HEALTH	JYMANN DAVIS 325 Resource Drive New Braunfels, Texas 78130	(830) 620-3440
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COUNTY EXTENSION AGENT - 4-H / YOUTH DEVELOPMENT	LAUREN STROM 325 Resource Drive New Braunfels, Texas 78130	(830) 620-3440
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COUNTY FIRE MARSHAL	KORY KLABUNDE 145 David Jonas Drive New Braunfels, Texas 78132	(830) 964-2786
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COUNTY HEALTH NURSE	CHERYL L. FRASER 178 East Mill Street, Suite 210 New Braunfels, Texas 78130	(830) 221-1150
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HUMAN RESOURCES DIRECTOR	JERRI HETTINGER 1297 Church Hill Drive New Braunfels, Texas 78130	(830) 643-5859
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**COMAL COUNTY, TEXAS
DIRECTORY OF OFFICIALS
December 31, 2022**

INFORMATION TECHNOLOGY DIRECTOR	LANA SPIESS 150 North Seguin, Suite 2042 New Braunfels, Texas 78130	(830) 643-5808
COUNTY JUVENILE OFFICER	DANIEL COLLINS 171 East Mill Street New Braunfels, Texas 78130	(830) 221-1290
COUNTY PURCHASING AGENT	JOSE DAVILA 1297 Church Hill Drive New Braunfels, Texas 78130	(830) 643-5850
COUNTY VETERANS SERVICE OFFICER	MICHAELLE DAVIS 345 Landa Street New Braunfels, Texas 78130	(830) 221-1170

**COMAL COUNTY, TEXAS
ANNUAL COMPREHENSIVE
FINANCIAL REPORT
2023**

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Judge
and County Commissioners
Comal County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Comal County, Texas, as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise Comal County, Texas' 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Comal County, Texas, as of December 31, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Comal County 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.

Responsibility 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 Comal County, Texas' 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 Responsibility 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Comal County, Texas' 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 Comal County, Texas' 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the net pension liability and related ratios, schedule of employer contributions-retirement system, schedule of changes in other postemployment benefit liability-group term life and related ratios, schedule of changes in other postemployment benefit liability-retiree health care and related ratios, and the related notes to required supplementary information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Comal County, Texas' basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal and state awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2024, on our consideration of Comal County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Comal County, Texas' 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 Comal County, Texas' internal control over financial reporting and compliance.

ABIP, PC

San Antonio, Texas
June 20, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Comal County’s annual financial report presents our discussion and analysis of the County’s financial performance during the fiscal year ended December 31, 2023. Please read it in conjunction with the County’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

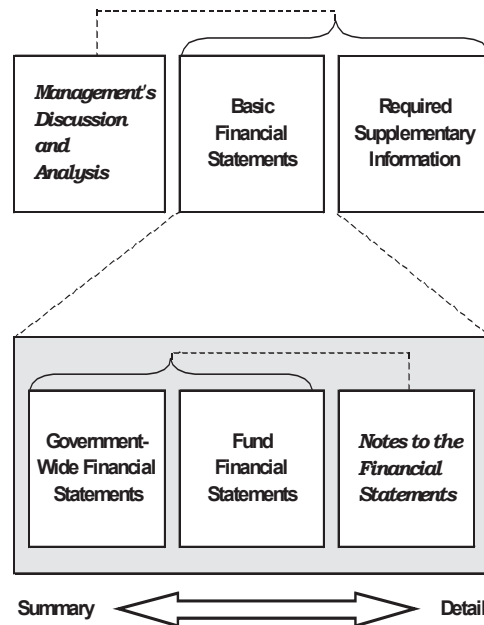
- The County’s total combined net position exceeded its liabilities and deferred inflows of resources by \$299,269,708 at December 31, 2023.
- The County’s total net position increased by \$26,721,789 over the prior year.
- The general fund’s fund balance increased to \$73,481,334 at the end of 2023, an increase of \$5,942,764 over 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of four parts—*management’s discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and *other supplementary information*. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are *government-wide financial statements* that provide assets, deferred outflows of resources, liabilities and deferred inflows of resources and information about the County’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the County’s operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as self-funded health insurance.
- *Fiduciary fund* statements provide information about the financial relationships in which the County acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

Figure A-1. Required Components of the County’s Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and are related to one another.

Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the County's Government-wide and Fund Financial Statements

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

Government-wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County's net position and how they have changed. Net position—the difference between the County's assets and liabilities—is one way to measure the County's financial health or *position*.

- Over time, increases or decreases in the County's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County, one should consider additional non-financial factors such as changes in the County's tax base.

The government-wide financial statements of the County include the *Governmental Activities*. Most of the County's basic services are included here, such as the justice system, public safety, corrections, infrastructure, and health services. Property taxes, sales taxes, fees of office, charges for services and grants finance these activities.

Fund Financial Statements

Fund financial statements are groupings of related accounts that are 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 finance-related legal compliance. 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 year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The County maintains one hundred three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Road and Bridge Fund, the Capital Projects Fund, the Debt Service Fund and the American Rescue Plan Act Fund, all of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds—The County maintains just one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to report activities that provide supplies and services for the County's other programs and activities—such as the County's Self Insurance Fund. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 24-60.

Required and Other Supplementary Information is presented concerning the County's major funds. The General Fund, the Road and Bridge Fund, the Capital Projects Fund, the Debt Service Fund and the American Rescue Plan Act Fund are the County's major funds. The County adopts annual budgets for the General Fund, the Road and Bridge Fund, the Debt Service Fund and the American Rescue Plan Act Fund. A budgetary comparison schedule, which includes the original and final amended budget and actual figures, has been provided to demonstrate compliance with this budget. The Capital Projects Fund is budgeted on a project basis instead of an annual basis. Required supplementary information can be found on pages 61-71.

The combining and individual fund statements and schedules referred to earlier provide information for non-major governmental funds, internal service funds and fiduciary funds and are presented immediately following the required supplementary information. Additionally, the County legally adopts budgets for a number of other governmental funds. Budgetary comparison schedules and combining and individual fund statements and schedules can be found on pages 99-227.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

GASB 34, Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments require that the County provide a comparative analysis of government-wide data.

The County’s combined net position was \$299,269,708 at December 31, 2023. (See Table A-1).

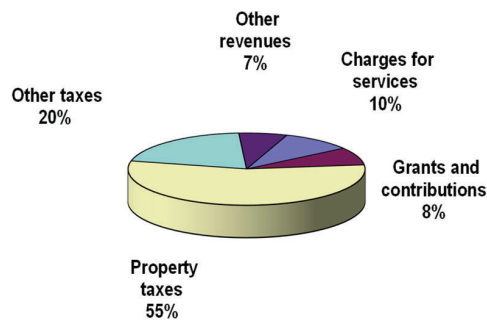
Table A-1

Comal County Net Position December 31,		2023	2022
	Governmental Activities	Governmental Activities	Governmental Activities
Current assets	\$ 254,113,923	\$ 240,640,616	
Non-current assets			
Capital assets	292,688,378	291,436,071	
Total assets	546,802,301	532,076,687	
Deferred outflows of resources	15,378,937	13,049,923	
Other liabilities	84,818,861	87,250,241	
Long-term liabilities	123,622,265	119,380,827	
Total liabilities	208,441,126	206,631,068	
Deferred inflows of resources	54,470,404	65,947,623	
Net position:			
Net investment in capital assets	185,783,046	181,640,954	
Restricted	41,699,720	37,424,769	
Unrestricted	71,786,942	53,482,196	
Total net position	<u>\$ 299,269,708</u>	<u>\$ 272,547,919</u>	

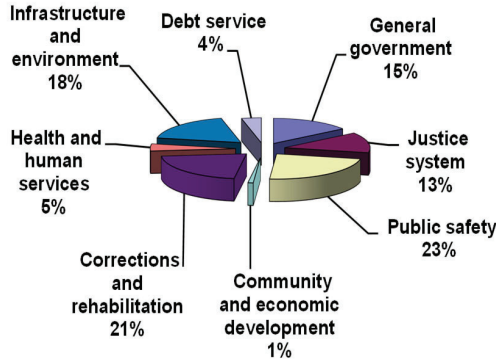
Change in net position. The County’s total revenues were \$143,092,908. A significant portion, 55% (\$79,219,897) of the County’s revenue comes from property taxes. (See Table A-2.) Other Taxes account for 20% (\$29,183,580). Grants and contributions make up 8% (\$11,376,865) of revenues. The remaining 17% of revenues (\$23,312,566) comes from other sources such as charges for services, interest earnings and reimbursements.

- Property tax revenue increased \$2,690,252 over 2022 as a result of continued growth of the County, favorable local real estate values and new construction.
- Population and economic growth contributed to the sales tax revenue increase of \$1,317,463 over 2022.
- Interest on deposits increased by 631% over 2022 due to increased interest rates and the amount of the County’s deposits.

**Figure A-3
County Sources of Revenue - Governmental
Activities**



**Figure A-4
County Expenses by Function
Governmental Activities**



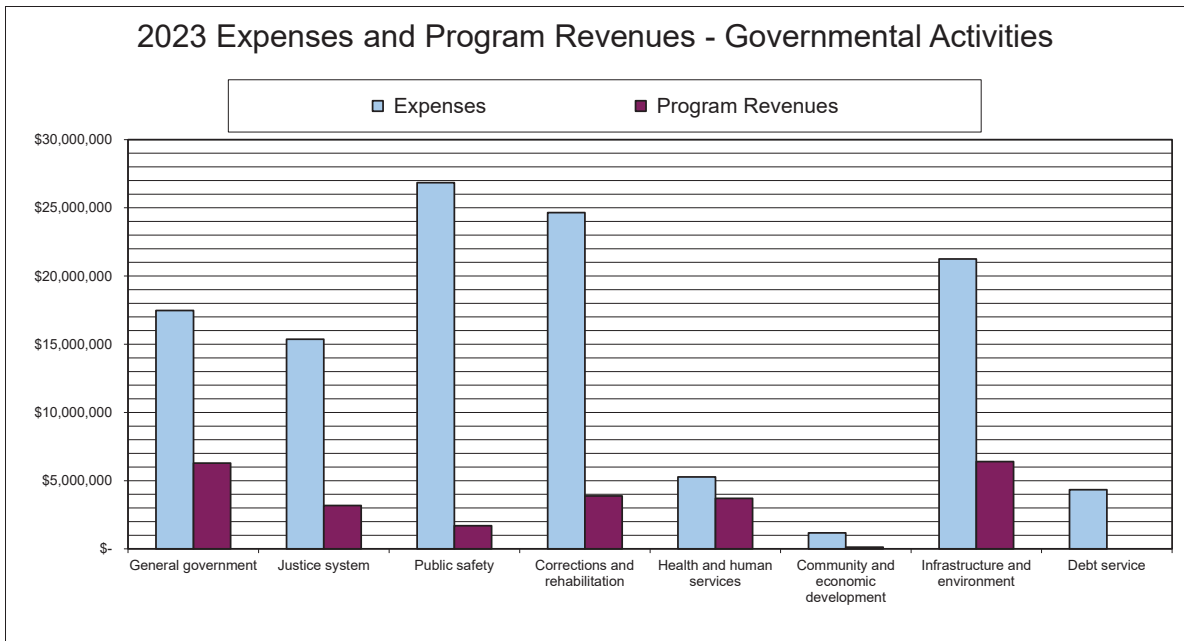
- The total cost of all programs and services was \$116,371,119; of these costs \$26,851,306 (23%) was for public safety, \$24,643,972 (21%) for corrections and rehabilitation, \$17,484,783 (15%) for general government, \$21,245,364 (18%) for infrastructure and \$15,375,920 (13%) for justice system. Other programs account for the remaining 10%. All programs and services had increases in their operations in 2023.

- There was an overall increase in expenses of \$16,742,311 for 2023. This increase is due largely to operations of county departments for increases in payroll and overall costs.

Table A-2

**Comal County
Changes in Net Position
December 31**

	2023 Governmental Activities	2022 Governmental Activities
REVENUES:		
Program revenues:		
Charges for services	\$ 13,856,635	\$ 14,351,306
Operating grants and contributions	2,906,971	2,573,953
Capital grants and contributions	8,469,894	10,640,167
General revenues:		
Taxes:		
Property taxes	79,219,897	76,529,645
Other taxes	29,183,580	30,132,457
Other	9,455,931	2,011,648
Total revenues	<u>143,092,908</u>	<u>136,239,176</u>
EXPENSES:		
General government	17,484,783	15,900,485
Justice system	15,375,920	11,283,797
Public safety	26,851,306	23,198,426
Corrections and rehabilitation	24,643,972	21,219,287
Health and human services	5,273,600	4,249,334
Community and economic development	1,161,674	925,185
Infrastructure and environment	21,245,364	19,306,848
Debt service	4,334,500	3,545,446
Total expenses	<u>116,371,119</u>	<u>99,628,808</u>
Change in net position	26,721,789	36,610,368
Beginning net position	272,547,919	235,937,551
Ending net position	<u>\$ 299,269,708</u>	<u>\$ 272,547,919</u>



The above table shows a comparison of revenue and grants generated by the program compared to expenses of the program. The excess expenses are paid with general revenues.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds

The County's major general government functions are contained in the General, Special Revenue, Debt Service, and Capital Projects 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.

At December 31, 2023, the County's governmental funds reported combined fund balances of \$124,376,915, an increase of \$15,177,121 in comparison with the prior year. Approximately 58% of the combined fund balances constitutes unassigned fund balance, which is available to meet the County's current and future needs. Approximately, 2% of the combined fund balance is in the debt service fund and is restricted for payment of county debt and approximately 3% of the combined fund balance is in the capital projects fund and is restricted to various capital projects. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has been committed for encumbrances and grant expenses.

The General Fund is the chief operating fund of the County. At December 31, 2023, the General Fund reported revenues of \$93,695,685, an increase of \$1,672,995 or about 2% over the prior year. The County's revenues exceeded budget in all of the categories in the General Fund with the exception of ad valorem taxes and charges for services. Ad valorem taxes increased by approximately 3% or \$2,546,264 above 2022. Sales tax revenues exceeded budgeted revenue by \$3,705,684 and interest income exceeded budgeted revenue by \$3,132,489.

Expenditures in the General Fund increased by \$10,814,101 or about 14% compared to 2022.

The fund balance in the County's General Fund increased by \$5,942,764 during the current fiscal year. Key factors in this increase were as follows:

- Increased sales tax revenue due to continued growth in the County.
- Increased interest income on deposits due to favorable interest rates.
- Lower than budgeted expenditures due to conservative spending by departments and unfilled positions.

The Road and Bridge Fund is the County's second major fund. At December 31, 2023, the Road and Bridge fund reported revenues of \$14,953,331, a decrease of \$135,050 or -1% less than the prior year. The decrease is due to the decrease in auto registrations and titles revenue.

Expenditures in the Road and Bridge Fund increased \$1,740,502 from 2022. The increase was due to an increase in road materials and supplies.

The fund balance in the Road and Bridge fund decreased by \$237,022 during the current fiscal year. The key factors in this decrease were the decrease in auto registrations and title revenues and small increase in operating expenditures.

The Capital Projects Fund is the County's third major fund and is used to account for receipts and disbursements relating to the acquisition or construction of major capital projects. At December 31, 2023, the fund balance decreased by \$394,858 from the prior year. This is the result of expenditures on capital projects.

The Debt Service Fund is used to account for receipts and disbursements relating to the County's long-term bonded debt obligations. At December 31, 2023, the fund balance increased \$2,263,670 from the prior year due to increased ad valorem tax revenue received as a result of higher allocated tax rate. The County budgets this fund annually to cover the annual debt obligations due during the year. The actual revenues were less than budgeted by \$51,795.

The American Rescue Plan Act Fund is major special revenue fund used to account for grant funds restricted by the American Rescue Plan Act received during 2022. At December 31, 2023, the fund balance totaled \$1,694,272, an increase of \$1,418,097 due mainly to the interest on deposits.

Proprietary funds – Internal service funds provide the same type of information found in the government-wide financial statements, but in more detail. The County has one internal service fund used to report activities that provide services and supplies to the County's other programs and activities.

The Comal County Health Insurance fund reports the activities connected with the County's self-insurance program for employee health insurance. At December 31, 2023, the net position increased \$1,362,293 or 90% from the prior year. The increase is due to decrease in medical claims paid.

General Fund Budgetary Highlights

Actual revenues were \$6,924,698 in excess of the budget. The most significant variances between the budget and actual revenues were increases in sales and use taxes and interest income.

Since the County budgets by line-item, there were 104 budget amendments and line-item transfers during the year which resulted in a \$1,991,969 increase in the budgeted expenditures for all budgeted funds with \$2,265 increase in the general fund. Line-item transfers were made to cover additional costs that arose in numerous lines. The actual expenditures in the general fund for 2023 were \$10,314,346 below the final amended budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the County had invested \$292,688,378 in capital assets for its governmental activities. This investment in capital assets includes land, improvements, buildings, intangibles, right-to-use leased assets, right-to-use SBITA assets, infrastructure, equipment and vehicles.

Table A-3

Comal County's Capital Assets (net of depreciation)				
	2023		2022	
	Governmental Activities		Governmental Activities	
Land	\$	23,462,386	\$	23,460,386
Buildings		131,873,043		134,870,417
Improvements other than buildings		3,052,636		2,706,654
Furniture, fixtures and equipment		17,921,070		16,283,742
Intangibles		811,854		959,782
Right-to-use leased asset		4,453,152		4,688,945
Right-to-use SBITA asset		687,575		
Infrastructure		105,414,714		104,755,546
Construction in process		5,011,948		3,710,599
Net capital assets	\$	<u>292,688,378</u>	\$	<u>291,436,071</u>

Major capital asset events during the current year included the following:

- Construction in process expenditures totaling \$2,023,122 incurred due to construction of new health and human services building.
- The County spent \$3,410,907 on new vehicles and road construction equipment for public safety and infrastructure and environment.
- The County accepted \$5,690,475 in capital contributions.

Additional information on Comal County’s capital assets can be found in note 1.D.4. on page 30 and in note 3.C. on page 39.

Long Term Debt

At year-end the County had \$105,946,672 in long-term debt outstanding as shown in Table A-4. More detailed information about the County’s debt is presented in the Notes to the Financial Statements in note 3.E. on pages 40 – 45.

Bond Ratings
 The County’s bonds presently carry “Aaa” ratings with underlying ratings as follows: Moody’s Investor Services “Aa1” and Standard & Poors “A”.

Table A-4

Comal County's Long Term Debt

	2023	2022
	Governmental	Governmental
	Activities	Activities
Bonds, notes payable & bond premiums	<u>\$ 105,946,672</u>	<u>\$ 114,415,830</u>
	<u>\$ 105,946,672</u>	<u>\$ 114,415,830</u>

ECONOMIC FACTORS

Comal County's unemployment rate increased to 3.1% at year-end, down from 3.9% at the end of 2022. This is more favorable than the state's average of 3.9% and the national average rate of 3.7%.

The County has experienced major growth between 2013 and 2023. The County's population has increased over those ten years from 124,381 to 193,928, which represents a 56% increase. Appraised property values used for the 2024 budget will increase by \$5.2 billion or 21% over the 2023 budget. The County adopted a tax rate of \$0.275715/\$100 valuation to fund the 2024 budget. The total anticipated revenues for the County's 2024 budget total \$130.6 million. Amounts available for appropriation for the 2024 General Fund budget are \$95.7 million, compared to the final 2023 budget of \$80.6 million. Total expenditures for all operating funds, including the General Fund, for 2024 are budgeted at \$166.0 million, which is 23% increase from the previous year.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or separately issued component unit financial statements, or need additional financial information, contact the County Auditor's Office, 150 North Seguin Street, Suite 2019, New Braunfels, Texas 78130.

**COMAL COUNTY, TEXAS
ANNUAL COMPREHENSIVE
FINANCIAL REPORT
2023**

BASIC FINANCIAL STATEMENTS

COMAL COUNTY, TEXAS
STATEMENT OF NET POSITION
December 31, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 145,518,714
Investments	49,421,290
Receivables (net of allowance for uncollectables):	
Current ad valorem taxes	50,001,799
Delinquent ad valorem taxes	1,434,951
Sales and use taxes	4,289,902
Miscellaneous	929,437
Lease	57,160
Due from others	1,882,357
Materials & supplies inventory, at cost	578,313
Capital assets (net of accumulated depreciation):	
Land	23,462,386
Buildings	131,873,043
Improvements other than buildings	3,052,636
Furniture, fixtures and equipment	17,921,070
Intangibles	811,854
Right-to-use leased asset	4,453,152
Right-to-use SBITA asset	687,575
Infrastructure	105,414,714
Construction in process	5,011,948
Total assets	546,802,301
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	172,314
OPEB-retiree health care	677,411
OPEB-group term life	386,697
Pension	14,142,515
Total deferred outflow of resources	15,378,937
LIABILITIES	
Accounts payable	4,903,939
Accrued wages payable	1,145,551
Accrued interest payable	1,416,179
Due to other agencies	309,576
Unearned revenues	67,216,238
Noncurrent liabilities:	
Due within one year	9,827,378
Due in more than one year	123,622,265
Total liabilities	208,441,126
DEFERRED INFLOWS OF RESOURCES	
Current property taxes levied for subsequent period	51,140,432
Leases	56,515
OPEB-group term life	493,121
OPEB-retiree health care	2,156,002
Pension	624,334
Total deferred outflow of resources	54,470,404
NET POSITION	
Net investment in capital assets	185,783,046
Restricted for:	
Restricted - debt service	2,383,596
Restricted - road and bridge	8,586,958
Restricted - general government	6,980,774
Restricted - community services and programs	621,375
Restricted - corrections and rehabilitation	2,677,556
Restricted - health and human services	8,376,809
Restricted - judicial	4,253,217
Restricted - public safety	1,899,958
Restricted - infrastructure and environmental	5,919,477
Unrestricted	71,786,942
Total net position	\$ 299,269,708

The accompanying notes are an integral part of this statement.

COMAL COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 17,484,783	\$ 5,978,989	\$ -	\$ 306,406	\$ (11,199,388)
Justice system	15,375,920	2,643,974	529,750	-	(12,202,196)
Public safety	26,851,306	1,553,755	134,914	-	(25,162,637)
Corrections and rehabilitation	24,643,972	2,660,209	1,147,873	67,660	(20,768,230)
Health and human services	5,273,600	454,831	924,659	2,320,262	(1,573,848)
Community and economic development	1,161,674	109,336	6,750	-	(1,045,588)
Infrastructure and environment	21,245,364	455,541	163,025	5,775,566	(14,851,232)
Debt service	4,334,500	-	-	-	(4,334,500)
Total governmental activities	<u>116,371,119</u>	<u>13,856,635</u>	<u>2,906,971</u>	<u>8,469,894</u>	<u>(91,137,619)</u>
Total primary government	<u>\$ 116,371,119</u>	<u>\$ 13,856,635</u>	<u>\$ 2,906,971</u>	<u>\$ 8,469,894</u>	<u>(91,137,619)</u>
General revenues:					
Ad valorem taxes					79,219,897
Sales and use tax					24,205,684
Auto registration and title					3,713,558
Mixed drink taxes					1,264,338
Interest on deposits					7,522,359
Miscellaneous revenue					1,691,087
Sale of assets					242,485
Total general revenues					<u>117,859,408</u>
Change in net position					26,721,789
Net position - beginning					<u>272,547,919</u>
Net position - ending					<u>\$ 299,269,708</u>

COMAL COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023

	General Fund	Road and Bridge	Capital Projects	Debt Service	American Rescue Plan Act	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 67,688,305	\$ 9,878,651	\$ 4,054,256	\$ 5,845,361	\$ 22,314,509	\$ 31,620,847	\$ 141,401,929
Investments	30,863,668	8,914,026	-	3,055,940	6,587,656	-	49,421,290
Receivables (net of allowance for uncollectables)							
Current ad valorem taxes	34,320,232	8,778,089	-	6,406,807	-	496,671	50,001,799
Delinquent ad valorem taxes	937,691	191,453	-	249,784	-	56,023	1,434,951
Sales and use taxes	4,289,902	-	-	-	-	-	4,289,902
Miscellaneous	197,022	221,628	-	-	-	510,787	929,437
Lease	57,160	-	-	-	-	-	57,160
Due from other funds	990,587	1,694	-	-	-	9,886	1,002,167
Due from others	1,532,018	-	-	-	-	-	1,532,018
Inventory, at cost	11,722	566,591	-	-	-	-	578,313
Total assets	\$ 140,888,307	\$ 28,552,132	\$ 4,054,256	\$ 15,557,892	\$ 28,902,165	\$ 32,694,213	\$ 250,648,965
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable - trade	\$ 3,937,370	\$ 476,523	\$ 37,313	\$ 400	\$ -	\$ 279,766	\$ 4,731,372
Accrued wages payable	1,027,276	110,655	-	-	-	7,620	1,145,551
Unearned revenues - ad valorem taxes	194,702	38,120	-	51,865	-	11,632	296,319
Unearned revenues	26,820,169	6,723,042	-	6,515,608	27,205,842	669,620	67,934,281
Due to other agencies	307,719	11	-	-	-	1,846	309,576
Due to other funds	-	2,750	-	1,697	2,051	651,506	658,005
Total liabilities	32,287,236	7,351,101	37,313	6,569,570	27,207,893	1,621,990	75,075,103
Deferred inflows of resources:							
Current property taxes levied for subsequent period	34,505,232	8,778,089	-	6,406,807	-	496,671	50,186,799
Delinquent ad valorem taxes	557,989	153,333	-	197,919	-	44,391	953,632
Leases	56,515	-	-	-	-	-	56,515
Total deferred inflows of resources	35,119,736	8,931,422	-	6,604,726	-	541,062	51,196,946
Fund balances:							
Non-spendable	11,722	566,591	-	-	-	-	578,313
Restricted - debt service	-	-	-	2,383,596	-	-	2,383,596
Restricted - road and bridge	-	8,586,958	-	-	-	-	8,586,958
Restricted - general government	-	-	-	-	-	6,980,774	6,980,774
Restricted - community services and programs	-	-	-	-	-	621,375	621,375
Restricted - construction projects	-	-	3,802,083	-	-	-	3,802,083
Restricted - general government	-	-	-	-	-	-	-
Restricted - corrections and rehabilitation	-	-	-	-	-	2,677,556	2,677,556
Restricted - health and human services	-	-	-	-	-	8,376,809	8,376,809
Restricted - justice	-	-	-	-	-	4,253,217	4,253,217
Restricted - public safety	-	-	-	-	-	1,899,958	1,899,958
Restricted - infrastructure and environmental	-	-	-	-	-	5,919,477	5,919,477
Committed - community services and programs	349,409	-	-	-	-	-	349,409
Committed - infrastructure and environmental	-	3,116,060	-	-	-	2,149	3,118,209
Committed - corrections and rehabilitation	360,866	-	-	-	-	24,980	385,846
Committed - health and human services	72,296	-	-	-	258,070	-	330,366
Committed - justice	7,567	-	-	-	-	3,712	11,279
Committed - public safety	860,164	-	-	-	77,829	1,130	939,123
Committed - general government	485,294	-	214,860	-	-	5,072	705,226
Unassigned	71,334,017	-	-	-	1,358,373	(235,048)	72,457,342
Total fund balances	73,481,334	12,269,609	4,016,943	2,383,596	1,694,272	30,531,161	124,376,915
Total liabilities and fund balances	\$ 140,888,307	\$ 28,552,132	\$ 4,054,256	\$ 15,557,892	\$ 28,902,165	\$ 32,694,213	\$ 250,648,965

COMAL COUNTY, TEXAS
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO
STATEMENT OF NET POSITION
December 31, 2023

Total fund balances - governmental funds		\$ 124,376,915
Amounts reported for <i>governmental activities</i> in the statement of net Position are different because:		
Capital assets used in governmental activities are expensed in the funds.		292,688,375
Payables for bond principal which are not due in the current period are not reported in the funds.		(104,180,000)
Payables for right-to-use lease assets		(4,623,174)
Payables for right-to-use SBITA assets		(524,743)
Bond premiums are an other resource in the funds.		(1,766,672)
Payables for bond interest which are not due in the current period are not reported in the funds.		(1,416,179)
Compensated absences which are not due in the current period are not reported in the funds.		(1,787,976)
Recognition of the County's net pension liability required by GASB Statement No. 68 and the changes in deferred outflows and inflows of resources related to the TCDRS liability is not reported in the funds.		
	Net pension liability	(14,703,451)
	Deferred outflows of resources - TCDRS	14,142,515
	Deferred inflows of resources - TCDRS	<u>(624,334)</u>
		(1,185,270)
Recognition of the County's other post employment benefits liability - retiree health care required by GASB Statement No. 75 and the changes in deferred outflows and inflows of resources related to the OPEB liability is not reported in the funds.		
	OPEB liability - retiree health care	(4,363,241)
	Deferred outflows of resources - retiree health care	677,411
	Deferred inflows of resources - retiree health care	<u>(2,156,002)</u>
		(5,841,832)
Recognition of the County's other post employment benefits liability - group term life required by GASB Statement No. 75 and the changes in deferred outflows and inflows of resources related to the OPEB liability is not reported in the funds.		
	OPEB liability - group term life	(1,500,386)
	Deferred outflows of resources - group term life	386,697
	Deferred inflows of resources - group term life	<u>(493,121)</u>
		(1,606,810)
Deferred amounts on refunding are deferred outflows of resources and, therefore, are not reported in the funds.		172,314
Internal service funds assets and liabilities are included in the governmental activities in the statement of net position.		3,950,395
Property tax receivable unavailable to pay current year expenditures is deferred in the funds.		1,014,362
Rounding		<u>3</u>
Net position of governmental activities - statement of net position		<u>\$ 299,269,708</u>

COMAL COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2023

	General Fund	Road and Bridge	Capital Projects	Debt Service	American Rescue Plan Act	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes:							
Ad valorem	\$ 52,157,584	\$ 9,921,900	-	\$ 13,925,407	-	\$ 3,137,437	\$ 79,142,328
Sales and use	24,205,684	-	-	-	-	-	24,205,684
Auto registration and title	-	3,713,558	-	-	-	-	3,713,558
Mixed drink	1,264,338	-	-	-	-	-	1,264,338
Fees of office	4,761,312	-	-	-	-	2,150,955	6,912,267
Charges for services	6,027,292	273,089	-	-	-	553,894	6,854,275
Interest on deposits	3,482,489	746,495	226,305	147,708	1,423,147	1,423,909	7,450,053
Operating grants and contributions	369,132	156,750	-	-	-	2,381,089	2,906,971
Capital grants and contributions	85,091	-	-	-	2,320,262	374,066	2,779,419
Miscellaneous revenue	1,342,762	141,539	-	-	-	206,786	1,691,087
Asset forfeitures	-	-	-	-	-	90,092	90,092
Total revenues	<u>93,695,685</u>	<u>14,953,331</u>	<u>226,305</u>	<u>14,073,115</u>	<u>3,743,409</u>	<u>10,318,228</u>	<u>137,010,073</u>
EXPENDITURES							
Current:							
General government	13,181,000	-	-	-	-	1,094,510	14,275,510
Justice system	14,385,077	-	-	-	-	1,285,387	15,670,464
Public safety	25,737,535	-	-	-	-	303,263	26,040,798
Corrections and rehabilitation	21,684,853	-	-	-	-	1,387,162	23,072,015
Health and human services	2,458,133	-	-	-	150,570	1,670,243	4,278,946
Community and economic development	749,938	-	-	-	-	120,680	870,618
Infrastructure and environment	1,330,372	13,808,031	-	-	-	16,735	15,155,138
Debt service:							
Fiscal charges	-	-	-	2,300	-	-	2,300
Interest	69,671	162	-	3,547,145	-	3,139	3,620,117
Principal retirement	937,627	62,026	-	8,260,000	-	70,772	9,330,425
Capital outlay:	5,507,359	1,554,100	621,163	-	2,193,972	310,896	10,187,490
Total expenditures	<u>86,041,566</u>	<u>15,424,319</u>	<u>621,163</u>	<u>11,809,445</u>	<u>2,344,542</u>	<u>6,262,787</u>	<u>122,503,822</u>
Excess (deficiency) of revenues over expenditures	<u>7,654,119</u>	<u>(470,988)</u>	<u>(394,858)</u>	<u>2,263,670</u>	<u>1,398,867</u>	<u>4,055,441</u>	<u>14,506,251</u>
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	119,245	143,234	-	-	-	-	262,479
Other financing sources - leases	146,346	-	-	-	-	8,578	154,924
Other financing sources - SBITA	162,735	90,732	-	-	-	-	253,467
Transfers to other funds	(2,139,681)	-	-	-	-	-	(2,139,681)
Transfers from other funds	-	-	-	-	19,230	2,120,451	2,139,681
Total other financing sources and uses	<u>(1,711,355)</u>	<u>233,966</u>	<u>-</u>	<u>-</u>	<u>19,230</u>	<u>2,129,029</u>	<u>670,870</u>
Net change in fund balances	5,942,764	(237,022)	(394,858)	2,263,670	1,418,097	6,184,470	15,177,121
Fund balances -- beginning	67,538,570	12,506,631	4,411,801	119,926	276,175	24,346,691	109,199,794
Fund balances -- ending	<u>\$ 73,481,334</u>	<u>\$ 12,269,609</u>	<u>\$ 4,016,943</u>	<u>\$ 2,383,596</u>	<u>\$ 1,694,272</u>	<u>\$ 30,531,161</u>	<u>\$ 124,376,915</u>

COMAL COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

Amounts reported for *governmental activities* in the statement of activities are different because:

Net change in fund balances -- total governmental funds	\$ 15,177,121
Capital outlays are not reported as expenses in the statement of activities.	9,953,507
Contributed capital assets are not reported as an expense in the statement of activities.	5,690,475
Depreciation of capital assets is not recorded in the funds.	(15,496,814)
In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net cost of the capital assets sold.	(19,994)
Repayment of bond principal is an expenditure in the funds but a reduction of the liability in the statement of net position.	8,260,000
Right-to-use asset lease obligations are recorded as a current resource in the funds, but as a liability in the statement of net position.	(154,924)
Repayment of right-to-use leased asset liability.	307,743
Right-to-use asset SBITA obligations are recorded as a current resource in the funds, but as a liability in the statement of net position.	(162,293)
Repayment of right-to-use SBITA asset liability.	762,682
Bond premiums are amortized in the statement of net position and not in the funds.	209,158
Refunding bond gains/losses are capitalized and amortized in the statement of net position.	(36,598)
Increase in non-current portion of compensated absences is not an expenditure in the funds, but is recorded as a liability in the statement of net position.	(153,028)
Property taxes unearned in the funds are recognized as revenue in the statement of activities. This is the change in this amount this year.	77,565
Interest payable is not recorded in the funds. This is the change in the payable to the end of the period.	123,594
Net expenses in the internal service funds are reported in the governmental activities.	1,362,293
The change in net pension liability, deferred outflows and deferred inflows related to the County's net pension liability is not expensed in the funds. This is the change in this amount this year.	1,167,289
Other post-employment benefit expense is not reported in the funds.	(345,988)
Rounding	1
Change in net position of governmental activities - statement of activities	\$ 26,721,789

COMAL COUNTY, TEXAS
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
December 31, 2023

	<u>Internal Service Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,116,785
Due from other funds	<u>6,176</u>
Total current assets:	<u>4,122,961</u>
Total assets	<u>4,122,961</u>
LIABILITIES AND FUND BALANCES	
Current liabilities:	
Accounts payable - trade	<u>172,566</u>
Total current liabilities:	<u>172,566</u>
Total liabilities	<u>172,566</u>
NET POSITION	
Restricted for future claims	<u>3,950,395</u>
Total net position	<u>\$ 3,950,395</u>

COMAL COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2023

	<u>Internal Service Fund</u>
OPERATING REVENUES:	
Charges for services	\$ 9,918,091
Reimbursements	<u>1,110,498</u>
Total operating revenue	<u>11,028,589</u>
OPERATING EXPENSES:	
Medical claims	<u>9,738,602</u>
Total operating expenses	<u>9,738,602</u>
Operating income (loss)	<u>1,289,987</u>
NONOPERATING REVENUES:	
Interest on deposits	<u>72,306</u>
Total nonoperating revenue	<u>72,306</u>
Change in net position	1,362,293
Total net position -- beginning	<u>2,588,102</u>
Total net position -- ending	<u>\$ 3,950,395</u>

COMAL COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2023

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from interfund services provided and used	\$ 9,912,821
Reimbursements	1,110,498
Payments for claims	(9,738,846)
Net cash (used) by operating activities	1,284,473
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	72,306
Net cash provided by investing activities	72,306
Net increase (decrease) in cash and cash equivalents	1,356,779
Balances - beginning of year adjusted for prior period adjustment	2,760,006
Balances - end of the year	\$ 4,116,785
 Reconciliation of operating income (loss) to	
net cash provided (used) by operating activities:	
Operating income (loss)	\$ 1,289,987
Changes in assets and liabilities:	
Interfund receivables	(5,270)
Accounts payable - other	(244)
Net cash (used) by operating activities	\$ 1,284,473

COMAL COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2023

	Total Fiduciary Funds
ASSETS	
Cash and cash equivalents	\$ 95,347,737
Total assets	95,347,737
LIABILITIES	
Accounts payable - trade	33,177
Miscellaneous payables	6,293,242
Due to other funds	350,339
Due to other agencies	76,342,438
Total liabilities	83,019,196
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	12,328,540
Total net position	\$ 12,328,540

COMAL COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended December 31, 2023

	Total Fiduciary Funds
ADDITIONS:	
Property taxes	\$ 841,547,116
Auto registrations	8,511,591
Criminal fees	219,700
Civil fees	70,232
Restitution	192,369
Seizures	442,859
Miscellaneous fees	1,081,607
Total additions	855,771,682
DEDUCTIONS:	
Property taxes	841,497,172
Auto registrations	8,564,557
Disbursements to others	272,866
Restitution	185,692
State fees	100,817
Miscellaneous payables	1,351,896
Total deductions	851,992,617
Change in net position	3,779,065
Net position - beginning	8,549,475
Net position - ending	\$ 12,328,540

The accompanying notes are an integral part of this statement.

COMAL COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Note 1. Summary of Significant Accounting Policies:

The financial statements of Comal County, Texas (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) for state and local governments. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County's more significant accounting policies are described below.

The County adopted the provisions of GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement requires governments to account for deferred outflows of resources, deferred inflows resources and net position as they relate to derivatives and service concession arrangements. Under the provisions of this statement, governments will also present a Statement of Net Position and changes the caption "Net Assets" to "Net Position". The County has no deferred outflows or inflows of resources in accordance with GASB 63, but the statement titles and captions have been changed in conformity with the statement.

The County adopted the provisions of GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The County has four items that qualify for reporting as deferred inflows of resources in the financial statements. The County recognizes deferred inflows of resources relating to ad valorem taxes that are received or reported as a receivable before the period for which property taxes are available. Accordingly, these amounts are reported in the statement of net position and governmental fund balance sheet. In addition, the County recognized deferred inflows of resources relating to pension, other postemployment benefits-group term life, and other postemployment benefits-health insurance charges in the statement of net position. These amounts are amortized over subsequent fiscal years. The County also has four items that qualify for reporting as deferred outflows of resources on the statement of net position. The County the deferred charge on refunded debt resulted from the difference in the carrying value of the refunded debt and the reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, the County recognized amounts relating to pension charges, other post-employment benefits health insurance, and other post-employment benefits-group term life. These amounts are amortized over subsequent fiscal years.

The County adopted the provisions of GASB Statement No. 68 *"Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27."* The net pension liability has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to net pension liability and pension expense.

The County adopted the provisions of GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by the state or local government employer or non-employer contribution entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. These pronouncements have been implemented for purposes of measuring the pension liability and deferred outflow/inflows of resources related to pensions, and pension expense/expenditures. Information about fiduciary net position of the County's Texas County & District Retirement System (TCDRS) plans and additions to / deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by TCERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The County adopted the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements.

COMAL COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures to measure investments at fair value. This standard expands fair value disclosures to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position.

The County adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. The OPEB position has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense.

The County adopted the provisions of GASB Statement No. 77, *Tax Abatement Disclosures*. This statement was issued to improve financial reporting by providing users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Financial statement users will have a better understanding as to how tax abatements affect a government's future ability to raise resources and meet its financial obligations and the impact those abatements have on a government's financial position and economic condition.

The County adopted the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

The County implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*. This statement changes the definition of fiduciary activities, providing more refined guidance on how to determine if an activity is fiduciary in nature and therefore should be reported as such. The statement defines types of fiduciary funds, eliminating agency funds and replacing them with Custodial Funds. Under this guidance, fiduciary funds will now report a net position and a statement of changes in net position.

The County implemented GASB Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. A lease is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The County implemented GASB Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures.

The County adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting of subscription-based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a government generally should recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, - which is when the subscription asset is placed into service. The subscription liability should be initially measured at the

COMAL COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

A. Reporting Entity

The County of Comal is a political subdivision of the State of Texas and is governed by four Commissioners elected by precinct and a County Judge elected countywide that comprise the Commissioners' Court. The accompanying financial statements present the government's financial statements.

The County has evaluated whether any other entity should be included in these financial statements as defined by GASB Statement No. 14 *The Financial Reporting Entity*. The County is not a component unit of any other reporting entity as defined by the GASB Statement. The County determined that there were no component units to include in these financial statements.

B. Government-wide and Fund Financial Statements

Government-wide financial statements consist of the Statement of Net Position and the Statement of Activities that report information on all the non-fiduciary activities of the primary government. Governmental activities are supported by taxes and intergovernmental revenues and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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 charges to persons using or directly benefiting from the services provided by a given function or segment and from 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 as 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.

The effect of interfund activity has been eliminated for the government-wide financial statements; however, interfund services provided and used by the County's funds are not eliminated in the process of consolidation.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned rather than when received, and their expenses are recognized when they are incurred rather than when actually paid. The measurement focus for proprietary funds is on determination of net income, changes in net position, financial position, and cash flows.

COMAL COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The reported fund balance (net current position) is considered a measure of "available spendable resources." Operating statements of these funds' present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position. Thus, the operating statements for the governmental funds are considered to present a summary of sources and uses of "available spendable resources" during a period.

All governmental funds use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Debt Service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. Expenditures for compensated absences are recorded when they are recognized as expenditures to the extent they have matured.

Those items susceptible to accrual and recognized as revenue are property taxes, interest revenue, grant revenues, and reimbursements due to the County. Fines, permits, and other fees are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary funds, i.e., internal service funds, use accrual basis accounting. Revenues are recognized when earned, and expenses are accounted for using a cost of service measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included in the funds' balance sheets. Goods or services from such activities can be provided either to outside parties or to other departments or agencies primarily within the County.

The County's policy is to spend restricted funds first and use unrestricted resources when the restricted funds are depleted.

Fiduciary funds use the accrual basis of accounting and are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the County. Custodial funds generally are used to account for assets that the County holds on behalf of others as their agent. Custodial funds are custodial in nature and use the economic resources measurement focus.

The County uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain County functions or activities. County resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures or expenses. 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.

The County reports the following major governmental funds:

General Fund - The General Fund is the primary reporting fund used to account for the resources used to finance the fundamental operations of the County. It is the basic fund of the County and covers all activities for which a special revenue fund has not been established.

Road and Bridge Fund – The Road and Bridge fund is a Special Revenue Fund used to account for the proceeds of specific revenue resources that are legally restricted to expenditures for the construction and maintenance of roads and bridges within the County and is primarily funded by ad valorem taxes and vehicle registration fees.

COMAL COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Capital Projects Fund – The Capital Projects fund is used to account for the proceeds of debt issues and their expenditures on the approved projects for which the debt was issued.

Debt Service Fund – The Debt Service fund is used to account for the resources accumulated for and the payment of principal and interest on long-term debt of the County.

American Rescue Plan Act Fund – This fund is a major special revenue fund that is used to account for grant funds that are restricted for use by the American Rescue Plan Act (ARPA). The American Rescue Plan Act facilitates the United States' recovery from the economic and health effects of the COVID-19 pandemic.

Additionally, the County reports the following fund types:

Special Revenue Funds – These funds are used to account for funds related to grants and contracts and other general government resources that are restricted by law or contractual agreement to specific purposes other than debt service or capital projects.

Internal Service Fund - The Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis. The County currently operates one internal service fund, the Medical Insurance Fund.

Fiduciary Funds – Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the County. The County uses custodial funds to account for assets held in an agent capacity for other governments for which the tax office collects taxes, for monies seized by County law enforcement agencies, trust funds held for individuals, and for restitution owed to others.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

Cash and cash equivalents consist of cash on hand, demand deposits, money market accounts, certificates of deposit, as well as temporary investments with a maturity date of three months from the date acquired by the County.

In accordance with GASB Statement No. 9, the County has developed a definition of cash equivalents. Cash equivalents are demand deposit account balances, investments in money market accounts, and certificates of deposit, as well as temporary investments with original maturities of three months or less.

State statutes and bond ordinances authorize the County to invest in direct obligations of State and Local Governments (SLGS) and the United States of America. Additionally, there are no differences in the types of investments authorized for different funds, fund types, or component units. Investments may consist of:

- (1) Obligations, including letters of credit, of the United States or its agencies and instrumentalities;
- (2) Direct obligations of the State of Texas or its agencies and instrumentalities;
- (3) Other obligations, the principal and interest which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities; and

COMAL COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

- (4) 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 an "A" or its equivalent;
- (5) Certificates of deposit and Share Certificates that are guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or its successor; or the National Credit Union Share Insurance Fund ("NCUSIF") or its successor; or secured in any other manner and amount provided by law for deposits of the County;
- (6) An investment in certificates of deposit made through a depository institution and 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;
- (7) Fully collateralized repurchase agreements, as defined in the Public Funds Investment Act, with a defined termination date, pledged with a third party, and secured by obligations of the United States or its agencies and instrumentalities;
- (8) A bankers' acceptance if it has a stated maturity of 270 days or fewer from the date of issuance, will be liquidated in full at maturity, is eligible for collateral for borrowing from a Federal Reserve Bank, and is accepted by a bank;
- (9) Commercial paper if it has a stated maturity of 270 days or fewer from the date of issuance and is rated not less than A-1 or P-1 or an equivalent rating;
- (10) Mutual funds and money market funds with limitations.

Investments are stated at fair value and categorized by using the fair value hierarchy established by generally accepted accounting principles. The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the County has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, while the County believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

2. Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund financial statements and are netted in the government-wide financial statements.

A tax lien attaches to the property on January 1st of each year. The tax lien on the property secures the payment of all ad valorem taxes, penalties, and interest imposed on the property for the year. Commissioners' Court sets the County tax rate in September of each year and property taxes are assessed each October 1st.

The property taxes are payable at their stated amount, without penalty and interest, from October 1st in the year they are levied to January 31st of the subsequent year. Taxes collected from February 1st through June 30th are considered past due and are assessed a late payment penalty and interest. On July 1st, any remaining uncollected taxes become delinquent. Thereafter, the County may file suit for collection of the unpaid delinquent taxes, which then become subject to additional penalties and attorney fees. A schedule of tax rates and other pertinent ad valorem tax information is presented as part of the statistical section of this report.

Property tax revenues for financial reporting purposes are recognized when they become available and measurable, as explained in Note 1-C. According to authoritative pronouncements of the Governmental Accounting Standards Board, "available" means collected within the current period or expected to be collected no later than such time not to exceed sixty (60) days, except for the taxes assessed October 1, 2023 which are not available for 2023 operations. The collections on the October 1, 2023 levy are considered unearned until the subsequent calendar year. The remaining receivable on unpaid levies are reported as deferred inflows of resources at year-end. Allowances for ad valorem taxes that have not been recognized as delinquent property taxes attach to the property when delinquent.

3. Inventories

Inventories are valued at cost, which approximate market, generally using the first-in/first-out (FIFO) method. The County has implemented the consumption method to account for inventories. Under this method, inventory items are reported as expenditures when inventories are consumed, rather than when inventories are purchased.

4. Capital Assets

Capital assets include land, construction in progress, right-of-way land, property improvements, buildings, infrastructure (e.g., roads and bridges), and equipment that are used in operations and benefit more than a single fiscal period. Infrastructure assets are long-lived assets that normally are stationary in nature and typically can be preserved for a significantly greater number of years than most capital assets. The County defines capital assets as items with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of the donation.

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When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

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

Capital assets are depreciated over the useful lives of the assets or classes on a straight-line basis as follows:

Buildings and improvements	20 - 40
Furniture, fixtures and equipment	3 - 10
Intangibles	3 - 20
Infrastructure	
Roadbed	50
Surfacing	20

5. Compensated Absences

It is the County’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

All full-time employees are eligible for five days vacation upon the completion of six months of employment and an additional five days upon the completion of their first year of employment. On the date of the six month anniversary the employee shall be credited five days vacation and on the date of the first year anniversary the employee shall be credited with another five days vacation and thereafter, the employee shall accrue earned vacation leave at the rate of 3.076 hours per bi-weekly pay period. All full-time employees who have completed ten years with the County are eligible for fifteen days vacation. On the employee’s tenth anniversary, the employee shall be credited with an additional 5 days of vacation and thereafter, the employee shall accrue vacation leave at the rate of 4.620 hours per bi-weekly pay period. Vacation leave for employees with less than ten years service may be accumulated up to 20 days. Employees with ten or more years of service may accumulate up to 30 days. Employees separated from County employment receive termination pay for unused vacation time.

Sick leave is accrued by full-time employees at the rate of 3.076 hours per bi-weekly pay period after the completion of 30 days of employment. Non-exempt employees may accrue sick leave up to 320 hours. Once 320 hours of accrued sick leave is reached the County will buy back, on a yearly basis, one-half of any leave in excess of 320 hours at the employee’s hourly rate. Exempt employees may accrue sick leave up to 640 hours. The County does not buy back any accrued sick leave for exempt employees. A special policy has been established for employees hired prior to January 1, 1997. However, this policy does not materially affect paid leave.

6. Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight method.

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

7. Fund Balance Classification Policy

The County adopted GASB Statement No. 54, Governmental Accounting Standards Board Statement Number 54 (GASB 54) "*Fund Balance Reporting and Governmental Fund Type Definitions*." The statement provides guidance for fund balance categories and classifications and governmental fund type definitions. GASB 54 changed the way we look at fund balances, specifically reporting what fund balances, by major governmental fund type, are or are not available for public purposes. Five categories of fund balances were created and defined by GASB 54. These five categories are as follows:

- Non-Spendable Fund Balance - includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or contractually (e.g.: inventory, prepaid items).
- Restricted Fund Balance - includes amounts constrained for a specific purpose by external parties (e.g. Debt Service Fund, Capital Projects Fund, State and Federal grant funds).
- Committed Fund Balance - includes amounts constrained for a specific purpose by the government using its highest level of decision making authority. The County's policy is to approve all commitments by formal resolution of Commissioners Court prior to fiscal year-end to report such commitments in the balance sheet of the respective period even though the amount may be determined subsequent to fiscal year end. A commitment can only be modified or removed by the same formal action.
- Assigned Fund Balance - includes General Fund amounts constrained for a specific purpose by a governing body or by an official that has been delegated authority to assign amounts. When appropriate for fund balance to be assigned, the Commissioners Court retains the responsibility to assign funds. Assignments may occur subsequent to fiscal year end.
- Unassigned Fund Balance – are those balances within the General Fund and present those funds that have not been restricted, committed, or assigned. The General Fund is the only fund that the County reports with positive unassigned fund balance.

The County's policy is to use restricted, committed, and/or assigned fund balances, in that order, prior to using unassigned resources, but may deviate from this general policy in the event of extraordinary circumstances.

Note 2. Stewardship, Compliance, and Accountability

A. Budgets

Budgeting is an essential element of the financial planning, control, and evaluation processes of the County. Budgets for the County are prepared in conformity with generally accepted accounting principles (GAAP). The County legally adopts budgets for the General Fund, Special Revenue Funds (except Grant Funds and discretionary funds) and Debt Service Funds. Budgets for Grant Funds are established pursuant to grant awards and budgets for Capital Projects are established on a project basis. All annual appropriations, except Grant and Capital Project Funds and outstanding encumbrances at fiscal year-end, lapse at fiscal year-end.

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The County Judge is the budget officer of Comal County and is assisted in the preparation of the budget documents by the County Auditor. The following procedures are followed in establishing the budgetary data reflected in the financial report:

- 1) The Budget Officer submits to the County Commissioners a proposed operating budget for the following fiscal year commencing the following January. The operational budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted to obtain taxpayer comments.
- 3) The budget is legally adopted by the Commissioners Court by September 30 each year.

The final approved budget as adopted by the Commissioners' Court is filed with the County Clerk as a matter of public record. The Commissioners Court may amend the budget at any time after it's adopted. All changes in the budget must be by an affirmative vote of a majority of the Commissioners' Court.

The budgets adopted by the County's Commissioners Court set into law the maximum expenditure authorizations that cannot be exceeded legally. Under State statute, the formally adopted budget should not exceed budgeted appropriations in any expenditure category. The legal level of budgetary control is defined as the level at which the Commissioners Court must approve any over-expenditures of appropriations or transfers of appropriated amounts. The County's legal level of budgetary control is the expenditure object level. Any transfers or supplemental appropriations that amend expenditure line items require the approval of a majority of the Commissioners' Court.

Budgets for the General Fund, certain Special Revenue Funds, and Debt Service Funds are adopted on a modified accrual basis in accordance with generally accepted accounting principles. Under State statute, the formally adopted budget should not exceed budgeted appropriations in any expenditure category. The legal level of budgetary control is defined as the level at which the Commissioners Court must approve any over-expenditures of appropriations or transfers of appropriated amounts. The County's legal level of budgetary control is the expenditure object level. Any transfers or supplemental appropriations that amend expenditure line items require the approval of a majority of the Commissioners' Court. Any amendments to the budget must be within the revenues and reserves estimated as available or the revenues estimates must be changed by an affirmative vote of a majority of the members of Commissioners' Court. During the year, several supplemental appropriations were necessary.

A number of Special Revenue Funds do not have annually adopted budgets. State statutes establishing who has control of and the purposes for which the funds can be used generally govern these funds. The revenues in these funds cannot be sufficiently anticipated in order to establish a viable budget.

COMAL COUNTY, TEXAS
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The following Special Revenue Funds did not have formally adopted budgets:

Special Drug Court Program	County Drug Court Program
County Accountability Court Program	Fire Code Enforcement Fund
Sheriff's Miscellaneous Forfeiture Fund	Health Department Services
Criminal District Attorney Hot Check Fund	Sheriff's Federal Asset Sharing Fund
Jail Commissary Fund	Election Services Contract Fund
Elections Chapter 19 Fund	Comal County Juvenile Board / Probation Fees Fund
District Clerk's A.G. Child Support Fund	Justice Court Technology Fund
Constables' Forfeiture Fund	Probate Education Fund
County Court at Law Records Management Fund	Justice of the Peace Court Security Fund
Habitat Conservation Projects Fund	Disaster Recovery Fund
District Court Archive Fund	Opioid Settlement Fund
Constable, Precinct #3 Federal Asset Sharing Fund	County and District Technology Fund
Constable, Precinct #4 Federal Asset Sharing Fund	Criminal District Attorney Pre-Trial Diversion Fund
Alternative Dispute Resolution	TCLEOSE Training Fund
Sheriff Bail Bond Fund	Criminal District Attorney Miscellaneous Forfeiture Fund
Court Facility Fee Fund	Language Access Fund
Court Reporter Service Fund	County Specialty Court Fund

B. Deficit Fund Equity

As of December 31, 2023, the following funds had deficit fund equity due to accrual of accounts payable invoices through December 31, 2023. These deficits will be liquidated in 2024.

<u>Fund</u>	<u>Deficit</u>
TJJD Financial Assistance Fund "A"	\$ 122,137
TJJD Detention Reimbursement	25,800
BJA Bulletproof Vest Partnership Grant	25,613
TVC General Assistance Program	20,055
Increasing Accountability for CCAC	5,281
Texas Historical Commission Grant	4,757
DSHS Emergency Preparedness (PHEP) Grant	2,373
Criminal Justice Division Felony Drug Court Grant	1,998
DSHS Covid-19 Immunization Grant	499
Juvenile Justice & Truance Prevention Grant	425

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C. Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is used as an extension of formal budgetary control. Significant encumbrances outstanding at year-end are represented in aggregate within the respective fund balance category (restricted or committed) on the face of the balance sheet.

	General Fund	Road and Bridge	Capital Projects	American Rescue Plan Act Grant	Nonmajor Governmental Funds	Total
Outstanding encumbrances:						
General government	\$ 485,294	\$ -	\$ 214,860	\$ -	\$ 5,072	\$ 705,226
Justice system	7,567	-	-	-	3,712	11,279
Public safety	860,164	-	-	77,829	1,130	939,123
Corrections and rehabilitation	360,866	-	-	-	24,980	385,846
Health and human services	72,296	-	-	258,070	-	330,366
Community and economic development	349,409	-	-	-	-	349,409
Infrastructure and environment	-	3,116,060	-	-	2,149	3,118,209
Total encumbrances	\$ 2,135,596	\$ 3,116,060	\$ 214,860	\$ 335,899	\$ 37,043	\$ 5,839,458

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

Investments: As of December 31, 2023, Comal County had the following investments:

	Ratings	Fair Value		Weighted Average Maturity (In Years)	
		Cash Equivalents	Investments		
			Short-Term	Long-Term	
Money Market Accounts		\$ 108,418,599	\$ -	\$ -	N/A
Certificates of Deposit		-	-	17,900,382	0.90
U.S. Treasury Notes	- / -	-	-	993,594	0.23
FNMA	- / -	-	-	878,203	0.43
FFCB	Aaa / AAA	-	-	1,197,284	0.79
FHLB	Aaa / AAA	-	-	17,742,058	0.52
FHLMC	Aa2 / AA-	-	-	2,976,798	0.46
FAMCA	- / -	-	-	699,284	1.12
Local Governments		-	-	7,033,687	0.77
Total investments		108,418,599	\$ -	\$ 49,421,290	
Cash in banks and on hand, book		132,447,852			
		<u>\$ 240,866,451</u>			

Market Value Measurement:

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All the County's investments carried at fair value are valued using quoted market prices (Level 1 inputs).

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

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. State law dictates that in order to maintain eligibility to receive funds and invest funds on behalf of the County, an investment pool must be continuously rated no lower than AAA or AAA-m or of an equivalent rating by at least one nationally recognized statistical rating organization (NRSRO). State law authorizes investments in obligations guaranteed by the United States government and does not require that these investments be rated. The County's policy complies with state law and at year end all of the County's investments met the State's requirements.

Custodial Credit Risk

Deposits – This is the risk that in the event of a bank failure, the County's deposits may not be returned to it. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name. The County's policy requires that the depository provide sufficient collateral to cover the County's deposits and that the collateral be held by the Federal Reserve Bank in Comal County's name. As of December 31, 2023, Frost Bank had \$163,768,051 in U.S. Bonds and Agencies which were held by The Bank of NY Mellon in Comal County's name.

Investments – This is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law requires settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis. The County's investment policy requires that all purchased securities shall be held in safekeeping by the County, or a County account in a third party financial institution, or with the Federal Reserve Bank, all certificates of deposit, insured by the FDIC, or share certificates, insured by the NCUSIF, purchased outside the Depository Bank shall be held in safekeeping by the County, or a County account in a third party financial institution, and all pledged securities by the depository bank shall be held in safekeeping by the County or with a Federal Reserve Bank.

Concentration of Credit Risk

The County's investment policy requires the diversification of its portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of investments.

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. The County manages its investment time horizons by averaging investment maturities and chooses to present its exposure of interest rate changes using the weighted average maturity method. In accordance with its investment policy and state law, the County manages its interest rate risk by limiting the weighted average maturity of any investment owned by the County to a maximum of two years. Eligible investment pools must have a weighted average maturity of no greater than 90 days. The County's exposure to interest rate risk at December 31, 2023 is summarized in the above table as the days to maturity.

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B. Receivables/Unearned Revenue/Deferred Inflows

Receivables at December 31, 2023 for the County's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Road and Bridge	Debt Service	Nonmajor and Other Funds	Total
Ad valorem taxes	\$ 35,442,923	\$8,969,542	\$ 6,656,591	\$ 552,694	\$51,621,750
Allowance for doubtful accounts	(185,000)	-	-	-	(185,000)
Sales taxes	4,289,902	-	-	-	4,289,902
Miscellaneous	197,022	221,628	-	510,787	929,437
Lease	57,160	-	-	-	57,160
Total receivables	\$ 39,802,007	\$9,191,170	\$ 6,656,591	\$ 1,063,481	\$56,713,249

Leases Receivable:

The County has entered into an agreement with a business for the use of a county building located at 1345 Sattler Road, New Braunfels, Texas. The terms of agreement included a fixed minimum payment and variable payment based on sales.

As of December 31, 2023, the County had one active lease. The County received \$19,800 in lease and lease interest revenues with an interest rate of .6857%. The total combined value of the lease receivable is \$57,160 and the combined value of the deferred inflow of resources is \$56,515. The lease had \$63,739 of variable receipts, not included in the Lease Receivable, within the calendar year.

Future payments due to the county under non-cancelable agreements are as follows for the years ending December 31, 2023.

Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
2024	19,469	331	19,800
2025	19,603	197	19,800
2026	18,088	62	18,150
Total	\$ 57,160	\$ 590	\$ 57,750

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Unearned Revenue:

Governmental funds unearned revenue at year-end consisted of the following:

	Fund	Unearned Amount
Net tax revenue	General	\$ 194,702
Other	"	26,820,169
"	Road and Bridge	6,723,042
Net tax revenue	"	38,120
"	Special Revenue	11,632
Other	"	669,620
"	ARPA Funds	27,205,842
Net tax revenue	Debt Service	51,865
Other	"	6,515,608
Total unearned revenue		\$ 68,230,600

Deferred Inflows:

Governmental funds deferred inflows – property taxes and leases at year-end were as follows:

	Fund	Deferred Inflow Amount
Net tax revenue	General	\$ 35,063,221
Lease revenue	General	56,515
		35,119,736
Net tax revenue	Road and Bridge	8,931,422
Net tax revenue	Debt Service	6,604,726
Net tax revenue	Special Revenue	541,062
Total deferred inflows - property tax		\$ 51,196,946

COMAL COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
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C. Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 23,460,386	\$ 2,000	\$ -	\$ 23,462,386
Construction in process	3,710,599	2,023,122	(721,773)	5,011,948
Total capital assets, not being depreciated	<u>27,170,985</u>	<u>2,025,122</u>	<u>(721,773)</u>	<u>28,474,334</u>
Capital assets, being depreciated:				
Buildings	159,607,882	721,773	-	160,329,655
Improvements other than buildings	5,492,541	728,079	-	6,220,620
Furniture, fixtures, and equipment	52,383,381	6,791,915	(1,423,739)	57,751,557
Intangibles	2,320,658	-	-	2,320,658
Right-to-use leased assets	5,049,677	154,924	(32,903)	5,171,698
Right-to-use SBITA assets	1,125,133	253,467	(8,679)	1,369,921
Infrastructure	258,125,995	5,690,475	-	263,816,470
Total capital assets, being depreciated	<u>482,980,134</u>	<u>14,340,633</u>	<u>(1,465,321)</u>	<u>496,980,579</u>
Less accumulated depreciation for:				
Buildings	(24,737,465)	(3,719,146)	-	(28,456,611)
Improvements other than buildings	(2,785,887)	(382,097)	-	(3,167,984)
Furniture, fixtures, and equipment	(36,099,639)	(5,134,593)	1,403,745	(39,830,487)
Intangibles	(1,360,876)	(147,928)	-	(1,508,804)
Right-to-use leased assets	(360,732)	(390,718)	32,903	(718,547)
Right-to-use SBITA assets	-	(691,025)	8,679	(682,346)
Infrastructure	(153,370,449)	(5,031,307)	-	(158,401,756)
Total accumulated depreciation	<u>(218,715,048)</u>	<u>(15,496,814)</u>	<u>1,445,327</u>	<u>(232,766,535)</u>
Total capital assets, being depreciated, net	<u>264,265,086</u>	<u>(1,156,181)</u>	<u>(19,994)</u>	<u>264,214,044</u>
Governmental activities capital assets, net	<u>\$ 291,436,071</u>	<u>\$ 868,941</u>	<u>\$ (741,767)</u>	<u>\$ 292,688,378</u>

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

Governmental activities:	
General government	\$ 2,867,693
Justice system	99,711
Public safety	3,277,898
Corrections and rehabilitation	2,208,380
Health and human services	73,458
Community and economic development	313,275
Infrastructure and environmental services	<u>6,656,399</u>
Total depreciation expense - governmental activities	<u>\$ 15,496,814</u>

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D. Interfund Receivables and Payables

Due to / from other funds:

In the fund financial statements, interfund balances are the result of normal transactions between funds and will be liquidated in the subsequent year. The following is a summary of amounts due from and due to other funds at December 31, 2023:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Road and Bridge	\$ 2,750	Advancement of funds to cover expenditures
	Debt Service	3	Advancement of funds to cover expenditures
	American Rescue Plan Act	2,051	Advancement of funds to cover expenditures
	Other Governmental Funds	635,444	Advancement of funds to cover expenditures
	Fiduciary Funds	350,339	Advancement of funds to cover expenditures
		<u>990,587</u>	
Road and Bridge	Debt Service	1,694	Charges for services not transferred at year-end
Other Governmental Funds	Other Governmental Funds	9,886	Advancement of funds to cover expenditures
Internal Service Fund	General Fund	6,176	Payroll deductions not transferred at year-end
Total		<u>\$ 1,008,343</u>	

Interfund transfers:

The following is a summary of the County's transfers for the year ended December 31, 2023:

Transfer From	Transfer To	Amount	Purpose
General Fund	American Rescue Plan Act	\$ 19,230	Fund additional costs
	Other Governmental Funds		
	Special Revenue		
	Land Acquisition	2,000,000	Fund additional costs
	Juvenile Case Manager	15,000	Fund additional costs
	County Specialty Court Fund	34,578	Fund additional costs
	Texas Historical Commission Grant	6,750	Grant matching funds
	VAW Prosecutor Grant	19,677	Grant matching funds
	DOJ BJA Edward Bryne JAG Grant	2,238	Grant matching funds
	Veterans Treatment Court	27,501	Grant matching funds
	DSHS Emergency Preparedness Grant	528	Grant matching funds
	VAW Victims Assistance Coordinator Grant	14,179	Grant matching funds
		<u>2,120,451</u>	
	Total		<u>\$ 2,139,681</u>

E. Long-term Liabilities

General Obligation Bonds and Certificates of Obligation are direct obligations and pledge the full faith and credit of the County. These bonds generally are issued as 25-year serial bonds, except for refunding issues, with equal amounts of principal maturing each year.

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General Obligation Bonds

On February 16, 2017, the Commissioners Court passed an order authorizing the issuance of 'Comal County, Texas, Limited Tax General Obligation Bonds, Series 2017' in the amount of \$60,680,000. These bonds, dated February 1, 2017 were issued March 8, 2017. The proceeds will be used to construct a new jail facility and renovate the existing Sheriff's Office facilities.

The Series 2017 general obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
General government	2.00% - 4.00%	\$ 49,040,000
		<u>\$ 49,040,000</u>

Annual debt service requirements to maturity for Series 2017 general obligation bonds are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2024	3,680,000	1,593,781
2025	4,080,000	1,438,581
2026	4,430,000	1,268,381
2027	4,725,000	1,085,281
2028	4,975,000	916,156
2029 - 2032	27,150,000	1,762,390
Total	<u>\$ 49,040,000</u>	<u>\$ 8,064,570</u>

On April 26, 2018, the Commissioners Court passed an order authorizing the issuance of 'Comal County, Texas, Limited Tax General Obligation Bonds, Series 2018' in the amount of \$14,940,000. These bonds, dated May 1, 2018 were issued May 21, 2018. The proceeds will be used to construct a new jail facility and renovate the existing Sheriff's Office facilities.

The Series 2018 general obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
General government	3.00% - 4.00%	\$ 12,140,000
		<u>\$ 12,140,000</u>

Annual debt service requirements to maturity for Series 2018 general obligation bonds are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2024	750,000	367,550
2025	750,000	345,050
2026	800,000	321,800
2027	780,000	298,100
2028	865,000	273,425
2029 - 2033	8,195,000	801,600
Total	<u>\$ 12,140,000</u>	<u>\$ 2,407,525</u>

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General Obligation Refunding Bonds

In September 2015, General Obligation Refunding Bonds, Series 2015 in the amount of \$15,485,000 were issued. Comal County, Texas Combination Tax and Revenue Certificates of Obligation, Series 2007 dated August 1, 2007 in the original principal amount of \$15,500,000 and stated to mature on February 1 in each of the years 2017 through 2023 and February 1, 2028 in the principal amount of \$15,150,000 will be redeemed on February 1, 2016. This refunding produced a gross savings of \$2,321,255, including the County's cash contribution of \$46,406 and a Net Present Value benefit of \$1,952,745.

The 2015 general obligation refunding bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
General government	1.00% - 3.00%	\$ 7,010,000
		<u>\$ 7,010,000</u>

Annual debt service requirements to maturity for Series 2015 general obligation refunding bonds are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2024	1,325,000	180,313
2025	1,360,000	146,750
2026	1,400,000	108,750
2027	1,440,000	66,150
2028	1,485,000	22,275
Total	<u>\$ 7,010,000</u>	<u>\$ 524,238</u>

Combination Limited Tax and Revenue Bonds

The County issued combination limited tax and revenue bonds pursuant to a Pass-Through Toll Agreement between the County and the Texas Department of Transportation (TxDot), an agency of the State of Texas, with retirement of the bond principal to be from ad valorem taxes and payments from TxDot and the interest to be from County taxes and revenues and for the purchase of land. The combination limited tax and revenue bonds are an obligation of the County and the County is liable for the repayment of the bonds whether or not TxDot makes the agreed payments to the County.

On October 20, 2016, the Commissioners Court passed an order authorizing the issuance of 'Comal County, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2016' in the amount of \$11,300,000. These bonds dated October 15, 2016 were issued November 17, 2016. The proceeds were used to purchase land.

The 2016 bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
General government	3.00%	\$ 8,000,000
		<u>\$ 8,000,000</u>

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Annual debt service requirements to maturity for Series 2016 combination limited tax and revenue bonds are as follows:

Year Ending December 31	Principal	Interest
2024	1,000,000	195,000
2025	1,000,000	160,000
2026	1,000,000	134,375
2027	1,000,000	111,875
2028	1,000,000	85,000
2029 - 2031	3,000,000	95,000
Total	\$ 8,000,000	\$ 781,250

On August 3, 2017, the Commissioners Court passed an order authorizing the issuance of 'Comal County, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2017A' in the amount of \$21,455,000. These bonds dated August 1, 2017, were issued September 7, 2017. The proceeds will be used for making permanent improvements to the County's Landa Building and Courthouse Annex Building.

The 2017A bonds currently outstanding are as follows:

Purpose	Interest Rate	Amount
General government	2.00% - 3.00%	\$ 15,560,000
		\$ 15,560,000

Annual debt service requirements to maturity for Series 2017A combination limited tax and revenue bonds are as follows:

Year Ending December 31	Principal	Interest
2024	1,360,000	429,675
2025	1,410,000	388,125
2026	1,510,000	344,325
2027	1,705,000	103,950
2028	1,640,000	258,550
2029 - 2032	7,935,000	708,288
Total	\$ 15,560,000	\$ 2,232,913

On November 1, 2018, the Commissioners Court passed an order authorizing the issuance of 'Comal County, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2018' in the amount of \$14,580,000. These bonds dated November 1, 2018 were issued November 16, 2018. The proceeds will be used for making permanent improvements to the County's Landa Building, Courthouse Annex Building and County Sheriff's Office.

The 2018 bonds currently outstanding are as follows:

Purpose	Interest Rate	Amount
General government	3.125% - 5.00%	\$ 12,430,000
		\$ 12,430,000

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Annual debt service requirements to maturity for Series 2018 combination limited tax and revenue bonds are as follows:

Year Ending December 31	Principal	Interest
2024	650,000	474,450
2025	650,000	441,950
2026	650,000	409,450
2027	650,000	380,200
2028	650,000	357,044
2029 - 2033	9,180,000	1,354,618
Total	\$ 12,430,000	\$ 3,417,712

Right-to-use Lease Liability

At December 31, 2023, the County was obligated under right-to-use leases for a total of sixty five copier equipment (\$208,799) and radio towers (\$4,414,375). The leases have payments that range from \$181 to \$52,097 and interest rates that range from 0.2383% to 3.3350%. These leases are not renewable, and the County will not acquire the assets at the end of the lease term. Future minimum lease payments on these leases are as follows:

Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
2024	265,955	61,789	327,744
2025	232,699	58,316	291,015
2026	210,856	54,871	265,727
2027	182,510	52,115	234,625
2028	182,942	49,795	232,737
2029-2033	821,318	215,936	1,037,254
2034-2038	963,070	156,943	1,120,013
2039-2043	1,176,668	83,202	1,259,870
2044-2046	587,156	10,320	597,476
Total	\$ 4,623,174	\$ 743,287	\$ 5,366,461

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Right-to-use Subscription Liability

At December 31, 2023, the County was obligated under right-to-use subscription liabilities for software (\$524,743). The leases have annual payments that range from \$600 to \$199,717 and interest rates that range from 2.5600% to 3.1023%. These right-to-use asset subscription leases are not renewable, and the County will not acquire the intangible assets at the end of the lease term. Future minimum lease payments on these leases are as follows:

Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
2024	425,418	13,672	439,090
2025	32,630	2,665	35,295
2026	32,906	1,789	34,695
2027	33,789	906	34,695
Total	<u>\$ 524,743</u>	<u>\$ 19,032</u>	<u>\$ 543,775</u>

Changes in Bonded Debt and Other Long-Term Obligations.

Long-term liability activity for the year ended December 31, 2023, was as follows:

Type of Debt	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Long-term debt:					
General obligation refunding					
bonds, Series 2015	\$ 8,305,000	\$ -	\$ 1,295,000	\$ 7,010,000	\$ 1,325,000
Limited tax general obligation					
bonds, Series 2017	52,320,000	-	3,280,000	49,040,000	3,680,000
Limited tax general obligation					
bonds, Series 2018	12,890,000	-	750,000	12,140,000	750,000
Combined limited tax and					
revenue bonds, Series 2016	9,000,000	-	1,000,000	8,000,000	1,000,000
Combined limited tax and					
revenue bonds, Series 2017a	16,870,000	-	1,310,000	15,560,000	1,360,000
Combined limited tax and					
revenue bonds, Series 2018	13,055,000	-	625,000	12,430,000	650,000
Bond premiums	1,975,830	-	209,158	1,766,672	-
Total long-term debt	<u>114,415,830</u>	<u>-</u>	<u>8,469,158</u>	<u>105,946,672</u>	<u>8,765,000</u>
Other long-term liabilities:					
Right-to-use assets lease liability	4,775,993	154,924	307,743	4,623,174	265,955
Right-to-use assets SBITA liability	1,033,958	253,467	762,682	524,743	425,418
Compensated absences payable	1,634,948	476,544	323,516	1,787,976	371,005
Net pension liability	-	14,703,451	-	14,703,451	-
Other post employment benefit liability					
-health insurance	5,516,416	-	1,153,175	4,363,241	-
Other post employment benefit liability					
-group term life	1,928,440	-	428,054	1,500,386	-
Total other long-term liabilities	<u>14,889,755</u>	<u>15,588,386</u>	<u>2,975,170</u>	<u>27,502,971</u>	<u>1,062,378</u>
Governmental activity					
long-term liabilities	<u>\$ 129,305,585</u>	<u>\$ 15,588,386</u>	<u>\$ 11,444,328</u>	<u>\$ 133,449,643</u>	<u>\$ 9,827,378</u>

Debt payments are made from the debt service fund. Other long-term liabilities are primarily liquidated from the General fund and Road and Bridge fund.

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Conduit Debt

Comal County issued certificates of obligation on behalf of Bulverde Area Rural Library District and the Canyon Lake Community Library District to construct libraries in the County and The Crossings Public Improvement District (PID) and The Grove Public Improvement District (PID) for infrastructure improvements. The bonds are to be repaid solely from sales taxes and other revenue of the Library Districts and by special assessments of the PIDs. The County considers the certificates to be a debt of the Districts rather than debt of the County. Therefore, these certificates of obligation have been excluded from the County's financial statements in order to avoid misrepresenting the nature of the certificates and distorting the County's financial statements.

The certificates outstanding at December 31, 2023 were as follows:

<u>District</u>	<u>Maturity</u>	<u>Outstanding Balance</u>
Bulverde Area Rural Library District	September 1, 2032	\$ 5,850,000
Canyon Lake Community Library District	September 1, 2039	2,170,000
The Crossing Public Improvement District	September 1, 2027	3,220,000
The Grove Public Improvement District	September 1, 2048	4,625,000

Note 4. Other Information

A. Risk Management

The Governmental Accounting Standards Board (GASB) issued Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which establishes standard accounting and financial reporting practices for public entity risk pools and governmental entities. In accordance with GASB Statement No. 10, we make the following disclosures regarding the County's risk management program.

1. Types of Risk

The County is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the County carries commercial insurance. The County participates as a member of the Texas Association of Counties' County Government Risk Management Pool. As a member of the Risk Management Pool, the County maintains coverage for General Liability, Public Officials Liability, Law Enforcement Liability, Auto Liability, and Workers Compensation pursuant to the provisions of Chapter 119 of the Texas Local Government Code.

The County established a self-funded health insurance plan in 1995, which is recorded as an internal service fund, but this does not constitute a transfer of risk from the County. In accordance with state statute, the County was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Blue Cross and Blue Shield of Texas, Inc., a commercial carrier licensed or eligible to do business in Texas in accordance with the Texas Insurance Code.

2. Insurance Coverage

Insurance is purchased from the Texas Association of Counties' County Government Risk Management Pool and the commercial market for exposures, which are difficult to self-insure, or where analysis suggests the cost/benefit is appropriate.

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There were no significant changes in commercial coverages; however, there were significant changes in retentions and limits during the fiscal year. Settled claims have not exceeded the commercial coverages above in any of the three previous years.

B. Contingent Liabilities and Litigation

The County is the recipient of several federal and state grant programs, which have guidelines that require compliance with numerous statutes and regulations. Amounts received or receivable from grantor agencies and the amounts expended by the County are subject to audit and adjustment by grantor agencies, principally the state and federal governments. Noncompliance with the regulations could have an effect on the allow ability of program expenditures. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

In addition, the County is a defendant in various outstanding lawsuits that have not been resolved as of December 31, 2023. However, in the opinion of the management and outside council, the resolution of these matters, if decided adversely, will not have a material adverse effect on the financial condition of the County.

C. Health Care Coverage

Effective October 1, 1995, the County established a self-funded health insurance plan, which is recorded as an Internal Service Fund. This fund accounts for the health insurance risk financing activities of the County but does not constitute a transfer of risk from the County. The County pays the employee premium, currently \$977.60 per employee per month to the fund, and employees, at their option, authorize payroll withholdings to pay premiums for dependents. A third party administers the plan and the contract is renewable annually in October.

The County allows employees who retire under the rule of 75 to stay on the County's insurance until they reach the age of 65. Retirees who opt to stay on the County's insurance pay \$877.60 per month in premiums. At the age of 65 retirees must leave the County's insurance. Upon presentation of proof of premium payment for supplemental insurance from a County specified company, the County will reimburse the retiree \$100 per month. Currently there are eight retirees on the County's insurance and forty-two retirees over 65 receiving the \$100 monthly premium supplement.

In accordance with state statute, the County was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Blue Cross and Blue Shield of Texas, Inc., a commercial carrier licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$100,000 and \$11,614,564 for aggregate loss. In addition, the contract with Blue Cross and Blue Shield of Texas provides for a termination clause. This clause provides that the County, at termination of the plan, pays a fee to the carrier and is not liable for future unreported health claims. The fee is calculated based upon the number of employees and dependents covered. Had the plan been terminated at December 31, 2023, the fee would have been \$635,078.

Following is a reconciliation of changes in the aggregate assets and liabilities for claims for the current fiscal year and the prior year:

	2023	2022
Claims payable, January 1	\$ (23,373)	\$ (83,596)
Claims incurred	9,715,229	9,774,240
Claims paid	9,762,219	9,714,017
Claims (receivable) payable, December 31	\$ (70,363)	\$ (23,373)

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Claims receivable or payable are estimated based upon one-month's subsequent claims paid. Any potential unfunded claim benefit obligations will be funded through rate adjustments and future contributions generated.

There were no significant changes in coverages, retentions, or limits during the fiscal year.

D. Employee Pension Plan

Plan Description

Comal County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of nearly 800 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

Benefits Provided

The plan provisions are adopted by the Commissioners Court of Comal County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, 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 the County.

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

Employees Covered by Benefit Terms:

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	385
Inactive employees entitled to but not yet receiving benefits	581
Active employees	748
Total	1,714

Contributions

The contributions rates for employees in TCDRS are either 4%, 5%, 6% or 7% of employees gross earnings, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available to the TCDRS Act.

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Comal County has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually, and it was 11.53% for the calendar year 2023. The deposit rate payable by the employee members is the rate of 7% as adopted by the Commissioners Court of Comal County. The Commissioners Court, within the options available in the TCDRS Act, may change the employee deposit rate and the County contribution rate.

For the County's accounting year ending December 31, 2023, the required contributions for the TCDRS Plan for its employees was \$5,705,641 and the actual contributions were \$5,705,641.

Net Pension Liability

Comal County's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The December 31, 2022 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

The Total Pension Liability in the December 31, 2022 actuarial valuations was determined using the following actuarial methods and assumptions:

Actuarial Valuation Information

Actuarial valuation date	12/31/2022
Actuarial method	entry age normal
Amortization method	level percentage of payroll, closed
Amortization period	18.1
Asset valuation method	5-yr smoothed fair value
Actuarial Assumptions:	
Investment return ¹	7.60%
Projected salary increases ¹	4.7%
Inflation	2.50%
Cost-of-livings adjustments	0.0%

¹ Includes inflation at the stated rate

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee. Mortality rates for active members were based on gender-distinct Pub-2010 General Employee Amount-Weighted Mortality Table at 135% for males and 120% for females, projected with 100% of the MP-2021 Ultimate scale after 2010. Mortality rates for retirees, beneficiaries, and non-active members were based on 135% of the Pub-210 General Retirees Amount-Weighted Mortality Tables for males and 120% for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. For disabled annuitants, mortality rates were based on 160% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Tables for males and 125% for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The long-term expected rate of return on pension plan investments is 7.60%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation

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as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

The long-term expected rate of return on 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 TCRS's investment consultants and are based on January 2022 information for a 10-year time horizon.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Rate of Return (Expected Inflation)</u>
US Equities	11.50%	4.95%
Private Equity	25.00%	7.95%
Global Equities	2.50%	4.95%
International Equities - Developed	5.00%	4.95%
International Equities - Emerging	6.00%	4.95%
Investment-Grade Bonds	3.00%	2.40%
Strategic Credit	9.00%	3.39%
Direct Lending	16.00%	6.95%
Distressed Debt	4.00%	7.60%
REIT Equities	2.00%	4.15%
Master Limited Partnerships (MLPs)	2.00%	5.30%
Private Real Estate Partnerships	6.00%	5.70%
Hedge Funds	6.00%	2.90%
Cash Equivalents	2.00%	0.20%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

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Changes in Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of December 31, 2021	\$ 165,377,250	\$ 171,777,178	\$ (6,399,928)
Changes for the year:			
Service cost	5,678,583	-	5,678,583
Interest on total pension liability ¹	12,730,838	-	12,730,838
Effect of plan changes ²	-	-	-
Effect of economic/demographic gains or losses	642,955	-	642,955
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(371,796)	(371,796)	-
Benefit payments	(6,850,041)	(6,850,041)	-
Administrative expenses	-	(95,231)	95,231
Member contributions	-	2,910,286	(2,910,286)
Net investment income	-	(10,130,328)	10,130,328
Employer contributions	-	5,030,637	(5,030,637)
Other ³	-	233,633	(233,633)
Balances as of December 31, 2022	<u>\$ 177,207,789</u>	<u>\$ 162,504,338</u>	<u>\$ 14,703,451</u>

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

² No plan changes valued.

³ Relates to allocation of system-wide items.

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

The following presents the net pension liability of the County, calculated using the discount rate of 7.60%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percent point lower (6.60%) or 1 percent point higher (8.60%) than the current rate:

	1% <u>Decrease</u> 6.60%	Current <u>Discount Rate</u> 7.60%	1% <u>Increase</u> 8.60%
Total pension liability	\$ 203,439,149	\$ 177,207,789	\$ 155,576,378
Fiduciary net position	<u>162,504,338</u>	<u>162,504,338</u>	<u>162,504,338</u>
Net pension liability / (asset)	<u>\$ 40,934,811</u>	<u>\$ 14,703,451</u>	<u>\$ (6,927,960)</u>

Pension Plan Fiduciary Net Position

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

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

For the year ended December 31, 2023, Comal County recognized pension expense of \$4,538,351.

At December 31, 2023, Comal County reported deferred outflows and deferred inflows of resources related to pensions from the following resources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Difference between expected and actual experience	\$ 624,334	\$ 1,056,217
Changes of assumptions	-	3,825,318
Net difference between projected and actual earnings	-	3,555,339
Contributions made subsequent to measurement date	N/A	5,705,641
Total	<u>\$ 624,334</u>	<u>\$ 14,142,515</u>

Comal County reported \$5,705,641 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending December 31, 2024. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2024	\$ 308,779
2025	1,998,573
2026	733,120
2027	4,772,068
2028	-
Thereafter	-
Total	<u>\$ 7,812,540</u>

Each qualified employee is included in the retirement plan in which the County participates. The County participates in the Texas County and District Retirement System (TCDRS). The County does not maintain the accounting records, hold the investments, or administer the retirement plan. The total of the County's net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions as of December 31, 2023 and the pension expense for the year ended is as follows:

Net pension asset	\$ (14,703,451)
Deferred outflows of resources	14,142,515
Deferred inflows of resources	624,334
Pension expense	4,538,351

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E. Other Postemployment Benefits(OPEB)

	Other Postemployment Benefit Liability - Group Term Life	Other Postemployment Benefit Liability - Retiree Health Care Plan	Total Other Postemployment Benefit Plans
As of December 31, 2023			
Total OPEB Liability	\$ 1,500,386	\$ 4,363,241	\$ 5,863,627
Total Deferred Outflows of Resources	386,697	677,411	1,064,108
Total Deferred Inflows of Resources	493,121	2,156,002	2,649,123
For the year ended December 31, 2023			
Total OPEB Expense	\$ 107,302	\$ 359,015	\$ 466,317

(1.) OPEB – Group Term Life

Plan Description

The County participates in the Group Term Life Fund, a multiple-employer defined OPEB plan, administered by Texas County and District Retirement System (TCDRS). The Group Term Life program is voluntary, and employers can cease participation at any time. Therefore, the funding policy of the program is to ensure that adequate resources are available to meet all insurance benefit payments for the upcoming year. It is not the intent of the funding policy to pre-fund retiree term life insurance during employees' entire careers.

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

Employees covered by benefit

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	317
Inactive plan members entitled to but not yet receiving benefits	169
Active employees	748
Total	1,234

Contributions

Each participating employer contributes to the Group Term Life program at a contractually required rate. An annual actuarial valuation is performed, and the contractual rate is equal to the cost of providing one-year term life insurance. The premium rate is expressed as a percentage of the covered payroll of members employed by the participating employer. There is a one-year delay between the actuarial valuation that services as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The contribution rate of the County was actuarially determined to be 0.20% for the calendar year 2023.

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NOTES TO FINANCIAL STATEMENTS
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For the employer's accounting year ending December 31, 2023, the required OPEB-group term life contributions for the TCDRS Plan for its employees was \$99,098 and the actual contributions were \$99,098.

Other post-employment benefit liability-group term life

The County's total other post-employment benefit liability (OPEB) was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date. The December 31, 2022 actuarial valuation is the most recent valuation.

Actuarial valuation information:

The OPEB liability-group term life in the December 31, 2022 actuarial valuations was determined using the following actuarial assumptions:

Actuarial Valuation Information	
Actuarial valuation date	12/31/2022
Actuarial method	Entry age normal
Amortization method	Straight line over expected working life
Actuarial Assumptions:	
Discount rate	3.72%
Projected salary increases	Does not apply
Inflation	Does not apply
Cost-of-livings adjustments	Does not apply

Discount Rate

The discount rate used to measure the total OPEB liability – group term life was 3.72%. The projected cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute.

COMAL COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Changes in the total OPEB liability-group term life

	Total OPEB Liability
Balances as of December 31, 2021	\$ 1,928,440
Changes for the year:	
Service cost	73,316
Interest on total OPEB liability ¹	40,810
Changes of benefit terms ²	-
Effect of economic/demographic gains or losses	42,145
Effect of assumptions changes or inputs ³	(542,749)
Benefit payments	(41,576)
Other	-
Balances as of December 31, 2022	\$ 1,500,386

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

² No plan changes valued.

³ Reflects change in discount rate.

Sensitivity of the OPEB liability to changes in the discount rate

The following presents the OPEB liability-group term life of the County, calculated using the discount rate of 3.72%, as well as what the County's OPEB liability-group term life would be if it were calculated using a discount rate that is 1-percentage-point lower (2.72%) or 1-percentage-point higher (4.72%) than the current rate:

	1% Decrease 2.72%	Current Discount Rate 3.72%	1% Increase 4.72%
OPEB liability-group term life	\$ 1,797,897	\$ 1,500,386	\$ 1,270,541

OPEB expense and deferred outflows of resources related to OPEB

For the year ended December 31, 2023, the County recognized OPEB expense of \$107,302.

At December 31, 2023, the County reported deferred outflows of resources related to the OPEB liability-group term life from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 1,335	\$ 55,253
Changes of assumptions	491,786	286,850
Contributions made subsequent to measurement date	N/A	44,594
Total	\$ 493,121	\$ 386,697

COMAL COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

The County reported \$44,594 as deferred outflows of resources related to OPEBs resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the total OPEB liability-group term life for the year ending December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year end December 31:	
2024	\$ (6,824)
2025	(16,787)
2026	2,238
2027	(46,211)
2028	(83,434)
Thereafter	-
Total	<u>\$ (151,018)</u>

(2.) OPEB – Retiree Health Care

Plan Description

Comal County Commissioners' Court established a single employer medical insurance benefit plan for retirees in 2001. Employees of the County who retire after December 31, 2002 under TCDRS retirement rules (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) are eligible. Continuation of insurance election must be made within thirty (30) days of the employee's separation. The County will pay a maximum of \$100 per month towards the cost of the medical/prescription drug plan for the retiree. The right to the supplement from the County is forfeited in the event the coverage is ever dropped and cannot be reinstated. Furthermore, the Commissioners' Court reserves the right to terminate this plan at any time.

Retirees under the age of sixty-five (65) may remain on the County's Blue Cross/Blue Shield medical/prescription drug plan until they reach age 65 as long as the retiree pays the required annually determined premium each month. Spouses of retired employees and children under age 25 may also remain on the plan provided they pay their monthly premium. The County will pay a maximum of \$100 per month towards the cost of the medical/prescription drug plan for the retiree. The County does not pay any amount towards the spouse or dependent premiums. There are currently eight (8) retirees under age 65.

Retirees over the age of sixty-five (65) may participate in the County's Silver Choice plan (a separate Medicare Supplement medical/prescription drug plan through Aetna and administered through the Texas Association of Counties) provided the retiree pays the required annually determined premium each month. The County will pay a maximum of \$100 per month towards the cost of the medical/prescription drug plan for the retiree. The County does not pay any amount towards the spouse or dependent premiums. There are currently no retirees over age 65 participating in the plan.

**COMAL COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

Employees covered by benefit

At the December 31, 2022 valuation and December 31, 2022 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	48
Inactive employees entitled to but not yet receiving benefits	-
Active employees	737
Total	785

Contributions

Comal County is under no legal obligation to pay these supplements, and the decision to rescind these benefits may be made by a resolution of the Commissioners Court at any time. The County's authority to establish and amend benefit provisions comes from Local Government Code Section 157.1010.

There are a total of ten (10) retirees on the County's insurance. Expenses for post-employment benefits were recognized on a pay-as-you-go basis in the past. Premiums paid by retirees during the year ended December 31, 2023 were \$112,364 and the County paid \$56,148 in supplements to retirees.

For the employer's accounting year ending December 31, 2023, the annual OPEB-health insurance cost for the Comal County Retiree Health Care Plan paid for its retirees was zero and the actual contributions were zero.

Other post-employment benefit liability-retiree health care

The County's total other post-employment benefit liability (OPEB) was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date. The December 31, 2022 actuarial valuation is the most recent valuation.

Actuarial valuation information:

The OPEB liability-retiree health care in the December 31, 2022 actuarial valuations was determined using the following actuarial assumptions:

Actuarial Valuation Information

Actuarial valuation date	12/31/2022
Actuarial method	Individual entry age normal
Amortization method	Straight line over expected working life
Actuarial Assumptions:	
Discount rate	4.05% as of 12/31/2022
Projected salary increases	.40 % to 5.25%, not including inflation of 3.00%
Inflation	2.50%
Cost-of-livings adjustments	0.00%

COMAL COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Discount Rate

The discount rate used to measure the total OPEB liability-retiree health care was 4.05%. The Plan does not have formal assets therefore, the discount rate is equal to the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. The municipal bond rate is 4.05% based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index".

Changes in the total OPEB liability-retiree health care

	Total OPEB Liability
Balances as of December 31, 2021	\$ 5,516,416
Changes for the year:	
Service cost	458,508
Interest on total OPEB liability	105,182
Changes of benefit terms	-
Difference between expected and actual experience of the total OPEB liability	(1,081,162)
Changes in assumptions	(577,168)
Benefit payments	(58,535)
	\$ 4,363,241
Balances as of December 31, 2022	\$ 4,363,241

Sensitivity of the OPEB liability to changes in the discount rate and healthcare cost trend rates

The following presents the OPEB liability-retiree health care of the County, calculated using the discount rate of 4.05%, as well as what the County's OPEB liability-retiree health care would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

	1% Decrease 3.05%	Current Discount Rate 4.05%	1% Increase 5.05%
OPEB liability-retiree health care	\$ 4,864,665	\$ 4,363,241	\$ 3,925,831

The following presents the OPEB liability-retiree health care of the County, calculated using the current healthcare trend rates as well as what the County's total OPEB liability would be if it were calculated using the trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
OPEB liability-retiree health care	\$ 4,045,815	\$ 4,363,241	\$ 4,741,133

COMAL COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

OPEB expense and deferred outflows of resources related to OPEB

For the year ended December 31, 2023, the County recognized OPEB expense of \$359,015.

At December 31, 2023, the County reported deferred outflows of resources related to the OPEB liability-retiree health care from the following sources

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 1,580,795	\$ -
Changes of assumptions	575,207	602,159
Contributions made subsequent to measurement date	-	75,252
Total	\$ 2,156,002	\$ 677,411

The County reported \$75,252 as deferred outflows of resources related to OPEBs resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the total OPEB liability-retiree health care for the year ending December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ended December 31:	
2024	\$ (204,675)
2025	(204,675)
2026	(204,675)
2027	(213,692)
2028	(213,286)
Thereafter	(512,840)
Total	\$ (1,553,843)

COMAL COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

F. Tax Incentives

Comal County negotiates tax abatement agreements pursuant to Chapter 381 of the Texas Local Government Code and Chapter 311 of the Texas Tax Code on an individual basis. The County has tax abatement agreements with four (4) entities as of December 31, 2023:

Purpose	Tax Type	Texas Local Government / Tax Code	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year
Long term economic development-retail & commercial	Property tax	Chapter 311	85%	\$ 1,616,268
Long term economic development-retail	Property tax	Section 381	70%	267,756
Long term economic development-manufacturing	Property tax	Section 381	54%	323,734
Long term economic development-manufacturing	Property tax	Section 381	60%	108,822
Long term economic development-retail & commercial	Sales Tax	Section 381	70%	140,445
				<u>\$ 2,457,025</u>

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APPENDIX D

Form of Opinion of Bond Counsel

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December 31, 2024

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FINAL

IN REGARD to the authorization and issuance of the “Comal County, Texas Combination Tax and Revenue Certificates of Obligation, Series 2024” (the *Certificates*), dated December 15, 2024 in the aggregate principal amount of \$4,985,000, we have reviewed the legality and validity of the issuance thereof by the Commissioners Court of Comal County, Texas (the *Issuer*). The Certificates are issuable in fully registered form only, in denominations of \$5,000 or any integral multiple thereof (within a Stated Maturity), and have Stated Maturities of September 1 in each of the years 2026 through 2035, September 1, 2039, September 1 in each of the years 2040 through 2044, September 1, 2047, and September 1 in each of the years 2048 through 2054, unless optionally or mandatorily redeemed prior to Stated Maturity in accordance with the terms stated on the face of the Certificates. Interest on the Certificates accrues from the dates, at the rates, in the manner, and is payable on the dates, all as provided in the order (the *Order*) authorizing the issuance of the Certificates. Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Order.

WE HAVE SERVED AS BOND COUNSEL for the Issuer solely to pass upon the legality and validity of the issuance of the Certificates under the laws of the State of Texas and with respect to the exclusion of the interest on the Certificates from the gross income of the owners thereof for federal income tax purposes and for no other purpose. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer or the Issuer’s solid waste management system (the *System*) and have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Certificates. We express no opinion and make no comment with respect to the sufficiency of the security for or the marketability of the Certificates. Our role in connection with the Issuer’s Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

WE HAVE EXAMINED, the applicable and pertinent laws of the State of Texas and the United States of America. In rendering the opinions herein we rely upon (1) original or certified copies of the proceedings of the Commissioners Court of the Issuer in connection with the issuance of the Certificates, including the Order; (2) customary certifications and opinions of officials of the Issuer; (3) certificates executed by officers of the Issuer relating to the expected use and investment of proceeds of the Certificates and certain other funds of the Issuer and to certain other facts solely within the knowledge and control of the Issuer; and (4) such other documentation, including an examination of the Certificate executed and delivered initially by the Issuer and such matters of law as we deem relevant to the matters discussed below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy

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Legal Opinion of Norton Rose Fulbright US LLP, Austin, Texas, in connection with the authorization and issuance of “COMAL COUNTY, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024”

of the statements and information contained in such certificates. We express no opinion concerning any effect on the following opinions which may result from changes in law effected after the date hereof.

BASED ON OUR EXAMINATION, IT IS OUR OPINION that the Certificates have been duly authorized and issued in conformity with the laws of the State of Texas now in force and that the Certificates are valid and legally binding obligations of the Issuer enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. The Certificates are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the Issuer and are further payable from and secured by a lien on and pledge of the Pledged Revenues, being a limited amount of the Net Revenues derived from the operation of the System, such lien on and pledge of the limited amount of Net Revenues, being subordinate and inferior to the lien on and pledge of such Net Revenues securing the payment of any Prior Lien Bonds or Junior Lien Bonds hereafter issued by the Issuer. The Issuer has previously authorized the issuance of the Obligations Similarly Secured that are payable in part from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System as described in the orders authorizing the issuance of the currently outstanding Obligations Similarly Secured. In the Order, the Issuer retains the right to issue Prior Lien Bonds, Junior Lien Bonds, and Additional Parity Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise.

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

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

Legal Opinion of Norton Rose Fulbright US LLP, Austin, Texas, in connection with the authorization and issuance of “COMAL COUNTY, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024”

to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

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

Norton Rose Fulbright US LLP

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Financial Advisory Services
Provided By:

